

## **Audit and Governance Committee**

**Monday 28 March 2022**

### **PRESENT:**

Councillor Lowry, Vice Chair in the Chair.  
Councillors Evans OBE, Laing and Shayer.

Independent Member: Mr Shipperley (joined via MS Teams)

Apologies for absence: Mrs Annette Benny (Independent Member) and Councillors Bingley and Dr Mahony.

Also in attendance: Brendan Arnold (Service Director for Finance), Brenda Davis (Audit Manager), Paul Dossett (Grant Thornton), John Finch (Information Governance Manager), Rob Hutchins (Devon Audit Partnership), Ross Jago (Head of Governance, Performance and Risk), Paul Looby (Head of Financial Planning and Reporting), Rob Sowden (Senior Performance Advisor) and Helen Rickman (Democratic Advisor).

The meeting started at 2.00 pm and finished at 3.10 pm.

*Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

#### 61. **Declarations of Interest**

There were no declarations of interest in accordance with the code of conduct.

#### 62. **Chair's Urgent Business**

There were no items of Chair's Urgent Business.

#### 63. **Minutes**

The minutes of the 14 January 2022 Audit and Governance Committee were agreed as an accurate record of the meeting.

#### 64. **Tracking Decisions**

Brendan Arnold (Service Director for Finance) provided Members with an update to minute 11 – Counter Fraud Services Annual Report 2020/21 which read “recommend that Ken Johnson meets with the relevant Cabinet Member to discuss the report, specifically with regards to how fraud awareness should be publicised”. Members were advised that a meeting was due to take place with the Leader on Tuesday 22 March 2022 however due to the change in Leader from Councillor Kelly to Councillor Bingley efforts were being made to set a new date.

Members noted the tracking decisions update.

#### 65. **Audit Actions Review (To Follow)**

Paul Looby (Head of Financial Planning and Reporting) presented the Audit Actions Review and briefly highlighted that the report only included internal audit recommendations and the external audit recommendations were discussed, approved, implemented and reported to the Audit and Governance Committee at the November meeting.

Members agreed to note the content of the Audit report.

## 66. **External Audit Progress Report**

Paul Dossett (Grant Thornton presented the External Audit Progress Report and highlighted the following key points:

- the audit of the Council's 2019/20 accounts was held up by a number of matters, with the most material being the Miel transaction and the accounting legality. Legal advice was sought on this matter and QCs were due to meet shortly to discuss this matter - this was considered to be a near final stage of the process. The next steps were yet to be clearly defined;
- it was identified that local authorities as a whole had not been correctly accounting for infrastructure assets (including roads, bridges and coastal defences) in accordance with the requirement of the CIPFA code of practice; this work was ongoing;
- the teachers pension certification had been completed for the council with no issues to raise;
- audit work regarding housing benefit was still ongoing; the council had applied for an extension from DWP for the work to be completed and signed off by the end of April 2022;
- the additional cost of the audit fees was related to the work surrounding the Miel transaction.

Members discussed the following:

- it was queried when the audit of the Council's 2019/20 accounts would be concluded, and if the lack of certification from the auditors for the accounts would cause issues going forward?
- how many other local authority accounts in England, Wales and Scotland had not been completed for 2019/20, and 2020/21?
- in terms of the Levelling Up White Paper referred to in the report, how would this affect the Council's functions from an audit perspective moving forward;
- the benefit in referring to the appropriate scrutiny panel, the County Deal and Levelling Up report to ensure the Council was aware of the obligations on the city and the implications going forward.

Members agreed to note the External Audit Progress Report.

## 67. **2022/23 Internal Audit Plan**

Rob Hutchins (Devon Audit Partnership) and Brenda Davis (Audit Manager) presented the 2022/23 Internal Audit Plan to Members and highlighted the following key points:

- the report set out the internal audit plan for the coming year in order to provide an internal audit assurance opinion at year end; it was highlighted that the plan was expected to change as new risks presented themselves or if further audit work was

required;

- the table in the report detailed a summary of indicative audit coverage for the year based on the priority areas for review including cyber security, funding linked to social care reforms affecting the council, leisure facilities, high cost spending in education and the Box.

Members discussed the following:

- suggested that a piece of work is added to the audit plan for the coming financial year regarding the Government initiative for Council's to refund £150 to council tax payers in a band A – D properties due to the increase in the cost of living; Members sought assurance that everyone that was entitled to this payment were able to receive it via the council tax payment system;
- questioned how the list of audit work to be undertaken correlated with the risk and opportunity register.

Members agreed to approve the 2022/23 Internal Audit Plan.

## 68. **Treasury Management Practices and Principles**

Paul Looby (Head of Financial Planning and Reporting) presented the Treasury Management Practices and Principles report. Members were advised that the CIPFA code of practice required all councils to publish its practices, principles and schedules every year to ensure each councils' policies for treasury management were adhered to and working practices and controls were clearly set out and in place.

