

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Thursday 27 February 2020 at 10.00 am**

Present:

Councillor E Bell (Chair)

Members of the Committee:

Councillors J Rowlandson (Vice-Chair), J Clark, B Kellett, J Nicholson, J Robinson, J Shuttleworth and O Temple

Co-opted Members:

Mr I Rudd

1 Apologies for absence

Apologies for absence were received from Councillor C Carr and co-opted member C Robinson.

2 Minutes

The Minutes of the meeting held on 28 November 2019 were agreed as a correct record and were signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 Quarter 3 2019/20 Health, Safety and Wellbeing Performance Report

The Committee received a report from the Resources Health, Safety and Wellbeing Strategic Group which provided an update on health, safety and wellbeing performance for quarter 3 of 2019/2020 (for copy see file of Minutes).

The Occupational Health and Safety Manager highlighted the key areas of the report including:

- Quarter 2 incidents in numbers
- Fire Safety Audits
- Fire Incidents
- Occupational Health Service
- Training and Awareness Activity
- Open Water Safety
- Employee Mental Health and Wellbeing
- Violence and Aggression
- Corporate Risks
- Statistical Information

Mr Rudd referred to activities in respect of open water safety and noted that the number of homeless people in the City and around the riverside had increased. He asked if their safety was included in the work being carried out. The Occupational Health and Safety Manager confirmed that this was the case and the safety of homeless people was included in multi-agency work being undertaken in the City to tackle homelessness and anti-social behaviour.

Resolved:

That the report be noted.

5 Agreement of Accounting Policies for Application in the 2019/20 Financial Statements

The Committee considered an update from the Principal Accountant on the County Council's accounting policies to be applied in the preparation of the 2019/20 Statement of Accounts and to seek confirmation that appropriate policies were being applied (for copy see file of Minutes).

Resolved:

That the recommendations contained within the report be agreed.

6 Final Accounts Timetable for the year ended 31 March 2020

The Committee received a report from the Corporate Director of Resources that provided Members with the Final Accounts Timetable for 2019/20 detailing the deadlines for key actions to complete the Statement of Accounts in line with statutory deadlines (for copy see file of Minutes).

Resolved:

That the report be noted.

7 External Audit - Durham County Council Audit Strategy Memorandum Year Ended 31 March 2020

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that would be performed to deliver the audit for Durham County Council (for copy see file of Minutes).

Mr Collins, Mazars advised of the significant risks, value for money, the fees charged and the approach taken to materiality setting.

Councillor Robinson noted that judgements in respect of fair value measurements of unquoted equity investments had been assessed as being enhanced risks. The Member was informed that in accordance with the Chartered Institute of Public Finance and Accountancy Code of Practice the Council was required to value assets based on current use. When assets were marketed, this was reflected in the financial statements. Councillor Robinson asked for information on the tender process for the sale of assets, in particular in relation to arrangements in respect of tenders received below market value. The Member was informed that this would be referred to Corporate Property and Land for response. Following a question from Councillor Temple, Mr Kirkham stated that the basis of property valuation was critically reviewed by external auditors because of the potential for financial mis-reporting. Mazars did not look at ethical risks, although it was noted by the Corporate Director of Resources that financial and moral risks were linked, and that the Council's control procedures and framework within which assets were valued were key to mitigating risks.

Resolved:

That the external auditor's strategy for the year ended 31 March 2020, be noted.

8 External Audit Progress Report - February 2020

The Committee received a report from the External Auditor that gave an update on progress on the External Audit report for Durham County Council (for copy see file of Minutes).

Mr Collins, Mazars provided an update on the housing benefits subsidy assurance, which was ongoing and the detailed findings would be presented at the next meeting.

Resolved:

That the report be noted.

9 Corporate Governance Review 2019/20 - Key Dates

The Committee received a report from the Corporate Director of Resources that informed of the key dates for the corporate governance review for the 2019/20 financial year (for copy see file of Minutes).

Resolved:

That the report be noted.

