

## **AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON WEDNESDAY, 1 DECEMBER 2021**

#### **Present:**

Councillor Martin E Thacker MBE JP (Chair) (in the Chair)

Councillor Michael Roe (Vice-Chair)

Councillor Stephen Clough  
Councillor Nigel Barker

Councillor William Armitage  
Councillor Pat Kerry

#### **Also Present:**

L Hickin	Managing Director
J Dethick	Assistant Director - Finance and Resources (Section 151 Officer)
J Williams	Head of the Internal Audit Consortium
N Calver	Governance Manager
A Bond	Governance Officer
N Astle	Joint ICT Service Delivery Manager
K Drury	Information Engagement & Performance Manager

#### **AUD Apologies for Absence**

60/2

1-22 Apologies for absence were received from Mike Norman (Mazars) and Councillors K Tait and G Morley.

#### **AUD Declarations of Interest**

61/2

1-22 Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No declarations were made at this meeting.

#### **AUD Minutes of Last Meeting**

62/2

1-22 RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 3 November 2021 be approved as a correct record and signed by the Chair.

#### **AUD Change of Order of the Agenda**

63/2

1-22 RESOLVED - It was agreed by the Chair that the order of the Agenda be changed and that the Risk Management report be taken next on the Agenda.

#### **AUD Risk Management**

64/2

1-22 Members received an update on the current position regarding Risk

management arrangements and the Strategic Risk Register as at November 2021.

Committee heard that the last meeting of the Risk Management Group had been held on 8<sup>th</sup> November 2021. The Managing Director updated Members on what had been discussed at the meeting. This included the costs associated with Covid-19, the EDPB Data Breach Mitigation Summary, and the project risks for the Clay Cross Town Deal.

Members discussed the report. In particular they asked to view the “bigger picture” of the Council projects and financial considerations. It was agreed that this would be added to the work programme.

Committee considered whether Climate Change should be considered on the Strategic Risk Register. It was noted that Chesterfield Borough Council and Derbyshire Dales District Council had both included climate change as a risk. Members considered that the District Council should investigate how these Councils had implemented this. The Managing Director would report back on this as progress was made.

Members questioned why only three areas of the Strategic Risk Register included information in the final column on: Potential Further Action / Action Planning / When By Date. Members also considered that risk should be reviewed on a more agile ongoing basis.

Committee heard that significant progress would be made on the Strategic Risk Register by the time of the next meeting. They were also given assurance that risk was managed on a daily basis but Committee only commented on the risk at every quarter. A new mechanism for reviewing risk that would allow Committee to comment on a more regular basis was being investigated.

Members noted Strategic Risk five; an increasing difficulty in recruiting to key posts or in replacing key staff who leave. Members heard that it was important to maintain moral amongst staff, especially during times of change.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee noted the report and Strategic Risk Register as at November 2021 as set out in Appendix 1.

**AUD** **Summary of Internal Audit Reports**

**65/2**

**1-22**

The Head of the Internal Audit Consortium presented a progress report in respect of the 2021/22 Internal Audit Plan for Members’ information.

Committee received a summary of the reports issued between the end of August and the middle of November 2021. In this period, five reports had been issued. Three of these reports had substantial assurance and two had reasonable assurance.

Members were also provided with the full details of the audits completed and the audits in progress in respect of 2021/22.

The Officer informed Members that no fraud had been identified.

RESOLVED – That the report be noted.

**AUD** **Performance Management - Quarter 2**

**66/2**

**1-22**

The Information Engagement & Performance Manager delivered a report on the Quarter 2 outturns for the Council plan 2019-23 targets. Members heard that out of the 80 targets; 45 were on track; five had been affected by Covid 19; six had been achieved in the quarter; 18 had been achieved previously; three were overdue and another three had been placed on alert as they may not achieve their yearly outturn.

SER 18 – Review the Council’s Petition Scheme by Annual Council 2020 was overdue as the September Standards meeting had been cancelled and it was not ready to bring to the November meeting due to changes in structure within the MO’s team. The Governance Manager informed Committee that the petitions scheme had been prepared and would be presented to the next meeting of the Standards Committee.

ENV 01 – Adopt a Local Plan and associated policies was overdue. It was planned for the final report for the adoption of the Plan to be presented at Full Council on 29<sup>th</sup> November.

ENV 08 – Develop a Climate Change Communications Strategy by April 2021 was on hold until wider details were available.

Committee had a wide ranging discussion over the report. Members enquired as to when the car park parking patrols could be expected to restart and why they had not done so already.

Members also discussed the alert system in the report and the process of reducing targets.

Committee discussed the need for more precise and detailed targets and deadlines to keep projects on track.

RESOLVED – That the quarterly outturns against the Council Plan 2019-2023 targets be noted.

**AUD** **Ethical Investments Review**

**67/2**

**1-22**

The Section 151 Officer presented a report to update the Audit and Corporate Governance Scrutiny Committee on ethical fund management.

At its meeting in April, the Committee considered a report on ethical fund management and resolved to consider undertaking a further review once the outcome of the results from the Bank of England’s biennial review were available.

Members heard that the Covid pandemic had delayed the start of this work,

but in June the Bank of England published their Climate Biennial Exploratory Scenario (CBES) to assess the nature and severity of risks faced by the UK financial system as a result of climate change.

