

MINUTES of a meeting of the **AUDIT COMMITTEE** held on 20 July 2021 at County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors N Gourlay, R Mihaly and R Parkinson

Officers in attendance – D Ashcroft, T Kearsey, J Lakin, P Spencer and P Stone (representing Derbyshire County Council)

Apologies for absence were received on behalf of Councillors N Atkin and J Nelson

Declarations of Interest

There were no declarations of interest

26/21 **CHILDREN'S SERVICES RISK REGISTER** Jane Parfremment, the Executive Director for Children's Services had been invited to the meeting to provide Members with details of the particular areas of risk within the department.

Some of the key improvement priorities for the department were highlighted:

- to improve quality and social work practices;
- support for care leavers;
- support for special educational needs and disability (SEND) children and their families; and
- embedding new arrangements for Early Help Partnerships

There were three types of risk; operational risk, regulatory risk and strategic and corporate risk and examples of each particular risk and how they were mitigated against were provided. There were various factors that could change a risk score and details of these were highlighted. The department was under constant audit and review, particularly from Ofsted and it was reported that a most favourable report had recently been received. This had provided reassurance that the systems in place within the department were robust and effective.

On behalf of the Committee, the Chairman thanked Ms Parfremment for her attendance and wished her all the best for the future as she was soon to be leaving the Authority to take up another post.

27/21 **MINUTES RESOLVED** that the minutes of the meeting held on 22 June 2021 be confirmed as a correct record and signed by the Chairman.

28/21 **MATTERS ARISING (Minute No.22/21) Statement of Accounts 2020-21** The Assistant Director of Finance updated Members on the Statement of Accounts for 2020-21. As stated at the last meeting, it had been hoped that certification of the Statement of Accounts would be completed by 30 June 2021. However, due to issues surrounding the plant, property and equipment valuations and the on-going Covid-19 pandemic, this had put the finance team behind schedule. It was therefore more realistic that the pre-audit Accounts would be submitted by the end of July 2021, still within the statutory timeframe.

29/21 **AUDIT SERVICES ANNUAL REPORT 2020-21** Members were presented with the Annual Report for 2020-21 and the Audit Managers opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

The Annual Report provided Members with the outcome of Audit activity relating to the County Council's operations throughout the financial year. The Report highlighted the achievement of the 2020-21 Audit Plan which had been approved by the Audit Committee on 27 May 2020, key issues identified within the year and actions arising from our work.

The response to the pandemic had continued to impact on the work of Audit Services during 2020-21 and had prompted a refocusing of the plan on areas of greatest priority and more targeted reviews that could be delivered without impacting significantly on departmental staff resources. These more detailed pieces of work had been targeted to support the overall assessment of governance and control systems, in addition to providing a different perspective to the Audit Opinion. As the restrictions continued throughout the year, the ongoing pressure on the Council's staff had reduced opportunities to undertake audit activities agreed within the 2020-21 Audit Plan. In certain instances, audits could not be undertaken due to the availability of staff, closure of schools and establishments.

Overall, based on the work undertaken during 2020-21 and the experience from previous years' Audit, the opinion was of a "Qualified Assurance" on the adequacy and effectiveness of the internal control framework, risk management and governance procedures within the County Council. Whilst the arrangements were generally found to be satisfactory, some enhancements had been recommended for senior management to action and improve the control framework. As of this date, Audit Services were satisfied

that there were no matters which would cause the External Auditor to consider any qualification of the Council's Statement of Accounts.

On behalf of the Committee, the Chairman thanked officers for their presentation and the work the Unit had undertaken during very difficult circumstances.

RESOLVED to note (1) the detailed Annual Audit Report for 2020-21 and overall assurance opinion;

(2) the outcomes of the Audit work completed; and

(3) the performance of the Audit Services Unit during this period.

30/21 **ANNUAL GOVERNANCE STATEMENT** The Assistant Director of Finance informed Members of progress on the review of the County Council's compliance with Best Practice requirements in respect of the annual review of the system of internal control and the production of the Draft Annual Governance Statement (AGS).

The CIPFA/Solace framework outlined the approach which should be taken to review existing governance arrangements and produce an Annual Governance Statement. The Draft Annual Governance Statement for 2020-21 was attached as Appendix 2 to the report. The Action Plan contained within the AGS would highlight the strengths and areas that required improvement.

A Governance Group had been established to conduct an ongoing review of key systems and processes operated within the County Council to ensure that they delivered effective Corporate Governance. This was undertaken utilising an objective assessment process prescribed by the CIPFA/Solace Framework, which provided a checklist of best practice standards against which compliance could be assessed. Once approved, the Annual Governance Statement would be included in the Council's Pre-Audit Statement of Accounts for 2020-21.

RESOLVED that Committee notes the information provided in the report as evidence of the Authority's effective compliance with the statutory requirement to produce an Annual Governance Statement and recommend it for inclusion in the Council's Statement of Accounts 2020-21.

31/21 **RISK MANAGEMENT STRATEGY** The Committee was asked to agree the Corporate Risk Management Strategy 2021-2025 and refer it to Cabinet for formal approval.

The Corporate Risk Management Strategy described the context, policy and process for risk management in the Council. The proposed Corporate Risk

Management Strategy for 2021-2025 was attached at Appendix 2 to the report. This built on the previous Strategy, with an emphasis on improving performance to enable the Council to become one of the best performing local authorities for risk management by December 2024.

The revised Strategy strengthened existing arrangements and set out clearer expectations about risk management. Key changes were proposed in the following areas:

- Clearer definitions of strategic and operational (process and resources) risks, and introduction of the term 'major risk' to refer to risks assessed as 'Red' or 'Amber' requiring the most active management attention and regular oversight.
- The adoption of national and international standards for organisational resilience (BS6500:2014 and ISO 22301:2019), supplementing existing use of the risk management standard (BS ISO 31000:2018), to strengthen business continuity practices required to meet the Council's obligations under the Civil Contingencies Act 2004.
- Clearer steps to embed 'enterprise risk management' to improve understanding of corporate risk exposure, a focus on identifying and managing portfolios of risk related to specific areas of delivery, and consistency of practice across the Council.
- Improved support for corporate decision making, with business cases and Council papers clearly identifying major risks and corporate exposure for informed and balanced decisions about risk acceptability ('risk appetite').
- Deepening and strengthening the culture and governance of risk management at all levels of the Council to improve performance.
- Publication of a corporate risk register alongside the Council Plan and updated each year, beginning in 2022-23, setting out for the public the Council's strategic and operational risk environment and its approach to risk acceptance and management as an Enterprising Council.
- Improved service planning to identify, assess and manage portfolios of risk related to all services and deliverables described in service delivery plans.
- A greater focus on the potential impact when assessing the severity of risks and scoring reputational risk separately to provide greater visibility of this aspect for management and decision making.
- A clear process for risk management, based on the national and international standards, to provide a more systematic approach in identifying, assessing and actively managing risk throughout the delivery lifecycle, including a consistent and robust approach to business continuity planning and management, and a more systematic review and incorporation of lessons learned to improve performance.

- Improved recording of corporate risks by expanding the Council's performance information system (APEX) to record risk data and allow improved analysis, monitoring and reporting.

An outline implementation plan was attached at Appendix 3 to the report. The Council's capability in risk management would be assessed using the CIPFA/ALARM risk management maturity framework which was provided in Appendix 4 to the report.

RESOLVED to (1) agree the Corporate Risk Management Strategy 2021-2025 and refer it to Cabinet for formal approval; and

(2) note the outline implementation plan.

