

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Tuesday 28 February 2023 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors L Fenwick (Vice-Chair), P Heaviside, M Johnson, B Kellett and T Smith

Co-opted Members:

Mr C Robinson

Prior to the commencement of the meeting, Members stood for a minute's silence out of respect to Councillor Bainbridge.

1 Apologies for absence

Apologies for absence were received from Councillors M McGaun, R Ormerod and Mr I Rudd.

2 Minutes

The minutes of the meeting held on 28 November 2022 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 Health, Safety and Wellbeing Performance Report Quarter 3 2022/2023

The Committee considered 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 three 2022/23 (for copy see file of minutes).

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

Quarter 3 incidents in numbers;
Audits and Inspections;
Fire Incidents and Inspections;
Occupational Health Service;

Employee Health and Wellbeing
Open Water Safety;
Potentially Violent Persons Register;
Corporate Risks that may impact on Health and Safety.

Councillor B Kellett raised concerns about crew safety and potential insurance costs relating to fire incidents caused by batteries on board refuse vehicles. It was noted that some schools had battery disposal schemes and it was suggested that the scheme be rolled out to all schools in the county. The Corporate Health and Safety Manager advised that refuse crews in County Durham had acted quickly and followed the safe working procedures for dealing with hot loads, however he acknowledged there were issues nationally and, unfortunately, refuse vehicles had been lost in other part of the Country.

Members further discussed bin stickers that inform residents not to put certain items in bins, however further information was required where to dispose of those items correctly. Councillor T Smith felt that more Member awareness was required and suggested that a Member seminar be arranged on the topic.

The Corporate Health and Safety Manager advised that he would feedback comments to colleagues in refuse and recycling.

Resolved:

That the report be agreed.

5 Changes to the Code of Practice for Local Authority Accounting in the UK (CIPFA Code)

The Committee received a report of the Corporate Director of Resources which provided a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code) which apply to the 2022/23 Statement of Accounts (for copy see file of minutes).

Resolved:

That the changes detailed in the report which would be taken into account in the preparation of the 2022/23 statements be noted.

6 Agreement of Accounting Policies for Application in the 2022-23 Financial Statements

The Committee considered a report of the Corporate Director of Resources which provided and update on the County Council's accounting policies to be applied in the preparation of the 2022/23 Statement of Accounts and to seek confirmation from the Audit Committee that appropriate policies were being applied (for copy see file of minutes).

Resolved:

That the recommendations within the report be agreed.

7 Final Accounts Timetable for the Year Ended 31 March 2023

The Committee received a report of the Corporate Director of Resources which provided information regarding the Final Accounts timetable for 2022/23. The timetable details target dates for key actions in order to complete the Statement of Accounts in line with statutory deadlines (for copy see file of minutes).

Resolved:

That the report be noted.

8 External Audit 2021/22 - Progress Report

The Committee received a report of the External Auditor which provided an update on progress in delivering responsibilities and provided a summary of recent national reports and publications (for copy see file of minutes).

Mr Outterside, Mazars presented the report and highlighted that the 2020/21 Whole of Government Accounts (WGA) had been completed and they were waiting for the National Audit Office to confirm the scope for the approved Audit procedures before the audit statement could be issued.

In relation to infrastructure assets, Mr Outterside advised that guidance had been published in January 2023 and the work in this area had now been completed and concluded that the 2021/22 accounts complied with the recommendations set out by CIPFA and the infrastructure depreciation was accurate.

It was noted that work in relation to Value for Money was in progress and to date, no significant risks or weaknesses had been identified.

Resolved:

That the report be noted.

9 Corporate Governance Review 2022/23 - Key Dates

The Committee received a report of the Corporate Director of Resources that informed of the key dates for the corporate governance review for the 2022/23 financial year (for copy see file of minutes).

Resolved:

That the report be noted.

10 Strategic Risk Management Progress Report for 2022/23 - Review 3: 1 October - 31 December 2022

The Committee considered a report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and provided an

insight into the work carried out by the Corporate Risk Management Group between October and December 2022 (for copy see file of minutes).

