

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Tuesday 23 May 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, R Ormerod and T Smith

**Co-opted Members:**

Mr C Robinson and Mr I Rudd

**Also Present:**

Councillor D Oliver

### **1 Apologies for absence**

An apology for absence was received from Councillor Mike McGaun.

### **2 Minutes**

The minutes of the meeting held on 28 February 2023 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 4 2022/2023**

The Committee considered a report of the Corporate Director of Regeneration Economy and Growth which provided an update on the Council's Health, Safety and Wellbeing (HSW) performance for Quarter four 2022/23 (for copy see file of minutes).

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

- Quarter 4 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.

In response to a query from Mr I Rudd regarding statutory health surveillance, the Corporate Health and Safety Manager advised that health surveillance was dictated by legislation and was statutory to provide health assessments with clinical nurses in Occupation Health. He added that employees were required to attend appointments within a specific time frame set by legislation if there were work related risks and advised that chase up procedures were in place and the information was retained on employee records.

Mr C Robinson referred to the corporate risks that may have an impact on Health and Safety and asked if there were specific actions required that was related to the Health and Safety element within individual risks. The Principal Risk and Governance Officer explained the treatment options and following clarification, the Head of Corporate Finance and Commercial Services suggested that targeted focus on risks that were specifically related to the Health and Safety function be reported in future Health, Safety and Wellbeing Performance updates.

**Resolved:**

That the report be agreed.

**5 Annual Governance Statement for the year ending 31 March 2022: Actions Update**

The Committee received a report from the Corporate Director of Resources which 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 2022, building on the update that was provided to Audit Committee on 28 November 2022 (for copy see file of minutes).

**Resolved:**

That the report be noted.

**6 Auditor's Annual Report - year ending 31 March 2022**

The Committee received a report from the External Auditor which summarised the work undertaken for the year ended 31 March 2022 (for copy see file of minutes).

Mr C Waddell, Mazars confirmed that the external audit opinion was completed in March 2023. It was noted that no significant weaknesses were identified in the council's arrangements.

Referring to the wider reporting responsibilities, Mr C Waddell advised that the assurance statement was submitted to the National Audit Office (NAO) in April 2023. The Audit instruction had not yet been issued by the NAO, however Durham County Council had been identified as a sample component and the audit certificate would be issued when that work had been completed.

It was noted that additional work had been undertaken in relation to Housing Benefit and Teachers Pension assurance and additional fees had been agreed previously in relation to extra work around Value for Money and Infrastructure Assets.

**Resolved:**

That the report be noted.

**7 Internal Audit Progress Update Report - Period ended 31 March 2023**

The Committee received a report from the Corporate Director of Resources which provided an update on the work that had been carried out by Internal Audit during the period 1 April 2022 to 31 March 2023, as part of the Internal Audit Plan for 2022/23 (for copy see file of minutes).

**Resolved:**

That the report be noted.

**8 Internal Audit Strategy, Charter and Plan 2023/24**

The Committee considered a report from the Chief Internal Auditor and Corporate Fraud Manager which provided the Internal Audit Strategy, Charter and Plan for the period 1 April 2023 to 31 March 2024 for approval (for copy see file of minutes).

Mr I Rudd referred to the schedule of activities and suggested that it would be useful to show comparative figures on days allocated to each activity from previous years in future reports. He asked if there were any particular changes or topics of focus for next year. The Chief Internal Auditor and Corporate Fraud Manager advised that previous audit provision to Town and Parish Councils had discontinued from 31 March 2023 and there were emerging areas around Social Care and Home to School Transport with detail discussed with service areas which was reported to the Audit Committee in February 2023.

Responding to a query from Councillor R Ormerod regarding the national auditor shortage and whether there were additional increases in costs, the Head of Corporate Finance and Commercial Services advised that the Internal Audit function now had a full complement of staff and the apprenticeship scheme continues to provide our own auditors instead of going outside the organisation. Discussions were also taking place for the audit and accountancy function to work closer together which would help support the audit function in the future. The Chief Internal Auditor and Corporate Fraud Manager added that she had considered offering market supplements due to the difficulty in recruitment earlier in the year, however that would have impacted the budget and additional cost implications. The audit apprentice had successfully been appointed to the new audit assistants post and two new audit apprentices were currently advertised to start in September 2023 with no impact on the allocated staffing budget.

Regarding a question on the audit scope post Covid from Mr C Robinson, the Chief Internal Auditor and Corporate Fraud Manager advised that the team already worked agile pre Covid and the service did not experience the same level of disruption as other services. In relation to the audit scope, there was additional work around Covid grant investigations and extra resources had been allocated to catch up with the delivery of the school audit programme. The Head of Corporate Finance and Commercial Services added that during Covid, focus was very different with allocated funds to local authorities to help manage recovery and advised that business was back to normal. He referred to agile working and was unsure whether that would produce different risks in the future in terms of fraud work which would continue to be monitored.

**Resolved:**

- (i) That the Internal Audit Strategy be approved;
- (ii) That the Internal Audit Charter be approved;
- (iii) That the Internal Audit Plan for the period 1 April 2023 to 31 March 2024 be approved.

## **9 Transformation Update and Approach to Value for Money**

The Committee were provided with a presentation from the Head of Corporate Affairs that detailed the council's approach to planning, performance, delivering major projects and change to help secure Value for Money (for copy of slides, see file of minutes).

The Head of Corporate Affairs gave the presentation and highlighted the following areas:-

- Transformation background and interlinking elements;
- Progress against original programme and benefits delivered;

- Current Approach to Strategic Planning and Value for Money;
- Council Plan Objectives and Major Strategies;
- Performance Framework;
- Workforce Transformation – Projects, Priorities and Initiatives;
- Major Projects Assurance;
- Business Intelligence.

Mr C Robinson thanked the Head of Corporate Affairs for the detailed presentation, and the strategic core summary that showed the work across the whole authority. He added that it was good to see a focus on the delivery of ongoing service and Value for Money monitoring which provided assurance in conjunction with the external audit opinion.

Responding to a query from the Chair regarding savings, the Head of Corporate Affairs advised that resource management was transactional in nature and when better managed in conjunction with self-service systems, the use of technology and a more modern approach had helped to achieve savings. The Head of Corporate Finance and Commercial Services added that Business Support was the last function during austerity to be unitised and bring people together to offer a more effective and efficient service across a range of services. It was noted that Section 106 funds and infrastructure requirements were considered by a Member Working Group and funds transferred to the capital programme which was monitored through the capital programme monitoring arrangements.

Regarding a query on the implementation of the Business Intelligence System, the Head of Corporate Affairs advised that they were working in partnership to build the infrastructure and IT servers that would gradually migrate data to the new systems and a dashboard for Managers was currently being developed. It was noted that implementation of all the systems would take several years and those providing the larger return on investment would be prioritised. The Head of Corporate Finance and Commercial Services added that they would be working together to reposition the financial systems so that financial data, HR systems and performance data were available on the same dashboards.

**Resolved:**

That the presentation be noted.

## **10 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.

## **11 Internal Audit Progress Report - Period Ended 31 March 2023**

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).

**Resolved:**

That Appendix 6 of the report be noted.