AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 13 OCTOBER 2025

Present: Cllrs Gary Suttle (Chair), Spencer Flower (Vice-Chair), Neil Eysenck, Jill Haynes, Andrew Parry, Andy Todd, Beryl Ezzard, Ryan Holloway and Chris Kippax.

Co-opted Member: S Roach.

Present remotely: Cllrs Belinda Bawden and Ray Bryan

Officers present (for all or part of the meeting):
Sam Crowe (Director of Public Health), Jonathan Mair (Director of Legal and Democratic and Monitoring Officer), Sally White (Assistant Director SWAP), Steven Ford (Corporate Director for Strategy, Performance and Sustainability), Louise Ryan (Head of Service - Birth to Settled Adulthood), Lisa Cotton (Corporate Director for Customer and Cultural Services), Paula Golding (Corporate Director for Care and Protection), Sam Harding, Liz Crocker (Head of Strategy) and Chris Swain (Risk Management and Reporting Officer), John Miles (Democratic and Governance Officer) and Louis Wicks (Apprentice Democratic and Governance Officer).

Also present: Cllrs Simon Clifford and Richard Biggs.

Also present remotely: Julie Masci (The Engagement Leader, Grant Thornton).

145. **Apologies**

An apology for absence was received from Co-opted Member Roger Ong.

146. **Minutes**

The minutes of the meeting held on 4 August were confirmed and signed.

Co-opted Member Simon Roach referenced pg 12 of the minutes which highlighted an action for the relevant officer to take away the responses and update the committee around payroll access to sensitive IT capabilities.

The Head of People and Workforce Christopher Matthews responded that he would provide an update at a future meeting.

147. **Declarations of Interest**

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

148. **Public Participation**

No public participation.

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

No meetings held.

150. **Report of Internal Audit Activity Progress Report 2025/26 - September 2025**

The Assistant Director for SWAP Internal Services, Sally White introduced the second update report for 2025-26. There were a number of ongoing concerns that were leading SWAP to offer a limited rolling opinion. SWAP was working with the Council to support the actions for the contract and expenditure compliance review and the investigation findings. Additionally, there were on-going concerns around outstanding actions. There was only 1 significant on-going corporate risk for contract expenditure compliance and follow up work had shown good progress on implementing the actions. There was another significant risk around business continuity planning. However, the action that had been delayed until the end of the year has now been implemented and as a result, SWAP believed the risk had been adequately mitigated.

SWAP was also in the process of agreeing the detailed actions resulting from the investigation work. This work had followed a different route to the usual audit work, and there was a planned meeting with a member of the Organisational Learning Group to agree a detailed action plan which would be monitored and followed up. She covered the summary report on the follow up work on contract and expenditure compliance on pg 6 of the report, which was looking positive with only 5 of 16 actions left to implement. Work had already started following up those remaining actions that would be due at the end of September. During the last Audit and Governance Committee it was decided that the Committee would invite officers to attend to talk about long overdue actions within their service area. In consultation with the Chair, specific officers had been identified to the meeting this evening to talk to members directly. However, since publication of the report SWAP had managed to close some actions owned by officers who were invited to attend.

Cllr Flower raised concerns about outstanding actions that had been outstanding for a long period of time. He commented that actions needed to be completed in a timely manner, so that the matters could be dealt with and improve the outcomes of the Council.

Cllr Todd commented that he was in favour of reviewing action lists and officers coming back to the Committee on a regular basis to report on what actions had been taken as a result. He explained that he was looking at 2 entries that had been revised 3 or 4 times, with completion times 788 days and 650 days. He asked if there was a difference here between business-as-usual actions and initiative actions and if these should be dealt with in a different format.

The Head of Service Birth to Settled Adulthood Louise Ryan gave an update on the two outstanding actions for direct payments within the Birth to Settled Adulthood Team. The direct payment policy date was originally 30th April 2025, and she confirmed that the service had been working on that, and it was in progress. A draft policy was due to be presented at the internal quality assurance meeting for 10th November 2025. There was an associated action on training staff, a revised policy which would be completed by January 2026. There was also an associated action regarding the financial checks and reviews and reclaiming of money which was connected to some improvement work to implement an automated system rather than a manual process of recording. The Service had invested in a resource, a specific business analyst who was helping plan amendments at the moment and work was in progress. Work would be completed, with a new process to begin in February 2026.

