

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 27 SEPTEMBER 2021

Present: Cllrs Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Susan Cocking, Rod Adkins, Janet Dover and Mike Parkes

Apologies: Cllrs Barry Goringe, Bill Pipe and Bill Trite

Also present: Ian Howse, Deloitte

Officers present (for all or part of the meeting):

David Trotter (Risk and Resilience Officer), Jonathan Mair (Corporate Director - Legal & Democratic Service Monitoring Officer), Rupert Bamberger (Assistant Director SWAP), Sally White (Principal Auditor), John Sellgren (Executive Director, Place), Bridget Downton (Head of Chief Executive's Department), Rebecca Forrester, (BP Policy, Research & Performance), David Wilkes (Service Manager, Treasury & Investment), Susan Dallison (Democratic Services Team Leader) and David McIntosh (Corporate Director (HR & OD))

19. Declarations of Interest

No declarations of registrable or non-registrable interests were made at the meeting.

20. Public Participation

There were no public questions.

21. Internal Audit Progress Report

Rupert Bamberger announced that Sally White would be taking on a new role as the new Assistant Director for SWAP. The Chairman of the committee took the opportunity to thank Rupert for all his work and wished him good luck in his new role. On behalf of the committee the Chairman congratulated Sally on her successful appointment.

Sally White presented the report which was the second formal update for the current financial year and reminded the committee that live progress on the audits could be accessed at any time. The audit opinion was that there were reasonable levels of confidence that the agreed actions would be implemented and as such the interim finding was reasonable.

Members considered the report and in response to questions the following points were made:

Where there were gaps in providing assurance SWAP would try to find other assurance mechanisms that already existed in the council that could provide the assurance required;

In terms of undertaking a piece of work around lessons learnt around climate change, Brexit and the council's emergency response to situations like fuel shortages, Sally White agreed to talk to the relevant officers on how these reviews could be brought forward to the committee. Jonathan Mair suggested that a report on the council's response to the pandemic could also be provided for the committee to consider and agreed to liaise with Sally White as SWAP could provide independent oversight.

A request was made to include the impact of climate change into future audits and also the issue of the pension fund and exposure on fossil fuels.

22. **Deloitte 2020/21 Audit Plan**

Ian Howse from Deloitte presented the 2020/21 Audit Plan and outlined the approach as set out in the executive summary which included the main areas of focus. The report also provided details on the approach to significant risk areas. Ian Howse reported the good news that a lot of work on the 2020/21 accounts had already been completed with an aim to complete the work by November 2021.

The Executive Director highlighted to the committee that the statutory deadline for signing off the accounts was September and that, like many other councils this deadline would not be met, this item would therefore be placed on the Forward Plan for the November meeting.

Members considered the report and raised a number of questions in relation to:

The risk associated with invoices not being processed in time. The Executive Director for Corporate Development advised that this was not a major risk factor for the council.

The outstanding work associated with the valuation of assets. The Executive Director for Corporate Development advised that he was confident that this was not an issue as more support was being put into the Property Team to address this resource requirement. John Sellgren, Executive Director for Place agreed that it was important for members to have sight and overview of property valuations and property transactions and members had an important role to play in the wider perspective and impacts, such as scrutiny members looking at a review of South Walks House. Ian Howse thanked Cllr R Biggs for raising the issue of property valuations and he gave reassurance that Deloitte was looking at the classification of the council's assets.

In response to comments and concerns on timescales for completion of the audit, Ian Howse explained that the main issue was in relation to the scarcity of people with an in-depth knowledge of local authority accounting and audit

skills. This was a sector wide issue and Dorset Council's position was no different to other councils in the country.

Members noted the report.

23. Risk Management Update

John Sellgren, Executive Director of Place explained the work that his officers had undertaken to address risk; a workshop had been held in July 2021 at which officers had reviewed all of the high and extreme risks in place and looked at the mitigation and the timescales for dealing with those risks. In summary the process had looked at additional risks to add to the register and the importance of committee and member processes, particularly in relation to financial matters such as projects with long lead in times. For example, more regular inspection of trees on highways and public open spaces had been added to ensure risks associated with tree or branch structures were assessed.

In response to a question members were advised that the role of the Audit & Governance Committee was to look at the processes and systems in place to ensure that the risks were being managed appropriately, it was the role of the scrutiny committee to review the actual risks.

Cllr S Cocking had submitted a question in advance of the meeting on how exposed the council was to risk compared to other councils. David Trotter, Risk & Resilience Officer agreed to research this by undertaking a benchmarking exercise and would report the findings back via the committee or members' bulletin.

