

DORSET COUNCIL - AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 7 JULY 2020

Present: Cllrs Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Simon Christopher, Susan Cocking, David Gray, Brian Heatley, Nocturin Lacey-Clarke, Mike Parkes, Bill Pipe and Bill Trite

Also present: Cllr Spencer Flower, Cllr Peter Wharf and Clare Skivens

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

Rupert Bamberger (Assistant Director SWAP), Bridget Downton (Head of Business Insight and Corporate Communications), Aidan Dunn (Executive Director - Corporate Development S151), Marc Eyre (Service Manager for Assurance), Jonathan Mair (Corporate Director - Legal & Democratic Service Monitoring Officer), Jim McManus (Corporate Director - Finance and Commercial), David Trotter (Risk and Resilience Officer), Kate Critchel (Senior Democratic Services Officer) and Fiona King (Democratic Services Officer)

74. Apologies

No apologies for absence were received at the meeting.

75. Minutes

The minutes of the meeting held on 20 May 2020 were confirmed and signed.

76. Declarations of Interest

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

77. Public Participation

There were no representations from parish or town councils or from members of the public.

78. Dorset Council's Performance Framework

Members considered a report from the Chief Executive which included the draft performance framework for the Council.

The Head of Business Insight and Corporate Communications apologised for the lateness of the report due to additional work pressures in relation to the pandemic.

Cllr Gray was disappointed that value for money (vfm) was not implicit anywhere in the document and queried if there would be a balanced scorecard. He would have expected a red, green and amber type scorecard. He also noted that climate change was not listed and he would expect to see this as a key KPI. The Head of Business

Insight responded that the approach of using a balanced scorecard would be used and it would be for the Audit and Governance Committee to oversee the approach rather than monitor performance. The Overview Committees would be reviewing performance, which was different from the approach of the predecessor County Council. One of the four elements of the balanced scorecard was around finance which she felt could be strengthened and she emphasised that the financial quadrant was about vfm as well as budget performance. The Head of Business Insight added that continuous tracking was part of the framework and there would be an action tracker in place with the person who was responsible for the action. In respect of climate change officers were currently looking at the detailed KPIs and would be working with colleagues to determine the appropriate ones.

The Executive Director for Corporate Development reassured Cllr Gray that his comments on vfm had been heard and that a report on how the Council saw vfm, the budget process and benchmarking would be presented to members at their August meeting.

The Chairman highlighted the importance of tracking the actions and of keeping an eye on poor performing areas.

The Cabinet Member for Corporate Development and Change advised that officers had constructed a robust performance plan. With regards to climate change, the Plan had yet to be agreed by Cabinet which when agreed would lead to the construction of the relevant KPIs. He added that he was always happy to attend and speak to members about performance management and highlighted the importance of keeping things relevant.

In response to a question about what the performance measure would be and that there was a lack of mention of geographical deprivation, the Head of Business Insight advised she felt it was helpful get a draft out to shape performance but accepted more details needed to be worked up. How deprivation was represented needed some more thought and she undertook to discuss this with the relevant Portfolio Holder.

Decision

1. That the draft performance framework in Appendix 1, be amended with further detail as discussed and be brought back to members for agreement.
2. That the performance framework be reviewed to incorporate risk reporting in due course.

Reasons for Decisions

To ensure the council's progress is measured and monitored and that appropriate links between risk and performance management are in place.

79. Annual Governance Statement

Members considered a report from the Corporate Director Legal and Democratic which included the revised draft Annual Governance Statement (AGS) for 2019-20, which had been amended to reflect improvements suggested by members at the previous meeting held on 20 May 2020.

The Service Manager for Assurance highlighted the changes that had been made since the last draft and noted that the Risk Register was included as an appendix. He added that the Risk Management report would be built on and updated in readiness for the September meeting.

Following a question from the Chairman regarding whether members had sight of the ethical questionnaires and what they entailed the Service Manager undertook to find out and report back to him.

One member suggested the addition of the word 'striving' to the headline regarding good governance and regarding a statement on page 31 he felt the addition of 'serving' rather than 'leading' was more appropriate.

Members acknowledged and appreciated the amount of work taken to include members comments. It was agreed that early sight of the document had been a good example of how members could help influence the final documents.

Decision

That the revised draft of the Annual Governance Statement for 2019-20 be approved and would now be passed to the Leader and Chief Executive for signing.

Reason for Decision

Approval and publication of an Annual Governance Statement by the Council is a statutory requirement and provides evidence that Dorset Council maintains high standards of governance and addresses significant shortcomings and risks.

80. Internal Audit 2019/20 Progress

The Committee received the South West Audit Partnership (SWAP) Report of Internal Audit Activity – Plan Progress report for 2019/20. This update report covered the quarter 3 information that was due to be discussed at the March meeting and had been updated to cover the period up to the end of the financial year. SWAP'S ongoing audit opinion within this report was limited to 31 March 2020 and whilst SWAP would normally provide a quarter 1 update at this time, due to the unprecedented circumstances day to day activity around audit assurance work was only just being resumed. Members noted that SWAP'S opinion for 2019-20 would be based on almost a whole year's work and would be provided to the committee in the annual report in September, however the annual opinion for 2020-21 would not be based on a whole year's assurance work.