Simon Roach commented that for these long outstanding actions it was important to understand the risk that was being carried because of delayed implementation. He asked SWAP that in the future it would be useful to remind members of the risk that was being carried.

Louise Ryan responded that for the meantime in terms of the recommendations and the actions that SWAP had given us, the Service had incorporated this into the practice of the day to day teams and was up to date with an annual review of all of our children short breaks direct payments and the team were able to review the bank accounts and complete the checks on a yearly basis and recover any money that was additional that the family would not be using. The automated process should make this process even quicker for the service and the team aimed to increase the frequency of these checks.

The Head of People and Work Force; Christopher Matthews gave an update on one of the overdue actions in regards to consultancy and agency spend. The action had been closed, and SWAP had provided assurance that they were satisfied with the work that had been undertaken. The delay was primarily linked to the outcome being in time with Connect2Dorset, our new joint venture for agency workers and the Service had to let Connect2Dorset embed in before the team was able to access the reporting capabilities that were needed to obtain the data. There was now a comprehensive dashboard that had been pulled together and had lots of information on consultancy agency spend with regard to cost, length of placement so it can actively be used to monitor agency spend.

The Cabinet Member for Finance and Capital Strategy, Cllr Clifford commented that the £500 spending action had been updated and completed. He added that sometimes it is not just risk, it is about the importance, he reference pg 29 – the housing service would ensure temporary accommodation rents set at levels recommended by the Housing Revenue Accounts Guidance had a long date on it but had been taken out and moved into budget due to there being a rent review that was going to take place. He noted that although the report is very useful it very quickly becomes out of date, with updates coming through all the time. There needs to be a way to update the Committee with the latest position.

Noted.

151. **Period 4 Financial Management Report 2025/26**

Cllr Clifford, Cabinet Member for Finance introduced the report. The report went through Cabinet on the 9th September 2025 and in summary there was a forecast of £7.7 million overspend at this time of year. The overspend was largely coming from social care and the biggest element was from children's social care. Adults were just under £1 million and children's just over £4 million. These were due to the number of extra people coming through and the costs of care were also changing. There had been a slight dip in the cost of care but in children drastically different. At a briefing last week, he was told that care was costing 20% more per week per child. He made the Committee aware that due to departures and holidays there were no senior representatives of finance able to attend the meeting which contributed to a higher than usual level of questions that could not be answered. Any unanswered questions would be answered after the meeting or during the next Committee meeting.

Cllr Steve Mercer informed that for this report he would like to see a greater analysis of our reserves so that he knows what head room to meet future deficits. In the transformation group, he knew of changes that had been made there that were not costed and when asked what the likely cost of those would be. The answer was that they did not know, and he would like to have an understanding of what the reserves looked like, what the committed reserves are and what the free reserves are. So that the Council knows what level of reserves that could be used to balance the books at the end of the year. He would like a deeper dive into the numbers, where directorates were not meeting their numbers.

Cllr Clifford responded that if the £7.7 million overspend was not mitigated it would have to come from reserves. There was mitigation in place and contingencies that are held specifically for overspend and the risk of overspend. He was comfortable that the level of contingencies and the overspend forecasted, mitigated each other.

The Executive Director for Place, Jan Britton responded that previously in senior leadership team management meetings budget was part of the overall agenda and there would be a slot for budget management which would range across a number of other issues. The Chief Executive has asked him to take up the Chair of a new regular monthly budget meeting with SLT and examines the budget and looking at the Councils whole budget rather than departmental blocks. So, there was a forum to discuss pressures in the budget to mitigate those pressures and a place to address the question raised.

Noted.

152. **Risk Management Update**

The Risk Reporting Officer, Chris Swain and Head of Service Strategy, Liz Crocker introduced the report. Dorset Council's risk appetite statement had been approved by delegated authority by the Leader of the Council and would be published in the forthcoming risk management framework. This marked the next phase of embedding the statement into the organisation's operations ensuring a consistent and an aligned approach to risk taking. Since the report's publication, the service had made significant progress on the enhanced risk dashboard and adopted a phased launch approach starting in Legal and Democratic Services. All

Directorates would be fully migrated by mid-November to the new risk dashboard. Followed by wider communications across the organisation. The dashboard would deliver clear benefits in terms of capturing, updating and consuming risk information. The review of Place strategic risks following the SWAP audit. The new risk management framework for Dorset Council consolidates separate elements for risk management procedures and protocols, many shaped by the Committee to one central standard.

