

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Tuesday 24 May 2022 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors L Fenwick (Vice-Chair), A Jackson, M Johnson, B Kellett and R Ormerod

Co-opted Members:

Mr C Robinson and Mr I Rudd

1 Apologies for absence

There were no apologies for absence.

2 Minutes

The minutes of the meeting held on 28 February 2022 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 4 Health, Safety and Wellbeing Performance Report

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

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

- Incidents numbers;
- Health, Safety and Wellbeing Strategy Development;
- COVID 19 Health and Safety Update;
- Consultation/Communication;
- Audit and Inspections;

- Fire Incidents and Fire Inspections;
- Employee Health and Wellbeing;
- Occupational Health Service;
- Management Referrals and Health Surveillance;
- Open Water Safety;
- Potentially Violent Persons Register;
- Health and Safety Related Strategic Risks.

Councillor B Kellett referred to the Health and Safety inspection carried out at Durham bus station and queried the risk that was identified. The Corporate Health and Safety Manager explained that the issue was with the hoardings loading calculations not being available to be provided to the HSE in a timely manner. He added that once the structural information was received, the hoardings were proved to be structurally sound and the matter was resolved. He noted that the hoardings had been in place during storm Arwen with no issues arising.

Responding to a query from the Chair regarding the increased figures relating to violence and aggression and anti-social behaviour, the Corporate Health and Safety Manager advised that violence and aggression figures have returned to pre-pandemic levels. He added that the figures were still quite low considering the number of services the Council provides. The figures include incidents from a variety of different sources including Councillor related concerns and incidents. Referring to the increase in Anti-social behaviour incidents, he added that the team were working closely with the Police and Neighbourhood Wardens to target problem areas and asked members to report areas of concern so they can proactively address any issues.

Councillor A Jackson referred to the Audit inspections and compliance actions and asked if comparative data could be provided in future. The Corporate Health and Safety Manager agreed to include this in future reports.

Resolved:

That the report be noted.

5 Internal Audit Progress Update for Period ended 31 March 2022

The Committee received a report from the Corporate Director of Resources which provided an update relating to the work that had been carried out by Internal Audit during the period 1 April 2021 to 31 March 2022 as part of the 2021/22 Internal Audit Plan (for copy see file of minutes).

Resolved:

That the report be noted.

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

The Committee received a report from the Corporate Director of Resources that provided an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement (AGS) for the year ended 31 March 2021, building on the update that was provided to Audit Committee on 29 November 2021 (for copy see file of minutes).

Resolved:

That the report be noted.

7 Internal Audit Strategy, Charter and Plan 2022/23

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which submitted the Internal Audit Strategy, Charter and Internal Audit Plan for the period 1 April 2022 to 30 September 2022 for approval (for copy see file of minutes).

Responding to Mr C Robinson query regarding the approach to IT audits, the Chief Internal Auditor and Corporate Fraud Manager advised that individual audit assignments look at IT systems that support service delivery, however there was a separate IT audit plan. The IT auditor focuses on IT delivery and new areas of development with a focus on cyber security risks. The Corporate Director of Resources suggested that in future ICT related activity would be identified clearly in the internal audit plan appendix so that members could easily see which were dedicated IT audits.

Responding to comments from Councillor A Jackson in relation to grant audits, the Chief Internal Auditor and Corporate Fraud Manager advised that grant reviews are carried out routinely and that the value of the grant determines whether it requires Internal Audit certification. The Corporate Director of Resources advised that there were a number of safeguards in place to ensure that claims were in line with grant conditions. Accountants check all grant claims and there is a requirement that the Chief Internal Auditor issues an audit certificate before he signs off the claim as the Section 151 Officer. It was noted that the Interim Head of Planning, Development and Housing would be providing assurances on value for money issues relating to the Bishop Auckland Towns Fund and Future High Streets Fund which would be reported at item 8 on the agenda.

Referring to the Internal Charter and the number of significant recommendations and activities remaining overdue, Mr I Rudd asked if the responsible manager would be invited to attend the Audit Committee to provide an explanation for the delay. The Chief Internal Auditor and Corporate Fraud Manager advised that timescales are agreed for actions to be implemented and progress on implementation is followed up on a quarterly basis. Timescales can be revised which is reported in detail at Part B of the agenda and the Committee can

request officers to attend the Audit Committee to provide an update on the progress made. It was noted that any overdue high-level recommendations would be raised with the Service Managers and the Chair of the Audit Committee.

The Corporate Director of Resources explained that progress updates had been added to the overdue actions log to provide reasons for the revised timescale or the delay in implementation of audit recommendations. The Audit Committee can request that Officers attend the Audit Committee if members were not satisfied with the justification for the delay. He assured the Committee that Officers are routinely requested to attend the Audit Committee in relation to overdue implementation activity linked to limited assurance opinions.

Resolved:

- (i) That the Internal Audit Strategy be approved;
- (ii) That the Internal Audit Charter be approved;
- (iii) That the proposed Internal Audit Plan for the first six-month period of 2022/23, 1 April 2022 to 30 September 2023 be approved;
- (iv) That the indicative Internal Audit Plan for the second six-month period of 2022/23, 1 October 2022 to 31 March 2023 be noted.