Members discussed the following:

- that an extensive audit into the Council's 2019/20 accounts, specifically the Miel transaction, made recommendations into the Council's governance arrangements for treasury management; were those recommendations reflected in the report presented to Members? It was responded that the recommendations from the report were taken to the Audit and Governance Committee in the autumn and they had been fully implemented;
- was there merit in formalising the council's current informal arrangement for Members to discuss the Council's treasury management approach? It was recommended that this be discussed with the relevant Cabinet Member; in response it was confirmed that treasury management proposals regarding unusual or innovative transactions would be drawn to the committee's attention.

The Audit and Governance Committee agreed to approve the Treasury Management Practices, Principles and Schedules for 2022/23.

## 69. **Risk & Opportunity Management Monitoring Report**

Rob Sowden (Senior Performance Advisor) presented the Risk & Opportunity Management Monitoring Report and highlighted the following key points:

- the operational risk register linked to departmental business plans and focused upon risks posed by failed systems or processes. The strategic risk register focused upon risks that affected the organisation as a whole;
- headlines from the report included: there were three new risks added to the strategic risk register bringing the total to 20 risks. These new risks focused upon cyber-attacks, staff resilience linked to stress and the additional contributions to offset the council's pension deficit in 19/20;

- there were currently 126 risks on the operational risk register; red risks had increased from three in October 2021 to four as provided in the update. The red risks related to risk of loss of life or injury or property damage due a tree falls in the city, management arrangements of asbestos, risk of injury linked to traffic management and segregation at council depots and risk of loss of confidential and sensitive data. Action had been taken to reduce risk however the impact of mitigation was highlighted as not being immediate in all instances.

Members discussed the following:

- was the risk register interrogated anywhere else in the authority by Members?; it was responded that the appropriate Cabinet Member would consider the documentation and that risks were also considered by senior officers of the Council at departmental and senior management team meetings;
- concerns were highlighted regarding the 120 operational risks included in the register – it was considered that the number was too large for the committee to break down, that trend data wasn't included, that mitigation wasn't provided for all risks and there was no way of testing if mitigation was effective. It was queried where the register was considered and by whom, how was it scrutinised and what should be prioritised? There was a request that these points were included in the review of the register that was referred to in the report as taking place in May 2022 in order to ensure its effectiveness and ensure that action was taken and completed. This was supported by Councillor Shayer (Cabinet Member for Finance and Economy) who agreed that the register could be considered as being unwieldy therefore would focus on risk reduction, reporting and the number of risks currently included. As part of this discussion at committee, Members were advised that it was not the role of the Audit and Governance Committee to scrutinise the register, but to gain assurance that there was a workable system of risk assurance and assessment however input into an informal review would be welcomed;
- it was queried why a risk relating to the workforce in adult social care was referred to in the report, however reference was not made to the childrens social care workforce despite known recruitment and retention issues; it was responded that information contained within the report was provided by the childrens department and it was likely that this information had been unintentionally omitted;
- it was queried if the costs associated with the operational risks were identified in the earmarked reserves? It was responded that operational risks would be expected to be managed within existing resources.

The Audit and Governance Committee agreed to:

1. request that their concerns of the risk register, specifically regarding the number of risks, the lack of trend data and mitigation, who and where the register was considered, how risks were scrutinised and prioritised, were considered as part of the informal review scheduled for May 2022;
2. note the current position with regard to the Strategic Risk and Opportunity Register.

70. **Surveillance, Covert Activities and the Regulation of Investigatory Powers Act 2000 (RIPA) (To Follow)**

John Finch (Information Governance Manager) presented the Surveillance, Covert Activities and the Regulation of Investigatory Powers Act 2000 (RIPA) report. Members were advised that the council had not undertaken any direct covert surveillance activity since 2017. An independent investigation from the ICO had

taken place in November 2021; three recommendations were made whereby the Council updated its policy on the RIPA Act, to reduce the number of investigating officers from 8 to 3, and that those officers received training.

Members noted the update.

71. **Work Programme**

Members discussed and agreed the inclusion of the following items on the committee's work programme for the 2022/ 2023 municipal year:

- Review of the Elections Cycle (forwarded to Committee from Council);
- Review of the Council's ICT Policy;
- Review of the Council's Officers Code of Conduct;
- Review of arrangements for dealing with complaints through the Code of Conduct;
- Review of the Risk Register.

72. **Future dates of Audit and Governance Committees**

Members noted the 2022/ 2023 meeting dates for the Audit and Governance Committee. It was highlighted that an additional date had been scheduled bringing the total number of meetings to 5, however it was queried if a further meeting could be included in order to meet the Council's Full Council Cycle. The feasibility of this would be considered.

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