The Chairman thanked SWAP and the rest of the team for all their support during the pandemic, stepping away from their usual audit work to assist the Council in responding to the pandemic.

The Vice-Chairman highlighted the area of Pupil Premium Plus. He noted that a lot had happened since April. Whilst he felt reassured that steps had been taken to address the particular concern that had been identified it was not clear to him if controls had been put in place to stop it happening again and this should be a serious concern to all. The Assistant Director, SWAP assured members that this would continue to be followed up and that the recommendations were being taken forward. He undertook to bring an update for members to the September meeting.

In respect of Whistleblowing, the Service Manager for Assurance advised that an action plan was now in place to move forward the recommendations. The key outstanding areas related to communications of the fraud related policies and this was in the process of being addressed. It was proposed that an Annual Report of Fraud and Whistleblowing should be presented to the September meeting, and that this would incorporate an update on outstanding actions.

Following a question from a member about the Purbeck bank reconciliations the Corporate Director for Finance and Commercial explained to members the issues

arose due to LGR and staff handover issues but that the bank reconciliation process was now up to date. The external auditors were now undertaking their annual audit and there was a plan to switch off the old legacy systems shortly.

The representative from Deloitte advised members that as part of their work they would look at suspense accounts and the process of reconciliations and year end work.

In a response to a request for assurance around the bank reconciliations for the former district council, the Executive Director for Corporate Development advised that Purbeck District council had ceased to exist and that the accounts were closed last year and the external audit identified no issues. The Assistant Director, SWAP added that he was happy to work alongside Deloitte and/or the Corporate Director for Finance and Commercial to provide an internal audit follow up on this to provide the necessary assurance that these areas had been addressed.

In respect of the deferred audit of Achievements of Savings Plans, the Executive Director Corporate Development advised that due to the pandemic implementation of previous transformation plans had been postponed. However, in the light of the pandemic there was a real need to review the financial situation, identifying new savings targets and plans, the scale of which was not yet known. The Executive Director indicated that an audit review of the implementation of these savings plans would be welcome in the 2020-21 financial year.

One member asked what the effect of the pandemic had been on internal controls and the segregation of duties. The Executive Director advised that the current arrangements was that around 2,500 members of staff were working at home across the whole organisation but confirmed that finance staff were able to continue to undertake their duties including the payment of business grants effectively. Officers were confident about IT security, the controls in place to detect cyber attacks were very vigilant around this.

A member raised a concern the Blueprint for Change was cited as the resolution to issues around social care, the Assistant Director, SWAP advised that any audit review that received a partial assurance opinion would be followed up as a matter of course to ensure that the recommendations made had been effectively implemented. The Monitoring Officer added that if members had concerns regarding the Blueprint for Change programme these could be raised with the People Overview and Scrutiny Committee.

An update from Deloitte, the external auditors, was given to members. The Audit and Financial Statement was well under way as was the testing in all areas. They were starting to see some areas with legacy systems and had regular calls with officers of the Council. The valuation work had been a huge piece of work.

Following a question regarding contracts for hotels in the Weymouth area that were used to house homeless people and whether Deloitte would be looking at the internal control system used, the representative advised that they would not look at them specifically and that a sample test might not select them but undertook to liaise with the Corporate Director Finance and Commercial and look at it along with the value for money work.

Decision

1. That an update on Pupil Premium Plus be included for members at their meeting in September and that the relevant officers be invited to attend.

2. That an item regarding whistleblowing and anti-fraud corruption be added to the Forward Plan for September.

81. **Internal Audit Plan 2020/21 and Planning Approach**

Members considered a report from the South West Audit Partnership (SWAP) which had been due to be presented on 24 March 2020. However, due to the COVID-19 outbreak and subsequent lockdown, that Committee had been postponed. It was noted that a lot had changed since this time and therefore an updated approach to internal audit work and planning had to be implemented. The report set out an updated approach to Internal Audit Planning in 2020/21.

In relation to changes to audits in the Plan, the Chairman highlighted the importance of SWAP keeping members informed regularly to avoid having to potentially react to something that was possibly a few months old. The Assistant Director, SWAP advised that SWAP were currently looking to introduce a system for members to be able to see a live view of the audit plan along with audits added and removed. This system when implemented would address the Chairman's concerns.

Noted

82. **Assessing and Developing the Capacity of the Audit and Governance Committee**

The Monitoring Officer referred to discussions with the Chairman, Vice-Chairman, Executive Director for Corporate Development and the Corporate Director for Finance and Commercial about the role and capacity of the Audit and Governance Committee.

The discussion had arisen from external training attended by the Chairman and Vice Chairman where reference had been made to Chartered Institute of Public Finance Guidance on the role of audit committees.