Committee heard that CBES would not disclose the results of individual firms but would instead disclose system-level results of the financial sectors resilience to climate change. Results would be expected in May 2022.

Members noted that when possible the Council invested with money market funds that demonstrated that they were integrating, or were working towards integrating sustainable investments in their portfolios. The Council had also been investing with more registered providers and local authorities. At present the Council still had to prioritise governance and the security of the investment to protect public funds due to the volatility and credibility of “ESG” investments and the lack of regulation and a standardised approach.

The Council’s treasury advisors, Arlingclose, have an ESG and Responsible Investment in Local Authority Treasury Management Service, and have offered to attend a future meeting of the Committee.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee noted the update on ethical fund management.

**AUD**      **Financial Resilience Benchmarking**  
**68/2**

**1-22**      The Section 151 Officer presented Committee with a report that highlighted benchmarking information on the Council’s financial resilience.

The Committee received a report in July that outlined the requirements of CIPFA’s Financial Management Code. One of the key areas of focus in the code was Financial Performance Monitoring, demonstrated through benchmarking.

In order for the Council to meet this requirement and measure resilience, a benchmarking tool was being utilised. This would allow for scrutiny of the Council’s financial health against other similar local authorities.

The metrics focussed on three main areas; revenue health; capital health; and funding.

The benchmarking results showed that the Council’s revenue and capital health were healthy and improving, with significant revenue reserves to cover net expenditure requirements and a CFR that was in proportion to asset values. Members heard that the risk to financial resilience was from the current national funding assessment as the Council’s low tax base limited the ability to generate additional income through council tax.

Members discussed the report and considered that more work needed to be done to either generate different business rates or consult with a Business Minister over the funding mechanism.

RESOLVED That the Audit and Corporate Governance Scrutiny Committee

noted the report.

**AUD** **PSAA Contract for External Audit Services**

**68/2**

**1-**

**221**

Committee received an update on the request to be made to Council on 31 January 2022 to accept Public Sector Appointments' (PSAA) invitation to become an opted in authority for the appointment of external auditors for five consecutive financial years commencing April 2023.

The external auditor for the audit of the 2023/24 accounts has to be appointed before the end of December 2022. PSAA has been confirmed in the role of appointing person for the period commencing April 2023 and have invited eligible bodies to opt into their national scheme for auditor appointments.

Should the Council choose to opt to join the national scheme, formal acceptance must be received by the PSAA by 11 March 2022.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee noted the request to Council on 31 January 2022.

**AUD** **Evaluation of Added Value of Audit Committee**

**69/2**

**1-22**

The Section 151 Officer presented Committee with a report that followed on from the self-assessment performed in the November meeting, to evaluate whether and how the Committee adds value to the Council.

The Committee discussed the evaluation form at Appendix E. Using the assessment key they agreed to award themselves the following ratings:

- On promoting the principles of good governance and their application to decision making, Committee assessed themselves as a four.
- On contributing to the development of an effective control environment, Committee assessed themselves as a three.
- On supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks, Committee assessed themselves as a four.
- On advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively, Committee assessed themselves as a four.
- On supporting the quality of the internal audit activity, particularly by underpinning its organisational independence, Committee assessed themselves as a four.
- On aiding the achievements of the authority's goals and objectives through helping to ensure appropriate governance risk, control and assurance arrangements, Committee assessed themselves as a four.
- On supporting the development of robust arrangements for ensuring value for money, Committee assessed themselves as a three.
- On helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks, Committee assessed themselves as a four.
- On promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and

accountability, Committee assessed themselves as a three.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee evaluated their added value to the Council to complete the annual self-assessment review.

**AUD** **Committee Work Programme 2021-2022**

**70/2**

**1-22**

The Governance Manager presented the Audit and Corporate Governance Scrutiny Committee Work Programme for the remainder of the municipal year 2021/2022.

It was agreed that an overview of the Council's projects and financial considerations, and the updated risk register would be brought to the meeting of Committee due to be held in February 2022.

An update on the progress made implementing the action plan arising from the external review of Internal Audit would be added to the Work Programme for the January meeting.

RESOLVED – That the Committee noted and approved the Audit and Corporate Governance Scrutiny Work Programme for the remainder of the 2021/2022 municipal year as set out in Appendix 1.

**AUD** **Forward Plan of Executive Decisions**

**71/2**

**1-22**

RESOLVED – That the Forward Plan of Executive Decisions be noted.

**AUD** **To consider any other item which the Chair is of the opinion should be considered as a matter of urgency.**

**72/2**

**1-22**

No urgent items were discussed at this meeting.

**AUD** **Date of Next Meeting**

**73/2**

**1-22**

The date of the next meeting was scheduled to take place on 12 January 2022.

**AUD** **Exclusion of Public**

**74/2**

**1-22**

RESOLVED – That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined Paragraph 7, Part 1 of schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006).

**AUD** **Cybersecurity**

**75/2**

**1-22**

The Joint ICT Service Delivery Manager presented Committee with an update on the Council's current Cyber Security Resilience.

RESOLVED – That the audit and Corporate Governance Scrutiny Committee

noted the information provided in the report on the Council's Cyber Security.