The Committee accepted the invitation to receive a briefing and demonstration of the enhanced risk dashboard outside of the formal committee meeting, in order to support understanding and familiarisation with the new system.

Noted.

153. **Grant Thornton Audit Progress Report and Sector Updates**

The Engagement Leader from Grant Thornton, Julie Masci introduced the progress report providing an update on both financial statement audits for the Council and the pension fund. There had been good progress with both audits over the last couple of months and good cooperation from officers in response to the audit enquiries. She referenced pg 145 of the report and Grant Thornton was looking to present Audit findings reports for both audits back to this Committee in November which was subject to any further residual work required in response to the outcomes of the recent health and safety investigation findings. She corrected that the report references the building control team within the Council but should instead be the building health and safety team which was a different team. Any reference to building control was in reference to building health and safety. Grant Thornton's value for money report had now been concluded, and a draft had been issued to officers for their review, comments and management responses. The Value for Money Report would come back to Committee in November. For the financial statements, all the key testing for audit work was progressing well, and there would need to be specific work in response to the investigation. As when fraud or suspected fraud was identified across any audit, there are enhanced risk management procedures required to follow in response to that. Most importantly, Grant Thornton was attempting to identify the scope that given the issues identified in terms of controls and the weaknesses identified in those controls, whether there was any further risk of control override. There would be targeted completeness work to obtain additional assurance around the completeness of matters identified by SWAP's review. There would also be an update at the next Committee in the Audit Findings Report. The final audit opinion would not be issued till such time as the police investigatory work has been completed, as it was possible that further matters may arise on the back of the ongoing investigation and therefore, advised to keep the audit investigation open until police work has concluded.

Cllr Suttle asked if the police do not come back by the end of February, would you add a specific paragraph to the accounts?

Julie Masci responded that there were specific circumstances that Grant Thornton was able to go beyond the statutory backstop update, under the legislation where auditors sought to exercise any additional audit powers. Depending on where things went with the investigation, this would be discussed with officers and Grant Thornton would seek to make further enquiries around where the current situation was with the police to allow them to assess what impact that would have on Grant Thornton's opinion.

The Director Legal and Democratic, Jonathan Mair commented that the Police investigation was not a referral that Dorset Council made to the police and the police investigation was not an investigation of fraud within the Council. The police came to us because they were already investigating a supplier and a temporary member of our staff who were both involved in the Health and Safety Compliance work. It was a separate investigation by the police that could have relevance to the Council.

Noted.

154. **Update on Our Future Council Work**

The Corporate Director for Transformation, Customer and Cultural Services, Lisa Cotton gave a verbal update on the regular period progress of Our Future Council Transformation. The design and delivery of our future operating model was actively being improved, which includes our customer business hubs and the delivery of our transformation office and close to concluding and extensive consultation and engagement which had taken place with all of the Council's employees, impacted by our future operating model. Ensuring the design was shaped by those closest to the delivery and align to the Council's organisational priorities. It had been very important that the service had been learning and listening from the feedback from the Council's workforce throughout this process. The investment required would include our digital customer contact solution, our enterprise resource solution (extensive human resources and finance systems) and the skills and capacity required to deliver change, to all of those technologies across the organisation. Enabling the support required to work in a more accessible and efficient way, with modern and up to date technologies. The current forecast of savings at this period was at £6.7 million for this year and would be continuously updated.

Cllr Parry commented that there was a big reliance on new technologies and there have been some very high-profile cyber-attacks affecting organisations not just financially but in terms of operations. He asked for the Council's cyber security and business continuity plans are robust. So, that if there was a glitch in the new technologies or a cyber-attack occurs then there can be some form of business as usual.

Lisa Cotton responded that cyber was one of the high risks in the organisation and the Council had invested more in cyber work and when our future structures are reviewed, there was ongoing commitment to make sure that support was in place and the right skills in the organisation and always in continual review.

Noted.

155. **Work Programme**

No comments.

156. **Urgent items**

There were no urgent items.

157. **Exempt Business**

There was no exempt business.

Duration of meeting: 6.30 - 8.13 pm

Chairman

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