

## **AUDIT AND GOVERNANCE COMMITTEE**

### **MINUTES OF MEETING HELD ON MONDAY 17 JULY 2023**

**Present:** Cllrs Richard Biggs (Chairman), Susan Cocking (Vice-Chairman), Simon Christopher and Bill Trite

**Present remotely:** Cllrs Belinda Bawden

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

David Bonner (Service Manager for Business Intelligence and Performance), Susan Dallison (Democratic Services Team Leader), Aidan Dunn (Executive Director - Corporate Development S151), Marc Eyre (Service Manager for Assurance), Richard Ironside (Senior Accountant), Angela Hooper (Principal Auditor SWAP), Heather Lappin (Head of Strategic Finance), Jonathan Mair (Director of Legal and Democratic and Monitoring Officer), John Miles (Democratic Services Officer Apprentice) and Sally White (Assistant Director SWAP)

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

Sean Cremer (Corporate Director for Finance and Commercial) and Ian Howse (Deloitte).

**12. Apologies**

Apologies for absence were received from Cllrs Belinda Bawden, David Grey and Robin Legg.

**13. Minutes**

The minutes of the meeting held on 12th June 2023 were confirmed and signed.

**14. Declarations of Interest**

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

**15. Public Participation**

There was no public participation.

**16. Minutes of the Audit & Governance Sub-committee**

No Meetings from the Audit and Governance Sub-committee had been held.

## 17. **Annual Information Governance Report**

The Service Manager for Assurance outlined that the report provided an overview of information governance activity during the last twelve months, including the setup of the new Strategic Information Governance Board and its Standing Working Groups, together with a forward look of activity for the next twelve months. This focussed on an action plan under development to meet any gaps identified following completion of the Information Commissioners Office Accountability Framework self-assessment.

Cllrs asked the report author questions such as, if benchmarking against other local authorities had been conducted, whether the council was going to reduce the extreme values on risk for cyber and will the project in paragraph 671 in the report be embedded and how would this be implemented?

The Service Manager for Assurance responded to these questions by informing that there had been some benchmarking around transactional activity, such as freedom of information and subject access requests. At this stage however a comparison for the accountability framework had not been looked at. It was acknowledged that the cyber risk will always likely remain relatively high level despite significant controls. The project to identify a solution to the issues that remote workers cannot use their email addresses and are unable to access Dorset Council Systems was being conducted and is still in its infancy and gathering information. A section of the project will be looking at a service redesign approach. The project manager viewed the project as fast moving and estimated a 2-month time scale to complete the work. The committee requested to be updated in due course of the outcomes of this project.

## 18. **Risk Management Update**

The Service Manager for Assurance introduced the report. The risk management function was in a stage of transition moving from Assurance Service to the Business Intelligence Service. The Recruitment process was underway. In the meantime, self-service arrangements were in operation to update risk registers within directorates, and a number of strategic areas of work had been planned once recruitment of the team was complete.

Cllr Richard Biggs stated that he thought it was surprising to see the 5 extreme risks were as high as they were and highlighted the importance of phrases like catastrophic framing people's ideas.

Cllr Bill Trite commented on the impact and probability chart in the appendix of the report which runs from catastrophic to major to moderate, to slight, to limited and thought that these categories except for catastrophic were all similar to limited and found the terms unclear.

The Service Manager for Assurance agreed to take these comments on board and there will be a review of the risk matrix as part of the proposed risk appetite work.

19. **Report of Internal Audit Activity Progress Report 2023/24- June 2023**

The Principal Auditor for SWAP introduced the report which was the first update report for the 2023-24 financial year.

Since the last update report 3 limited assurance opinions had been issued. A formal follow up of the Response to Climate Emergency audit had been carried out, working with the Corporate Director for Transformation, Innovation and Digital and his team. Positive movement had been made with all actions being in progress, 2 completed and 1 action was overdue but should be completed by the end of July.

In the November update a significant corporate risk was identified around Premises Health and Safety and a formal follow up had been undertaken and whilst only 2 of the 9 agreed actions had been implemented, good progress had been made against all remaining actions which should be completed by the end of 2023.

The number of overdue actions was 9 as of the 17th of July which was a reflection on the good progress that continues to be made in ensuring that actions are implemented in a timely way.

20. **Update Report to the Audit and Governance Committee on the 2020/21 audit**

Ian Howse from Deloitte outlined the ISA 260 report which covered the audit for 2021. There were still a number of areas that needed to be completed but the detail testing had now been finalised. The 1920 report included significant weaknesses within children services, but Deloitte had seen significant progresses within the council. Significant risks reported were a recognition of covid grant income and completeness of accrued expenditure and valuation of property assets. There was an issue with the car parking valuation which led to an over-statement of £5.6 million.

Cllr Simon Christopher asked Ian Howse if he would have done anything different at the planning stage with the valuation of assets and the reports that he had received. He raised concerns over the conflict of interest associated with the County Farms Estate as it was valued by an internal valuer as opposed to being valued externally.

Ian Howse responded that he would have not changed his approach to the planning of this work as the work identified the valuation of assets as a significant risk. He used qualified chartered surveyors to review the valuations conducted internally and externally and their expertise were drawn upon to identify the issues raised in the report. He used specialist property valuers in order to challenge the assumptions being made and the council was not required to have internal or external valuers.

Cllr Richard Biggs asked a question regarding the historical overpayment for the PFI which was considered a large number of £3 million.

Heather Lappin responded that it was in relation to an interpretation of the actual contract rather than an error in the calculation. There was a small error which had ensued since 2011 up until 2020 and related to 40% of the contract in total.

Ian Howse informed the committee that they were very close to signing off the current set of accounts and will then move positively towards the next set. He had every intention of clearing the backlog by the 31st of March 2024 which will be challenging as there remains two significant audits to complete in this time.

21. **Work Programme**

The Executive Director for Corporate Development proposed an additional item for the September Audit and Governance meeting about the councils' arms lengths and wholly owned companies. As in the last year Care Dorset and Dorset Centre of Excellence had been set up and the item will also review the Brunel Pension Fund and consider value for money.

22. **Urgent items**

There were no urgent items.

23. **Exempt Business**

Decision

That the press and the public be excluded for the following item(s) in view of the likely disclosure of exempt information within the meaning of paragraph 3 of schedule 12 A to the Local Government Act 1972 (as amended).

**There was no exempt business.**

**Duration of meeting:** 10.00 - 11.00 am

**Chairman**

.....