

**AUDIT COMMITTEE
22nd June, 2021**

Present:- Councillor Baker-Rogers (in the Chair); Councillors Barley, Hoddinott, Wilson and Wyatt together with John Barber (Independent Person).

Apologies for absence were received from Gareth Mills and Thilina De Zoysa (Grant Thornton) .

1. COUNCILLOR WYATT

The Chair thanked Councillor Wyatt for his excellent Chairmanship of the Audit Committee during the past 6 years.

2. MINUTES OF THE PREVIOUS MEETING HELD ON 23RD MARCH, 2021

The minutes of the previous meeting held on 23rd March, 2021, were noted.

3. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

4. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at the meeting.

5. EXCLUSION OF THE PRESS AND PUBLIC

The Chair advised that Appendix C to Item No. 6, Internal Audit Progress Report 1st March-31st May, 2021, was exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. However the Appendix was not discussed during the meeting and as such, the meeting remained open to the press and public up to Item No. 12 when the meeting went into private session.

6. EXTERNAL AUDIT PROGRESS REPORT

The Committee noted the apologies of the external auditors due to pressure of other work commitments.

Consideration was given to the report submitted but noting that any questions would have to be raised at the next meeting when representatives of Grant Thornton would be in attendance.

The progress report, as at 4th June, 2021, indicated the provisional dates for the 2020-21 deliverables. However, as reported to previous Audit Committee meetings, attention was drawn to the challenging nature of the

availability of specialist public sector external audit staff and the volume of local authority audits which continued after last year's target date of 30th November, 2020, completion. This, coupled with the impact of Covid remote working and the need to prioritise their Housing Benefit delivery in the early part of 2021 and then the NHS clients given their earlier audit deadline of June 2021, meant that Grant Thornton was behind in its local authority planning and interim work compared to their normal timings and profile of delivery.

The MHCLG had set an indicative date of 30th September, 2021, for audited local authority accounts, 2 months earlier than 2020, which, given the context above, Grant Thornton believed was highly unrealistic for 2020-21 audits.

It was also noted that the Council's Finance Team would be under considerable pressure at that time dealing with the production of annual accounts alongside other commitments including budget setting and the Medium Term Financial Strategy.

Grant Thornton was proposing to target completion of their audit fieldwork in October before dealing with completion tasks and targeting signing off of the accounts in November.

This was further complicated by the new Code of Practice which required an external auditors' report to be more detailed particularly on Value for Money, making judgements on a council's performance and to make a series of recommendations around weaknesses/perceived weaknesses. It was difficult at the present time to assess what impact this may have upon the Council's resources.

The new Accounting Standards also placed increased pressure on external auditors which then placed extra pressure on local authorities to produce extra working papers for an increased intensive audit process.

The Council was on track to provide a draft set of accounts in July

Resolved:- That the report be re-submitted to the July meeting of the Audit Committee.

7. UPDATE REPORT ON THE USE OF SURVEILLANCE AND ACQUISITION OF COMMUNITY DATA POWERS

Bal Nahal, Head of Legal Services, presented an update on the use of covert surveillance and covert human intelligence sources (CHIS) carried out by Council officers under the Regulation of Investigatory Powers Act 2000 (RIPA).

As previously with the Office of Surveillance Commissioners (OSC), the Council was required to notify IPCO of the number of directed surveillance/CHIS authorisations granted in each financial year. Since the

last report, the Council had not used its powers under RIPA to use directed surveillance, covert human intelligence sources or to acquire communications data. A statistical return was completed and submitted to the Investigatory Powers Commissioners Office on 2nd March, 2021.

Following on from a desktop inspection conducted by the Investigatory Powers Commissioners Office, training was to be rolled out to the individual Directorates with a view to providing an explanation of the RIPA legislation in order to reduce any potential risk arising from any unauthorised activity. The training had been delayed due to resources having had to be re-directed to deal with the Covid-19 pandemic.

The Council's Policies were considered by the Committee on 18th August, 2020, and re-adopted with minor amendments. The RIPA Policy had been reviewed and found that there were no major changes required.

Discussion ensued with the following issues raised/clarified:-

- That the recommendation arising from the Investigatory Powers Commissioners Office regarding training be included on the external inspections, reviews and audits report
- There had been no requests received for the use of RIPA
- Officers who were authorised to submit applications would have had training in the past but it would be ensured that the training was refreshed
- Every case for RIPA activity was passed to Legal Services who would then submit it to the Magistrates Court. All the Council's legal officers knew what to look for in an application and would pick up on any unauthorised activity
- In general no-one in South Yorkshire had used the powers. The reasons for using RIPA had changed a few years ago making it more difficult rather than easier to get RIPA authorisation. A Magistrate would have to decide whether it was proportionate or not for the protection and detection of crime and that could be the reason why there was less use of the powers
- It had to be quite serious circumstances before a Magistrate would consider granting an application. The work the Council did jointly with the Police could fall within this category but for which the Police would be responsible for obtaining the RIPA authorisation

Resolved:- (1) That it be noted that the Council had not made use of surveillance or acquisition of communication data powers under RIPA since the previous report on 18th August, 2020.

(2) That it be noted that there were no changes to the RIPA Policy and that the current Policy be approved.

8. INTERNAL AUDIT PROGRESS REPORT 1ST MARCH-31ST MAY 2021

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st March to 31st May, 2021, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

Eleven audits had been finalised since the last Committee meeting of which 5 had received Reasonable Assurance, 5 Substantial Assurance and one Partial Assurance as set out in Appendix B to the report.

