

# DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1B, County Hall, Durham** on **Thursday 28 November 2019 at 10.00 am**

**Present:**

**Councillor E Bell (Chair)**

**Members of the Committee:**

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

**Co-opted Members:**

Mr C Robinson and Mr I Rudd

**1 Apologies for absence**

An apology for absence was received from Councillor J Robinson

**2 Minutes**

The Minutes of the meeting held on 30 September 2019 were confirmed as a correct record and were signed by the Chairman.

**3 Declarations of interest**

Declarations of interest were provided by Members. A general declaration of interest would be recorded given that Members were school governors, members of various Committees of the Council, former District Councillors and bodies such as the Fire Authority.

**4 Corporate Property and Land**

The Chair introduced the Head of Corporate Property and Land to the Committee.

She explained that she was bringing together a new service area for all property related matters and that it was a great opportunity to streamline processes and remove any duplication. There were budget pressures and challenges that faced the service as there were buildings to maintain, annual running costs and vacant buildings. The service would ensure that all

buildings were fit for purpose and water tight. Moving forward the service would look at what capital investments to make to improve the assets base.

The Chair thanked the Head of Corporate Property and Land for attending the meeting.

## **5 Transformation Overview**

The Committee received a presentation from the Head of Transformation which gave an overview of the Council's Transformation Programme (for copy see file of Minutes).

The presentation highlighted the following:

- Transformation outcomes
- Building programme – investment into employees and the way in which we deliver services
- Transformation programme 2019
- Inspiring People
  - Business services
  - Smarter working staff sessions
  - HR progress
- Inspiring Places
  - Headquarters – issues in relation to Common Land being addressed
  - Site progress
  - Social value
  - Strategic sites
  - Workplace design
- Inspiring Change
  - Business process reviews
  - SEND and inclusion
  - Business intelligence programme
  - Office 365
  - Digital customer

In conclusion, the Head of Transformation informed the committee of the following:

- Integrated programme of change underway
- Renewed focus on Organisational Development being implemented through cultural change and learning and development
- Investment in new digital systems, with an increasing number of services available on-line
- Renewed business processes and programme of reviews in the pipeline

- Smarter Working through revised working practice, HQ and premises modernisation
- More efficient and effective Council

Mr Robinson asked how value for money could be demonstrated as there was a lot of ongoing activity but no mention of how much was being spent. The Head of Transformation responded that each project has a spending review and £3 million was identified as an efficiency saving within the Medium Term Financial Plan, £1 million for unitising strategic sites and £5 million target against commercial activity, making a total of £9 million savings so far. £220,000 had been saved by moving staff into the refurbished building at Crook and £250,000 savings had been made from printing paper and cartridges.

Councillor Shuttleworth asked what would happen if the Common Land issue was not rectified and was advised that the land had been used as a car park for the last 20 years and would not affect progress on the building.

With reference to the staff sessions, Mr Rudd pointed out that these seemed to be driven from the top down and asked if staff were playing a part in any activities. He was advised that the smarter working sessions had been top down instructions as prepping people for the move was important. It was recognised that each team would do this in their own way and action plans were being developed with them.

Moving on, Councillor Temple asked how the move onto the Liquid Logic system was working for Residential Care Homes and he was informed that all contract arrangements would work within the new system. Business processes would be looked at and the payment system would be used primarily. Councillor Temple was concerned that some problems could occur and the Head of Transformation gave assurance that mesh testing with the system does occur before the systems were configured. Discussions around system capability were also taking place. The Chief Internal Auditor and Corporate Fraud Manager assured the committee that his team was involved and were overseeing the process of the move to Liquid Logic and Azeus.

The Chair asked how the Council would continue to keep corporate when staff and services would be based in separate locations. The Head of Transformation said that this was a challenge as the organisation was large but the move away from being departmentalised over the last 10 years had ensured we had a 'One Council' ethos. The headquarters would have a democratic core and civic presence and fixed services where staff did not need to leave the building as often. Each service grouping would have a presence in all buildings and the technology tools we had would enable staff to easily communicate with each other e.g. via Skype.

**Resolved:**

That the information given be noted.

**6 Quarter 2 2019/20 Health, Safety and Wellbeing Performance Report**

The Committee received a report from the Resources Health, Safety and Wellbeing Strategic Group that provided an update on health, safety and wellbeing performance for quarter two of 2019/20 (for copy see file of Minutes).

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

- Fire Safety Audits
- Fire Incidents
- Occupational Health Service
- Enforcement Body Interventions and Significant Incidents
- Durham City Anti-Social Behaviour Risk Assessment
- Health and Safety Team Audit and Inspections
- Open Water Safety
- Employee Mental Health and Wellbeing
- Potentially Violent Persons Register (PVPR)

The Occupational Health and Safety Manager informed the committee of an incident that resulted in a safety breach at County Hall. CCTV footage had been examined and the Police had been called. As a result of the incident more stringent health and safety measures would be put in place and staff were being reminded to wear their ID badges at all times and to be vigilant.

Councillor Shuttleworth was concerned at how this breach had occurred and suggested that we went back to the days of having a doorman at each entrance. He was advised that longer term options were being looked at.

Councillor Clark said that everyone who entered the building at the help desk without signing in or showing their pass should be challenged and agreed that everyone had a part to play to ensure everyone's safety. She went on to ask about the fire incident at Southfield Lodge and was advised that the County Council investigated as they had staff members working on the premises. Liaison took place with the Fire Service.

In relation to the Potentially Violent Person's Register, Councillor Clark commented that a large number of staff in Resources had viewed the register – 1376 times for 86 people on the register. The Occupational Health and Safety Manager advised that he was looking at the system but would check the reasons behind it. He said that the Council would encourage staff to use

it and would focus on those who do not check the register especially when working in front line services.