Councillor B Kellett referred to the HGV drivers shortage and asked about the number of HGVs and the level of drivers in the county. The Risk Insurance and Governance Manager advised that she would enquire with the service and provide details following the meeting.

Mr Robinson queried if actions could be taken to shorten the three years identified to address home to school transport arrangements. The Chief Internal Auditor and Corporate Fraud Manager advised that she would feedback comments to the service and provide a response following the meeting.

Responding to the council's obligation with regards to the new requirements of Martyn's Law, the Risk Insurance and Governance Manager advised that the Board were currently working through the details and looking at implementation which was expected to come into force in August 2023. Updates would be provided on the obligation as a council and how the risk would be managed.

Mr Robinson asked whether the minimum pension was factored into the external audit processes for the pension scheme as it had been identified as a strategic risk to the authority. Mr Kirkham, Mazars advised that the pension fund was not subject to the detailed value for money assessment the same way as the County Council sector were required to provide, however they were aware of the managed risks.

Regarding the Key Performance Indicators, Mr Robinson noted that none of the current risks had reduced from the previous quarter and asked if there was something that can be done as an organisation to make sure that actions were undertaken. The Risk Insurance and Governance Manager advised that risks were reviewed on a regular basis to ensure that all actions were completed and scores re-evaluated. Mr Robinson acknowledged that risks were being reviewed but felt that further action was required to reduce those risks.

Resolved:

That the report provided 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 considered a report of the Corporate Director of Resources which sought approval of the updated Risk Management Policy and Strategy (for copy see file of minutes).

Resolved:

That the revised Risk Management Policy and Strategy be approved.

12 Internal Audit Progress Report Period Ending 31 December 2022

The Committee received a report of the Corporate Director of Resources which provided an update on the progress that had been made in achieving the Internal Audit Plan, based on activity during the period up to 31 December 2022 (for copy see file of minutes).

Following a query from the Chair regarding the audit opinion provided for the review of Planning Applications, the Chief Internal Auditor and Corporate Fraud Manager clarified the summary of the audit scope and confirmed that a substantial audit assurance opinion has been provided which was the best rating available which determined that there was found to be a sound system of control in place.

Responding to comments from Councillor B Kellett regarding recruitment and performance targets, the Chief Internal Auditor and Corporate Fraud Manager explained the challenges in recruitment and retention and the apprentice trainee route offers access to the apprenticeship levy for training with funded day release and off the job training. She added that the audit apprentice was one of the successful candidates appointed to the audit assistant posts created on the staffing establishment and that she was planning on appointing an internal apprentice in September 2023.

Mr Robinson commented on whether a different approach to deliver the audit service could be considered as he was aware that other organisations carry out risk control self-assessments, whereby control owners verify that controls are operating as part of their risk management validations which could alleviate the audit workload. The Chief Internal Auditor and Corporate Fraud Manager advised that she had previously assessed efficiencies and how things could be done differently in terms of internal processes, systems and control framework. There was capacity in the 2023/24 plan to develop the team and look at different ways of delivering the service to provide assurance. She added that she planned to attend Strategic Managers Development sessions to advise managers of the internal control framework and their responsibilities.

Resolved:

That the report be noted.

13 Emergent Internal Audit Plan 2023/24

The Committee considered a report of the Corporate Director of Resources which provided details of the emergent Internal Audit Plan for 2023/2024 (for copy see file of minutes).

Responding to a query from Mr Robinson regarding audit services provided to external clients, the Chief Internal Auditor and Corporate Fraud Manager explained that the service would continue to be provided to external clients

listed in the report for 2023/24 as they were commercially viable by means of a Service Level Agreement.

Resolved:

That the proposed direction and process for the development of the emergent Internal Audit Plan 2023/2024 be noted and brought back to Committee in May 2023 for formal approval.

14 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.

15 Internal Audit Progress Report Period Ending 31 December 2022

The Committee received a report of 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).

The Committee received a report from the Chief Internal Auditor and Corporate 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).

Resolved:

That Appendix 6 of the report be noted.