

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Monday 29 November 2021 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors A Jackson, M Johnson, B Kellett, M McGaun and T Smith

Co-opted Members:

Mr C Robinson and Mr I Rudd

1 Apologies for Absence

Apologies for absence were received from Councillors L Fenwick and R Ormerod.

2 Minutes

The minutes of the meeting held on 30 September 2021 were agreed as a correct record and signed by the Chair.

3 Declarations of Interest

There were no declarations of interest.

4 2021/22 Quarter 2 Health, Safety and Wellbeing Performance

The Committee received a report of the Occupational Health and Safety Manager which provided an update on the council's Health, Safety and Wellbeing (HSW) performance for Quarter two 2021/22 (for copy see file of minutes).

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

- Incidents numbers;
- COVID 19 Health and Safety Update;
- Fire Incidents;
- HSE Inspections;
- Audit and Inspections;
- Employee Health and Wellbeing;

- Occupational Health Service;
- Management Referrals and Health Surveillance;
- COVID 19 Response;
- Open Water Safety;
- Potentially Violent Persons Register.

Mr Robinson referred to non-attendances at Occupational Health appointments following management referral and asked if there was anything the Committee could do to help address the issue. The Occupational Health and Safety Manager acknowledged the ongoing challenge which has intensified by Covid related factors. He advised that operational shortages in some areas were also a challenge with service pressures due to managers releasing staff to attend appointments. However, it was noted that it is a legislative requirement, and every case is followed up and action is taken by Occupation Health staff.

Resolved:

That the report be noted.

5 External Audit Progress Report

The Committee received a report of the External Auditor which provided a progress update (for copy see file of minutes).

Mr Collins, Mazars confirmed that the financial statement was signed off on 30 September 2021. He reported that no significant weaknesses were identified and that an update would be provided in relation to work with the National Audit Office around whole of government accounts when that was complete.

Mr Robinson referred to the Council's Transformation Programme and asked if it was possible for the Committee to receive an update on how value for money is measured across the authority. The Corporate Director of Resources confirmed that an update would be provided at a future meeting.

Mr Rudd noted the instances where declarations of interests had not been received and asked if any sanctions were imposed on Members for not providing the information. The Corporate Director of Resources advised that a number of non-returned forms were from Members that did not stand for re-election which was a contributing factor and it was noted that the process had been strengthened with support from Group Leaders. He added that declaring interests was a requirement of the Council's Constitution and there would be issues around participating in Council meetings which would be addressed by Legal and Democratic Services. He anticipated a full complement of pecuniary and non-pecuniary interest would be recorded and published on the Councils website next year.

The Corporate Director of Resources advised that 91% of Local Authorities failed to meet the statutory reporting deadline and thanked Mr Collins and his team for concluding Durham County Council's audit process within the deadline.

Resolved:

That the report be noted.

6 Decision to Opt-in to the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments (PSAA)

The Committee considered a report of the Corporate Director of Resources which sought approval to accept the invitation from the Public Sector Audit Appointments (PSAA) to opt into the national sector-led arrangements for the appointment of external auditors with effect from 1 April 2023 (for copy see file of minutes).

In response to a query from Mr Rudd regarding the PSAA process, the Corporate Director of Resources advised that authorities who wish to participate in the scheme must register their interest by 11 March 2022. When appointing an auditor, the PSAA will match auditors that have the capacity to provide the service in a particular area and take into account the current auditor and rotate between authorities. A request will be made for PSAA to appoint the same auditor to undertake the audit of Durham County Council, the Combined Authority and Nexus to provide continuity.

Resolved:

That the report be agreed.

7 Local Code of Corporate Governance

The Committee considered a report of the Corporate Director of Resources, which sought the approval of the updated Local Code of Corporate Governance following an annual review (for copy see file of minutes).

Resolved:

That the report be approved.

8 Strategic Risk Management Progress Report for 2021/22 - Review 2: Period 1 June - 30 September 2021

The Committee considered a report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and to give an insight into the work carried out by the Corporate Risk Management Group between June and September 2021 (for copy see file of minutes).