Internal Audit also carried out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There was one report of this type issued since the last meeting (Appendix C).

Internal Audit's performance against a number of indicators was summarised in Appendix D. Target performance was almost achieved in March due to sickness, however, all indicators had been achieved in April/May.

Appendix E showed the number of outstanding recommendations that had passed their original due date, age rated. The number of outstanding actions had decreased to 7 of which 4 had not yet received their agreed due dates and 3 were deferred because of the election in May.

The Chief Executive and Strategic Leadership Team had been very supportive in reducing the number of outstanding recommendations over the past 6 months and that support was continuing. The Head of Internal Audit reported to the Strategic Leadership Team every month on the current numbers.

Discussion ensued with the following issues raised/clarified:-

- An estimated number of investigative days was included in the Plan every year. However, there were contingency days that could be used as necessary throughout the year
- Investigations did take priority and if, towards the end of the year, the number of days set aside were near to expiry, some of the lower priority work would be set to one side to allow the investigations to be fully investigated as necessary
- The Plan did include red or amber risks and were spread throughout the year taking into account resources and the impact on the Departments concerned
- Stretched targets in terms of performance indicators had not been considered in the past

Resolved:- (1) That the Internal Audit work undertaken between 1st March and 31st May, 2021, and the key issues arising be noted.

(2) That the information submitted regarding the performance of Internal Audit and the actions being taken by management in respect of the outstanding actions be noted.

9. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the period July, 2021 to March, 2022.

Resolved:- (1) That the Audit Committee forward plan, now submitted, be supported with the comments above taken into account.

(2) That an update from the external auditors, Grant Thornton, be a standing agenda item.

10. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral to Scrutiny.

11. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

12. CHILDREN AND YOUNG PEOPLE'S SERVICES RISK REGISTER

Suzy Joyner, Strategic Director, Children and Young People's Services, presented a report providing details of the Risk Register and risk management activity within the Children and Young People's Services Directorate.

She was joined in her presentation by Dean Fenton, Risk Management Champion, and Councillor Cusworth, Cabinet Member for Children and Young People.

The Committee sought reassurance on the Risk Register and risk management activity in particular highlighting how the Register was maintained/monitored and at what frequency as well as how risks were included on and removed from the Register.

Discussion ensued with the following issues raised clarified:-

- The Risk Register had been subjected to a full review during April this year incorporating feedback from the Corporate Risk Manager
- The Register was considered by the Directorate Leadership Team on a quarterly basis as well as the wider Directorate Team to ensure full understanding of the risks and asset management
- The 4 identified areas of risk were monitored by specific Service Directors with the ability for any to escalate any Service risk into the Directorate Risk Register
- Assistant Directors would be attending risk management training. 5 officers had successfully completed the 2 days accredited risk management course
- The Risk Register aligned with Service Plans
- Regular assurance clinics and performance clinics were held
- Strategic Risk Champions Forum established by the Directorate's Risk Champion
- Detailed Performance Management Framework and a large number of national indicators around children's services as well as links into Ofsted
- The Ofsted re-inspection of Children Services and the Ofsted focus visit in October 2020 had provided assurance
- Education Recovery Cell put in place as a result of the pandemic which would continue to develop as issues emerged. The Education Strategic Partnership was aligned to the Recovery Cell
- Any issues raised through Operation Stovewood would be fed through to the Multi-Agency Safeguarding Hub. There was a very close working relationship between the 2. There was a robust approach to the "front door" for both historic and any new cases of CSE
- Work on the transformation programme and budget setting across the Directorate
- National issue of Social Worker recruitment

Resolved:- That the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate, as detailed in the report now submitted, be noted.

13. RISK MANAGEMENT ANNUAL SUMMARY 2020-2021

Simon Dennis, Corporate Improvement and Risk Manager, presented an annual summary of risk management activity in accordance with the Risk Management Standard ISO31000.

The report summarised the principal risk management activity that had been carried out in the Council throughout the past financial year. It covered a wider range of topics than those reported on the Strategic Risk Register reports and aimed to cover not only the key movements in Strategic Risks that had occurred over the period, but also the key elements of the Council's activity throughout the year.

The report also provided an up-to-date on the impact of the Covid-19 pandemic on risk management activity.

The report set out:-

- Risk Management Responsibilities
- Training Summary
- Risk Management Process
- Risk Profile 2020/21
- Future Developments.

The total number of strategic risks included on the Risk Register had increased by one from 12 to 13 over the period January, 2020 to April, 2021. Two risks had been removed from the Corporate Strategic Register with 3 being added. Of the risks that remained, 2 had a decreasing risk score and 8 had been constant. Apart from the 2 new risks that remained on the Register as at April, 2021, one risk had increased in risk level from January 2020 to January 2021.

Discussion ensued on the report with the following issues raised/clarified:-

- Accreditation and content of the proposed training
- Reasoning for the addition of risks
- Lessons learnt from the Covid-19 pandemic
- Discussion at the Strategic Leadership Team of the Risk Register and progress (or not) of risks

Resolved:- That the annual summary of Risk Management activity be noted.

14. URGENT BUSINESS

There was no urgent business to report.

15. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Thursday, 29th July, 2021, commencing at 2.00 p.m. in Rotherham Town Hall.