This item for discussion had been originally on the agenda for the March meeting but at that point the government had not made regulations enabling virtual meetings to take place. The main question for the committee was whether to conduct a skills audit with a view to identifying any gaps which might be filled by co-optees. However, as the Annual meeting of the Council had been postponed until September it could now be premature to do a skills audit when membership may change in September.

The Chairman advised that the training had been very informative but the Committee was only as good as its knowledge and therefore it was important to ensure the Committee was made up of the right people with the right training in place in order to have fully functioning and knowledgeable committee.

Following a discussion about training the Executive Director for Corporate Development advised that a training day was always useful to provide the collective governance of the Council. SWAP tended to offer regular training around October.

The Vice-Chairman made reference to the issue of having an independent member on the Committee but felt this was probably not appropriate for Dorset. He felt it would be good to get members involved who wanted to be and with the appropriate background experience.

The Chairman asked members to think about what further training they would like to see arranged and whether they wished to remain on the Committee and to email him accordingly.

83. Progress with Policy Convergence

With the agreement of the Chairman, the Corporate Director, Legal and Democratic covered the items Policy Harmonisation and Policy Convergence together.

The Corporate Director pointed out that during this meeting there had been various references to policies and approaches of predecessor councils. This item concerned bringing policy convergence to support the work of one Dorset Council.

Prior to 1 April 2019 when Dorset Council came into existence there had been a great deal of work to harmonise policies and ways of working. For some areas of policy harmonisation the Government had given the Council 2 years to bring together predecessor council policies in order to have a single Dorset area wide policy. There were 9 such policy areas. In six areas Dorset wide policies had already been adopted, or would be by April 2021. There were three areas where officers were not certain they would be able to adopt in time. This was as a result of the impact of COVID 19, including not being able to go out and consult with members of the public. The Council had written to the Government regarding this and had received a reply back from the Minister giving confidence that an extension of 12 months could be secured.

The Council was also required to adopt a Dorset wide Local Plan within 5 years.

84. Policy Harmonisation

Included with the previous item.

85. Constitutional Changes

The Monitoring Officer advised members of the changes in the Constitution that had been made in relation to the Standing Orders to enable virtual meetings to go ahead. Before the changes had been made he confirmed that he had consulted with Group Leaders.

Following a question from the Chairman about when face to face meetings might take place again, the Monitoring Officer advised that legislation was in place until May 2021 to allow virtual meetings to continue. Even if the Government agreed that councils could return to face to face meetings the Monitoring Officer suggested that members might wish some committees to continue to meet virtually. It was not necessarily a one size fits all scenario. With the lockdown being relaxed the Monitoring Officer undertook to look into the area of face to face meetings more closely.

The Deputy Leader of the Council highlighted the work of the Reset and Recovery EAP which included looking to retain some good things that had come out of the pandemic. They were looking at whether to retain some virtual meetings and looking at some hybrid solutions. He was keen for the September full council meeting to be a hybrid meeting but this was still work in progress.

The Leader of the Council endorsed the comments made and wanted to ensure the Council did not lose all the learning that had been gained. He planned to undertake

some lobbying through the LGA to have a mix of both styles of meetings but accepted there was a balance to be struck. He encouraged members to get involved with how the Council took this forward as there were lots more flexibilities that could be gained through lobbying.

In response to a question about advice being given to Town and Parish councils, the Monitoring Officer advised that no particular advice was being given apart from some notes on best practice. The same position applied to Town and Parish councils as it did to Dorset Council, some might wish to retain some virtual meetings after May 2021 but this relied on the Government giving councils the flexibility to allow this.

86. **Forward Plan**

The Committee's Forward Plan was reviewed and the following points noted:-

- September – additional SWAP reports
- November – the Chairman asked members to consider a deep dive exercise for this meeting.
- The Executive Director for Corporate Development made reference to the accounts being required traditionally to sign off by 31 July. The statutory deadline in light of the pandemic was now 30 November. He planned to sign off the draft accounts next week in order for them to be formally audited. He asked the Chairman to consider moving the review of accounts from August to the November meeting, which was agreed.

Decision

That the Statement of Accounts and Annual Audit letters be moved to the November meeting.

87. **Urgent items**

There were no urgent items of business.

However, Cllr Gray asked to raise a question, which the Chairman allowed.

Cllr Gray asked if and where the Council reviewed decisions made geographically. He was referring specifically to decisions made during the lockdown period in respect of Weymouth, Portland and Chickerell. He was concerned how the decisions were made rather than the actual decision.

The Monitoring Officer advised that in principle an overview and scrutiny could look at issues geographically or on a thematic basis. If the concerns were Covid related the best place to raise them would be at the Resources Scrutiny committee, as they had been acting as the scrutiny committee for COVID decisions. He asked members to email him with any specific questions which could then be raised with the Resources Chairman to see if there was scope for the business to be included at the Committee's next meeting. The Vice-Chairman added that he was keen to understand about local member consultation and whether special powers had overridden this.

The Chairman asked that if any member had a specific issue local to their area to email the Monitoring Officer.

Duration of meeting: 10.00 - 11.47 am

Chairman

.....