Councillor Temple was advised that the 81 incidents of violence or aggression to our staff were external including both physical and verbal attacks. He went on to ask for a further breakdown of these incidents.

**Resolved:**

That the report be noted.

## **7 External Audit Progress Report - November 2019**

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 of Mazars informed the committee that planning of the 2019/20 audit had commenced and that the Audit Plan would be presented to the next meeting in February 2020.

Members were informed that separate pieces of work were being carried out on Teachers Pensions and Housing Benefit Subsidy.

In terms of national publications the committee noted the new Code of Audit Practice.

**Resolved:**

That the contents of the report be noted.

## **8 Local Code of Corporate Governance**

The Committee considered a report of the Corporate Director of Resources which asked the Committee to recommend to the Council the inclusion of the Local Code of Corporate Governance into the revised Constitution following an annual review (for copy see file of Minutes).

**Resolved:**

That the updated Local Code of Corporate Governance be approved.

## **9 Strategic Risk Management Progress Report for 2019/20 - Review 2: 1 June - 30 September 2019**

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

The Risk, Insurance and Governance Manager informed the Committee that there were 28 strategic risks and highlighted the key changes in the quarter. Members were informed of two new risks in relation to poverty and a no deal Brexit.

Mr Rudd asked why the new headquarters was not included as a major risk and was advised that a project board had been set up to oversee this area and all significant risks would be reported to this group. The Risk, Insurance and Governance Manager added that as all controls were in place this was deemed to be a low risk.

Referring to risks 4 and 12 in the Altogether Better Corporate Theme table, Mr Rudd asked why there were two separate entries for the breach of data. The Principal Risk and Governance Officer explained that the second entry was due to the unique nature of the introduction of General Data Protection Regulations and involved huge projects to ensure working practices were correct.

**Resolved:**

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

**10 Protecting the Public Purse - Update Activity Report as at 30 September 2019**

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager that provided an update on the Council's counter fraud activity as at 30 September 2019 (for copy see file of Minutes).

The Corporate Fraud Officer reported that the work of the team continued to grow and develop a multi-agency approach to fraud investigations. A recent staff survey had been undertaken to ascertain if they knew how to report potential fraud and fraud awareness was incorporated into the induction process for new employees. He advised that the number of cases investigated from April to September 2019 was 322 with an outcome of £1.3 million.

Mr Robinson enquired if there were any emerging topics of fraud and was informed that school grants had been raised both regionally and nationally and a review would be undertaken shortly on procurement fraud.

In relation to the third party work carried out Mr Rudd asked how this was re-charged. The Corporate Fraud Officer advised that this was broken down per hour, per day, per case and the money was re-invested back into the service and had recently appointed a financial investigator. He would

provide additional information in the next report giving the breakdown of County Council and partnerships income.

Councillor Temple referred to the 36 frauds detected on rights to buy and asked if we had any control over the prosecutions. The Corporate Fraud Manager explained that they would present the evidence gathered to the partner and it was up to them whether they pursued a prosecution. Some chose not to go down this route due to the court costs.

The Chair congratulated the team on an excellent years work especially as work had increased and people were now more aware that fraud would be investigated.

**Resolved:**

That the recommendations contained within the report be approved.

## **11 Internal Audit Progress Report Period Ending 30 September 2019**

The Committee considered the report of the Chief Internal Auditor and Corporate Fraud Manager which informed Members of the work that had been carried out by Internal Audit during the period 1 April 2019 to 30 September 2019 as part of the 2019/2020 Internal Audit Plan (for copy see file of Minutes).

The Audit and Fraud Manager highlighted the movements in the plan, removed audits and unplanned reviews added to the plan. The Committee were advised that 47% of the total plan had been delivered, exceeding the target of 45%. There had been 1 audit finalised in the quarter that had been issued a limited assurance opinion. With reference to the survey response rate an average score of 4.6 out of 5 was given from service groupings. The summary of progress on the actions due were highlighted and members were informed that 96% of actions had been implemented. From paragraph 21 of the report he reported on governance arrangements for companies and the appointment of directors to them. This would be monitored and referred to as part of the Annual Internal Audit Opinion for 2019/20.

Referring to page 146 of the report Councillor Carr commented that the driver checks had a final opinion of moderate and he would have expected this to be higher. The Chief Internal Auditor and Corporate Fraud Manager assured the committee that this was an acceptable position as should there was any risk to life, property or assets he would have given a limited assurance opinion.

**Resolved:**

That

- (i) the amendments made to the 2019/2020 Annual Internal Audit Plan be noted;
- (ii) the work undertaken by Internal Audit during the period ending 30 September 2019 be noted;
- (iii) the performance of the Internal Audit Service during the period be noted;
- (iv) the progress made by service managers in responding to the work of Internal Audit be noted.

**12 Exclusion of the Public**

**Resolved:**

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 paragraph 1 of Part 1 of Schedule 12A of the Act.

**13 Protecting the Public Purse - Update Activity Report as at 30 September 2019**

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager that provided an update on the Council's counter fraud activity as at 30 September 2019 (for copy see file of Minutes).

**Resolved:**

That the recommendations contained within the report be approved.

**14 Internal Audit Progress Report Period Ending 30 September 2019**

The Committee considered Appendices 6 and 7 of the report of the Chief Internal Auditor and Corporate Fraud Manager which detailed the actions agreed by managers in response to internal audit recommendations that were outstanding (for copy see file of Minutes).

Members were advised that there was one audit finalised in the quarter that had been issued with a limited assurance opinion and one follow up audit had been completed.

**Resolved:**

That the report be noted.