In response to queries from Mr Robinson regarding high-scoring risks for which the controls are considered adequate and how the Audit Committee consider external assurance reports from independent bodies, the Risk, Insurance and Governance Manager explained that he would link in with the responsible risk owners to confirm the adequacy of internal controls in place and would provide further detail to the committee as may be applicable. In relation to the assurance reports from independent bodies, the Interim Chief Internal Auditor and Corporate Fraud Manager advised that Audit capture the outputs from external reviews through the Council's Annual Governance Statement and added that he would look to see whether more detail could be included about these as they are reported to the Council in the Risk Management report.

Resolved:

That the report be agreed.

9 Annual Governance Statement for the year ended 31 March 2021: Actions Update

The Committee received a report of the Corporate Director of Resources which provided an update on the progress made in relation to the actions arising from the of the Annual Governance Statement (AGS) for 2021/22 (for copy see file of minutes).

Resolved:

That the report be noted.

10 Protecting the Public Purse - Update Activity Report as at 30 September 2021

The Committee received a report of the Interim Chief Internal Auditor and Corporate Fraud Manager which provided the update activity and informed Members of the work that has been carried out as at 30 September 2021 (for copy see file of minutes).

Mr Rudd referred to the referrals and fraud investigation figures and queried why in some instances there were no prosecution or sanctions enforced. The Fraud Manager explained that all reports of fraud were classified as criminal investigation in the first instance and evidence is gathered to determine whether it remains a criminal investigation or should be downgraded to a compliance issue or controls put in place to retrieve money, therefore not all cases result in prosecution. He added that more serious cases are referred to the police or colleagues in Legal Services and there were several ongoing cases that he anticipated would increase the number of prosecutions and sanctions, with a focus going forward on criminal workloads.

Resolved:

That the report be noted.

11 Internal Audit Progress Report Period Ending 30 September 2021

The Committee received a report of the Interim Chief Internal Auditor and Corporate Fraud Manager which provided information relating to the work that had been carried out by Internal Audit during the period 1 April 2021 to 30 September 2021 as part of the six- month Internal Audit Plan to September 2021 (for copy see file of minutes).

Referring to the audit table and the additional resources required, Councillor McGaun asked if there had been more audits required than expected. The Audit Manager advised there had been staffing issues and delivering the nature of the work remotely had been more time consuming which impacted the number of audits conducted than originally planned.

Mr Robinson congratulated the team on the new tender work for New College Durham. In relation to resources and the impact of remote working, he asked if the FTE equivalent should be increased to be able to deliver the level of service that would be required if remote working was to continue. The Interim Chief Internal Auditor and Corporate Fraud Manager advised that work was ongoing to identify how to best deliver services now staff are able to access establishments again. It was noted that a Senior Auditor position on a permanent and temporary basis and employing agency staff were being considered to help bridge the gap to deliver the plan and part time employees were being offered to increase hours temporarily.

The Corporate Director of Resources added that working from home has resulted in audits taking longer to complete. The new model in terms of delivery is a hybrid approach with a mix of people working from home and attending the office would improve efficiency. Establishments have re-opened allowing access to carry out audits and he did not anticipate an ongoing issue in the future.

Resolved:

That the report be noted.

12 Exclusion of the public

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1,2,3 and 5 of Schedule 12A of the Act.

13 Protecting the Public Purse - Update Activity Report as at 30 September 2021

The Committee received a report of the Interim Chief Internal Auditor and Corporate Fraud Manager which provided an update on activity to 30 September 2021 (for copy see file of minutes).

Resolved:

That the report be noted.

14 Internal Audit Progress Report Period Ending 30 September 2021

The Committee received a report of the Interim Chief Internal Auditor and Corporate Fraud Manager which provided internal audit progress to 30 September 2021 (for copy see file of minutes).

The Corporate Director of Resources advised that progress had been made to reduce overdue figures which was raised regularly through Management Team meetings and assured the Committee that progress to reduce the figures further is a priority and monitoring each quarter would continue.

Resolved:

That the report be noted.