10 Strategic Risk Management Progress Report for 2019/20 - Review 3 - 1 October - 31 December 2019

The Committee received a report from the Corporate Director of Resources which highlighted the strategic risks facing the Council and gave an insight into the work carried out by the Corporate Risk Management Group between October and December 2019 (for copy see file of Minutes).

The Risk, Insurance and Governance Manager informed Members that one risk relating to property and land maintenance had been added and two risks had been removed, relating to highways damage and data breaches.

Councillor Robinson considered that data breach should be retained on the Register as a high risk. Members were informed that this had been merged with the GDPR risk, and cyber security was included as a separate risk. More details in relation to the Council's cyber security controls would be reported to a future meeting.

Following a question from Councillor Shuttleworth regarding the new headquarters, the Member was informed that a risk assessment found that the net risk of flooding was not high because of the proposed flood mitigation measures included in the conditions of the planning permission. It had therefore not been included on the Register but would be monitored.

Resolved:

That the report provides assurance that strategic risks were being effectively managed within the risk management framework across the Council.

11 Revised Risk Management Policy and Strategy

The Committee received a report from the Corporate Director of Resources which sought approval of the revised Risk Management Policy and Strategy (for copy see file of Minutes).

Following questions regarding the risks associated with coronavirus, Members were assured that this was being carefully assessed, closely following advice from Public Health.

Resolved:

That the revised Risk Management Policy and Strategy be approved.

12 CIPFA Statement - The Role of the Head of Internal Audit in Public Sector Organisations

The Committee received a report from the Corporate Director of Resources which advised of the updated statement produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the role of the Head of Internal Audit in public sector organisations (for copy see file of Minutes).

Resolved:

That

- a) the new CIPFA statement on the role of the head of internal audit in public sector organisations be endorsed;
- b) the result of the assessment of compliance against the framework be confirmed.

13 Emergent Internal Audit Plan 2020/21

The Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager which provided details of the emergent Internal Audit Plan for 2020/21 and updated and engaged Members in the development of the 2020/21 Internal Audit Plan (for copy see file of Minutes).

At the request of Mr Rudd, the Chief Internal Auditor and Corporate Fraud Manager advised that the approach to the development of the Plan for 2020/21 was largely unchanged from the previous year, and areas for audit coverage had been considered on a risk basis and in consultation with Corporate Directorate Management Teams.

Resolved:

That the proposed direction and process for the development of the emergent Internal Audit Plan be noted for formal approval on 29 May 2020.

14 Internal Audit Progress Report Period Ended 31 December 2019

The Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager which informed Members of the work carried out

by Internal Audit during the period 1 April 2019 to 31 December 2019 as part of the 2019/2020 Internal Audit Plan (for copy see file of Minutes).

The Audit and Fraud Manager highlighted progress against the Plan for each Service Grouping, and informed Members of the amendments to the Plan and the unplanned audit reviews in the quarter. The report also provided a summary of the survey response rate, progress on actions due, implemented and overdue, and the finalised audits that had been issued with a limited assurance opinion.

Resolved:

That the following be noted:

- a) the amendments made to the 2019/2020 Annual Internal Audit Plan;
- b) the work undertaken by Internal Audit during the period ending 31 December 2019;
- c) the performance of the Internal Audit Service during the period;
- d) the progress made by service managers in responding to the work of Internal Audit.

15 Exclusion of the Public

Resolved:

That the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.

16 Internal Audit Progress Report Period Ended 31 December 2019

The Committee received a report from the Chief Internal Auditor and Fraud Manager which presented the appendices referenced in the Internal Audit progress report in Part A of the Agenda (for copy see file of Minutes).

The Committee received assurances from Officers from SEND, and the Head of Finance and Transactional Service in respect of the outstanding actions in the Children and Young People's Service (CYPS).

Following questions and discussion, Members requested an update on progress in 6 months.

Resolved:

That Appendices 6 and 7 be noted, and an update on progress in respect of outstanding actions in CYPS be presented to the Committee in 6 months.