8 Bishop Auckland Towns Fund / Future High Streets Fund Governance Presentation

The Committee received a presentation from the Interim Corporate Director Regeneration Economy and Growth which provided details on the two major funding investment streams for Bishop Auckland, programme delivery and project management and monitoring processes in place to ensure oversight of performance, expenditure and risk (for copy of slides see file of minutes).

The Interim Corporate Director Regeneration Economy and Growth gave a detailed presentation highlighting the following areas:

- Current Project Status and Project Position;
- Future High Street Fund Governance;
- Stronger Towns Fund Governance;
- Governance and Engagement;
- Durham County Council's Delivery and Accountability;
- Bishop Auckland Delivery Board;
- Active Projects;
- Key Issues.

It was noted that a 'Strategic Advisory Group' had been created which was made up of local members and representatives from various groups and

organisation within Bishop Auckland to aid transparency of the project and improve communications after concerns were raised.

Councillor A Jackson asked if the Strategic Advisory Group and the decision making process could be included in the structure slide to show where it sits within the process and develop the structure to explain how the different levels of responsibilities differ to provide the public with a better understanding of the structure that will be delivering the investment for Bishop Auckland.

Responding to a query from Councillor M Johnson regarding the current project status table, the Interim Corporate Director Regeneration Economy and Growth explained that some projects are match funded and requirements include that government grant funding is defined from private sector and Council funding.

Responding to a query from Mr C Robinson in relation to the accountable body, the Corporate Director of Resources advised that funding from Government was allocated to the Council who are accountable for all the expenditure for the two initiatives. He added that the Council have a legal responsibility to make sure public funding that has been allocated to it is accounted for correctly, is allocated and spent in a way that demonstrates value for money and that what it is spent on meets the Government grant conditions. The Audit Committee's role would be to ensure that sufficient controls were in place to discharge those responsibilities effectively.

Mr C Robinson was happy with the Council's response to a recent news article where a partner questioned the approach being taken and noted the challenges relating to priorities and governance arrangements. The Corporate Director of Resources commented that people have different views and priorities, but the Council would not deviate from the projects that the fund was awarded to deliver unless this was agreed by Government. He added that before funding is signed-off and released, the Government requires detailed business cases and the role of the Accountable Body is to ensure that the money allocated is spent on the projects that were approved and in line with Government requirements.

The Interim Corporate Director Regeneration Economy and Growth added that the Stronger Towns Board, on which the Council has representation, was overseeing the delivery of the Stronger Towns Fund investments. The Council was supporting and advising the Board and ensuring that projects deliver the outcomes against the published investment plan and provide value for money.

Responding to Mr C Robinson query regarding major risks, the Interim Corporate Director Regeneration Economy and Growth advised that the major risks was timescale and ensuring there are sufficient resources to deliver the plan. Another risk was making sure all the information was gathered to produce the business case to secure the funding for the Stronger Towns Fund

and in terms of specific projects, the Eastern Sustainable Access Corridor which requires planning permission. New attractions to the town will see an increase in the numbers of visitors so the planning process will have to ensure that the new attractions are delivered before commitment is made to building new roads which was a key interdependency. The Corporate Director of Resources added that the regeneration scheme was in the centre of a town and there were various risks relating to complex land and highway issues and construction price inflation at this time.

Mr C Robinson acknowledged the good case study for any other types of arrangements where the council is the accountable body and asked if the Audit Committee would receive the same assurances that other projects would be managed in the same way. The Corporate Director of Resources advised that the size and complexity of the Bishop Auckland project was unprecedented, however, the Council has a capital programme of £200M this year and is dealing with large scale complex projects on a regular basis. The funding regime was more complex with the Towns Board which had created some misunderstanding within the Towns Board regarding accountable body status. Lessons have been learned regarding communicating projects better with residents and businesses which has been rectified by strengthening governance arrangements with the Partnership Board.

Referring to the Stronger Towns Board legal status, Mr I Rudd queried whether the money is paid directly by the Council or if the Council provides funds to the Board for them expend. The Interim Corporate Director Regeneration Economy and Growth explained the role of the Board which was to submit the plan to Government and suggest projects to be funded by the Stronger Towns Fund. The Board and the Section 151 Officer would then sign-off on the business cases to secure the funding. Once funding was secured the Board have no further role in terms of funding and delivering projects. Responsibility then rests with the Council as the accountable body to procure the projects and distribute the funding. The Corporate Director of Resources added that the accountants check all the monitoring and grant claims and internal audit certificates would be issued. External audit would also examine this as part of the Annual Audit of Accounts.

Councillor A Jackson referred to the Stronger Towns Board Term of Reference document which suggested that there was a degree of deliverability and procurement of the Board. The Interim Corporate Director Regeneration Economy and Growth clarified that Government provided a sum of money to the Board to purchase the services of consultants to help support the delivery of the town investment plan and does not include procurement of individual projects.

Resolved:

That the information presented be noted.

9 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.

10 Internal Audit Progress Report for the Period ended 31 March 2022

The Committee received a report from the Corporate Director of Resources which presented the appendices referenced in the Internal Audit progress report in Part A of the agenda (for copy see file of minutes).

Resolved:

That Appendix 6 and 7 be noted.