

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 11 APRIL 2022

Present: Cllrs Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Susan Cocking, Rod Adkins, Barry Goringe, Mike Parkes and Bill Trite

Apologies: Cllrs Janet Dover and Bill Pipe

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

Aidan Dunn (Executive Director - Corporate Development S151), Jonathan Mair (Director of Legal and Democratic), Jim McManus (Corporate Director - Finance and Commercial), Marc Eyre (Service Manager for Assurance), Sally White (Assistant Director SWAP), David Trotter (Risk and Resilience Officer), Neil Gorman (Service Manager (Finance) Corp Policy & Comp), Heather Lappin (Head of Strategic Finance), Dawn Adams (Service Manager for Commercial and Procurement), Paul Ackrill (Service Manager (Finance)), Lee House (Service Manager for Finance), Sian White (Service Manager, Finance) and Elaine Tibble (Senior Democratic Services Officer)

48. Minutes

Proposed by Cllr Parkes, seconded by Cllr Adkins.

Decision: The minutes of the meetings held on 19th April, 21st June, 9th July, 27th September, 15th November 2021 and 17th January 2022 were agreed and signed as a correct record.

49. Declarations of Interest

No declarations of disclosable pecuniary interests were made at the meeting.

50. Public Participation

There were no statements or questions from the Public or Town and Parish Councils at the meeting.

51. Internal Audit Annual Opinion Report 2021-22

The Assistant Director, SWAP presented the Internal Audit Annual Opinion Report for 2021-22. The paper was presented annually and provided an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.

The Key items in the report were highlighted. A reasonable opinion had been offered but some areas of coverage had been limited due to covid grant work and limited staff re-deployment. No significant corporate risks in the year had been identified.

Financial savings had been made and the Executive Director, Corporate Development was supportive of the report and confident that audit actions were moving in the right direction.

In response to member questions the Executive Director, Corporate Development explained the implications of the future contributions for adult care service users. He felt this was a topic that could cost all councils a lot of money.

It was considered that the forthcoming adult care changes were a matter for People and Health Scrutiny to look into and an action for the Executive Director, Corporate Development to take forward.

It was not known at this stage how much impact the new reforms would cause.

Assistant Director, SWAP undertook to look at items 45124 and 25129 in the audit tracker which didn't appear to have completion dates.

Members noted the report.

52. **Approach to Internal Audit Planning 2022/2023 and Internal Audit Charter**

The Assistant Director, SWAP presented the Approach to Internal Audit Planning 2022/23 and the Internal Audit Charter

Members were advised that change and unpredictability was here to stay, therefore it was proposed to continue with the rolling planning approach. The rolling plan spreadsheet was accessible to senior managers and members of audit committee which gave members the opportunity to review and be confident appropriate risks were being covered.

The Chairman requested that it would be helpful if the committee were informed of the outcomes for some of the items that were passed to the Senior Leadership Team.

Members noted the report.

53. **Risk Management Update**

The committee received a Risk Management Update report from the Service Manager for Assurance.

In additional to the regular quarterly update of risk report there were additional appendices for information compliance and emergency planning.

The information compliance appendix indicated a low level of completion of mandatory training, the key reason was because the learning portal was a year old and the first year's completions had expired and figures were re-set for the second year.

The emergency planning appendix gave a basic overview, however the next report would include a debrief from the recent storm Eunice.

In response to member questions the Service Manager for Assurance advised that the Council and Local Resilience Forum partners maintained a range of plans in response to risks associated with the situation in Ukraine.

In response to a comment that Risk 378 – “Failure to inspire a future generation of political leaders” was not within the gift of the council the Service Manager for Assurance agreed to take the comment back to the Senior Leadership Team.

More assurance was requested that the mandatory training was being addressed and the Service Manager for Assurance was asked to provide an update on progress at the next meeting.

It was also suggested by members that councillors should also be held accountable for the completion of information compliance training. The Service Manager for Assurance would liaise with the Member Development & Support Officer and bring back figures.

The Chairman raised points on the following risks with a A&G link: 345 346 212 388 393 316 286 and 348 – he asked the Executive Director Corporate Development to consider whether these should be considered for inclusion on the forward plan.

The Chairman also felt that there were some areas not deemed to be emergency planning incidents but that require debriefing, such as the A30 closure in Sherborne following the collapse of a wall. He considered that this had caused reputational damage to the council and asked for this to be subject to review so that lessons could be learnt for future.

The Chairman commended work done by the Service Manager for Assurance and the Risk & Resilience Officer but was concerned on the dependence on just two people in this area if either were off long-term sick. He asked the Director of Legal & Democratic to consider how resilience in the service can be improved.

Decision: the committee noted and reviewed:

- i) the key risks identified in the corporate and service risk registers, with escalation to Scrutiny Committees where appropriate,
- ii) the key metrics and headlines from emergency planning and
- iii) the key metrics and headlines from information compliance

54. Annual Governance Statement

The Annual Governance Statement was presented by the Service Manager for Assurance. The statement is a statutory document that accompanies the annual accounts and looks back on the previous 12 months. The purpose of the Annual Governance Statement was to provide assurance that the governance arrangements were fit for purpose and identified any areas for improvement.

There were a few actions identified for improvement which included:

Mandatory Training.

Assurance mapping.

Improvement of compliance rates for subject access requests.

Improved use of impact assessments.

Dorset Council wide asset management register.

There were no questions from the committee, the Chairman complimented the Service Manager for Assurance on a good report but asked if it could be less wordy.

The report was noted.