Members noted the report.

24. Treasury Management Annual Report

David Wilkes, Service Manager for Treasury and Investments introduced the report.

In response to a question it was reported that there were no restrictions on how funding received from Government for the Covid-19 pandemic could be invested before being used by the Council or paid out to local businesses. However, the money needed to be accessible at short notice which in current market conditions meant zero, or very close to zero returns were possible. The council had ensured that that the money was kept safe and that businesses had easy to access to the funding.

David Wilkes, Service Manager for Treasury and Investments was able to confirm that the £10million liquidity was reviewed on an annual basis and it was there to ensure that the council could meet any short notice liabilities.

Members noted the report.

25. **Value for Money**

The committee received a report which had originally been considered by Cabinet in October 2020, progress with this piece of work had been hindered but greater momentum had come from a recent Peer Review. There was a need for Dorset Council to review all of its services, in terms of comparisons with other councils and to provide challenge on whether the council was best placed to deliver the services and consulting with the users of the services. Benchmarking was key to the exercise and there were 4 key dimensions cost, efficiency, effectiveness and equity that would come together to inform the council's approach to value for money. Nine of the council's service areas had given a commitment to be part of the pilot exercise to develop the approach to value for money and of the nine, five services had been chosen to give a spread across the many activities undertaken by the council.

Cllr Peter Wharf highlighted that value for money was not just about money but also about value for the organisation and the need to recognise that there would be competing requirements.

Members noted that a timeframe for completion of the work had not yet been set but the exercise would aim to do a limited number of reviews well that would then inform how other reviews were undertaken in the future.

The Head of the Chief Executive's Department, Bridget Downton agreed to keep the committee updated on progress and agreed to come back to the committee on how this would be achieved.

At that point members noted the report and took an informal vote on the recommendation; the minded to decision was unanimously in favour of the recommendation as set out in the report.

Jonathan Mair, Corporate Director Legal & Democratic, having heard all of the debate and having taken into account the unanimous view of the committee made the following decision under delegated authority:

That the five VfM reviews be undertaken with

- a. Waste service
- b. Highways
- c. Adults brokerage
- d. Children's commissioning
- e. ICT operations.

26. **Review of Agency & Consultancy Spend**

Cllr Peter Wharf thanked the Chairman of the committee for raising this issue which had prompted officers to look into the matter and bring a report to committee.

David Macintosh, Corporate Director for HR and OD highlighted the main points of the report to the committee. Agency workers made up an important part of Dorset Council's workforce due to national skills shortages in some areas, the need to cover sickness absence, to deal with workload pressures or the need to bring in specialist skills. Officers had carried out a review to check and provide assurance to members that agency workers were used as a resourcing strategy by the council and that spend was within the Comensura contract. Not all spend was within this contract but officers were keen to get as many agency staff within this contract as possible and there had been some reduction in the length of contracts for agency workers.

John Sellgren, Executive Director of Place presented a short case study of how agency workers were used in the Place directorate and the benefits gained from this arrangement, for example dealing with short term sickness absence or temporary backlog of work. The use of agency workers was a useful resourcing tool without the need to increase the overall size of the payroll budget and the Comensura contract provided value for money.

The Chairman highlighted the perception in the wider community that there was a large cost associated with consultants and the council needed to be clear about the cost of a consultant compared to the cost employing someone in a permanent role. The Chairman also highlighted the issue across public sector of the difficulty in finding qualified staff to fill some vacancies and suggested that there should be a rolling advert of vacancies to encourage the recruitment of permanent staff. In response the committee was advised that the council monitored the length of agency staff bookings and already used rolling adverts and recruitment pages for some vacancies such as social workers.

The Corporate Director for HR and OD agreed to bring an annual report to the committee which would include information on how agency workers were remunerated.

Members noted the report.

27. Forward Plan

Members noted the Forward Plan and the Chairman requested reports/presentations from other directorates on the use of agency staff to come to future meetings of the committee.

The Executive Director for Corporate Development advised the committee that the Cabinet would be considering the LGA Finance Peer Review on 5 October 2021 and Cabinet would be requesting that the Audit & Governance Committee monitor the performance action plan which was likely to come to Audit & Governance early in the New Year.

In respect of the Risk Management Report the Chairman asked the Executive Director for Corporate Development to look at risks 272, 212, 344, 316, 326

with a view to providing an update to a future committee to address the risks if needed.

28. **Urgent items**

There were no urgent items.

29. **Exempt Business**

There was no exempt business.

Duration of meeting: 10.00 am - 12.20 pm

Chairman

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