55. Financial Management Report Quarter 3

The Executive Director, Corporate Development introduced the Quarter 3 Financial Management Report which had been considered by Cabinet on 18 January 2022 and made comment on the current cost of living issue and consequent impact on residents and council services.

The Corporate Director, Finance & Commercial advised that the forecast overspend had reduced through year and there had been improvements against budgets across many of the service areas. The accounts were in the process of being finalised for 2021/22 and predictions were that the outturn would be very close to the budget set.

The Corporate Director, Finance & Commercial gave a Summary of the report before inviting Finance Business Partners to give updates on the impact of inflation affecting pay, fees and energy costs, procurement services, types of procurement contracts and the impacts of the forthcoming Adult Services care fee cap.

The Corporate Director, Finance & Commercial confirmed the next steps to Close the 2021/22 accounts and present the outturn position to Cabinet in June.

In response to member questions, members were advised that some suppliers had found it difficult to price goods and services in the current economic climate, there was some risk that there may not be such an open market.

The need for good contract managers who would seek assurance of where costs had been occurred was raised and whether more in-house provision should be investigated for children's residential homes which could provide more value for money in the future.

In response the Executive Director, Corporate Development reminded members that inflationary risk had been highlighted during the budget setting process. In addition to an inflation uplift there had also been additional uplifts in some specific areas. £8.7m had been set aside as a contingency budget and general fund reserves of approx. £33m.

The profile on contract management had been raised across the organisation but there was a fine balance to reach, including talking to suppliers to see if there was a way for the council to help them reduce their costs to avoid them passing those costs on to us. Balance between being a firm contract manager but having an open relationship with suppliers. Many skilled people in various sectors of the council had set up an internal network to learn from each other.

Members were concerned over inflationary pressures faced by the council and felt it would be helpful to understand the inflationary cost pressures for the separate directorates as they would vary. Inflation was changing weekly and the committee were keen to know what the various inflationary pressures were on a more regular basis.

The Executive Director, Corporate Development confirmed that the intention was to look at reporting mechanisms, with more information on the sensitive areas reported.

The report was noted.

56. Future of the Revenues & Benefits Service

The Corporate Director, Finance & Commercial referred to his power point presentation which had been included in the agenda pack and gave a verbal explanation of the previous revenues & benefits partnership arrangements and update on transformation progress.

In response to a member question the committee were assured that the IT transition to a single customer revenues & benefits portal had taken place a few months ago and therefore it was hoped any initial IT issues were over.

57. Meeting Arrangements and the Health and Wellbeing Board

The Director of Legal & Democratic welcomed the return to in person meetings, but there were settings and circumstances where it was considered more appropriate and efficient to meet online. The Health and Wellbeing Board (HWB) was an example of that. The HWB was not like any other

council committee, having a membership of 18, only 3 of whom were elected members of the council. The remainder were council officers and representatives of NHS bodies and other bodies. The diversity of membership made it difficult for all members of the board to attend meetings in person.

The Chairman of the HWB, Cllr Knox, had requested that the board continued to meet informally online and that Sam Crowe, Director of Public Health be given delegated powers to make decisions on behalf of the HWB.

Additionally, the report recommended a wider change to the Constitution, that in exceptional circumstances the Chief Executive, after consulting with the relevant committee chair, may convene informal online meetings of the Full Council, the Cabinet, a Committee or Sub-Committee.

Members were generally supportive of the proposal but requested more clarity on what constituted exceptional circumstances and urged caution over the ability to meet virtually and suggested putting a time limit on the recommendations.

The Director of Legal & Democratic suggested that a paper could be brought to the Audit & Governance committee after a year, in order to review the working arrangements.

Proposed by Cllr Cocking, seconded by Cllr Atkins.

Decision: Recommendation to Full Council:

1. That the Health and Wellbeing Board should meet informally online as its usual way of doing business.
2. That as a matter of course and for the duration of their appointment the co-opted members of the Health and Wellbeing Board should be given a dispensation from attending meetings in person.
3. That delegated authority be given to the Director of Public Health, after consultation with the Health and Wellbeing Board at informal online meetings, to make all decisions within the terms of reference of the Board.

Proposed by Cllr Cocking, seconded by Cllr Biggs.

Decision: Recommendation to Full Council:

4. the Chief Executive be given delegated authority:
 - (a) In exceptional circumstances and after consultation with the relevant chair, to convene informal online meetings of the Full Council, the Cabinet or any committee or sub-committee.
 - (b) After consulting members at informal online meetings to make any decision (save those that cannot by law be exercised by an officer) taking into account the views expressed by Members about the decision that they would have been minded to make had it been possible to hold a formal decision making meeting in person.

5. That all 4 recommendations be subject to review after 1 year.

58. Constitution Update

The Director of Legal & Democratic gave a verbal update on recent changes to the constitution that he had made under delegated powers. Colleagues in Adults & Housing had made some consequential changes to the Housing Allocation Policy because of the Ukrainian Family scheme and Homes for Ukraine scheme. The need to satisfy residency conditions had been removed to comply with legal national changes by Government.

The committee noted the update.

59. Minutes of the Audit & Governance Sub-committee

The minutes of the Audit & Governance Sub-committee were noted.

60. Forward Plan

The Service Manager for Assurance and the Executive Director, Corporate Development would liaise with the Democratic Services Team Leader to programme the items discussed at the meeting.

61. Urgent items

There was no urgent business.

62. Exempt Business

There was no exempt business.

Duration of meeting: 10.00 - 11.50 am

Chairman

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