

AUDIT SUB-COMMITTEE

07 December 2022

**PRESENT:-**

**Non-Grouped**

Councillor Wheelton (Chair)

**Labour Group**

Councillor Shepherd (Vice-Chair) and Councillor Dunn

**Conservative Group**

Councillor Atkin and Bridgen

AS/21 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/22 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that a declaration of personal interest had been received by Councillor Atkin in relation to item AS/25 by virtue of being a Derbyshire County Council's Pensions' Committee member.

AS/23 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/24 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

**MATTERS DELEGATED**

AS/25 **AUDIT RESULTS REPORT FOR YEAR ENDING 31 MARCH 2021**

The Strategic Director (Corporate Resources) addressed the Sub-Committee and introduced the new External Auditor.

The External Auditor presented the report summarising the key areas and outlined the letter of representation and the 3 areas that were assessed.

Members sought clarity regarding Members' Declarations.

The Strategic Director (Corporate Resources) informed the Sub-Committee that there was no missing information and that it was the responsibility of Members to inform the Council of any relevant declarations.

Members raised queries regarding the increase in the pension schemes.

The External Auditor explained to the Sub-Committee that the report provided information regarding the Councils shares and liabilities,

Councillor Shepherd noted that he had raised a concern regarding governance issues with the previous External Auditor but had not received a response.

The External Auditor apologised and requested that Councillor Shepherd resend the information to enable a response to be given.

Members raised concerns regarding the delays with audit reports.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the External Auditor's opinion was a key part of assurance that the Council was on the right track and the longer the delays with the annual reports there could be a risk that a serious problem may be missed and that a way forward was needed.

The External Auditor addressed the Sub-Committee noting that there was no quick fix to the shortage of auditors but assured Members that Ernest and Young was making an investment in training etc. and that it would take time to catch up to a business as usual cycle.

Members discussed the possible impact of the increase to auditors' fees and delays to the annual reports and proposed that a report be submitted to Finance and Management Committee regarding the issues

**RESOLVED:**

***The Sub-Committee considered and noted the report of the External Auditor.***

***The Sub-Committee approved that a report be presented to Finance and Management Committee regarding the possible increase in costs for external auditor's fees and the potential impact of delayed External Auditor's annual reports.***

AS/26 **LOCAL CODED OF CORPORATE GOVERNANCE REVIEW**

The Head of Legal and Democratic Services presented the report the Sub-Committee and noted that point 3.14 of the report contained areas to be considered in the future.

The Chair of the Sub-Committee raised a query regarding the recording of actions agreed during Committee meetings.

The Head of Legal and Democratic Services advised the Sub-Committee that committee minutes were a summary of the meetings and that it was the responsibility of Strategic Directors and officers to take note of agreed actions.

**RESOLVED:**

***1.1 The Sub-Committee approved the updated Local Code of Corporate Governance as detailed in Appendix 1 of the report.***

***1.2 The Sub-Committee approved the progress regarding on-going work to maintain sound governance as detailed in the report.***

AS/27 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee and gave an updated summary of changes since the last meeting. It was noted that five internal audits had been undertaken and that nineteen outstanding recommendations had been completed.

The Internal Auditor advised the Sub-Committee that there some audits were not moving along and they would like.

Members raised concern regarding response time of officers.

The Head of Housing attending the meeting and updated the Sub-Committee regarding the system upgrades, IT and stock condition data. The Internal Auditor advised the Sub-Committee that information requested from the external IT provider had been submitted since the report had been written.

The Head of Legal and Democratic Services advised the Sub-Committee that that any delay in response had been due to a periods of annual leave, ill health and out of the office meetings etc. and noted that email should not be the only form of contact used by the Internal Auditors.

Members discussed a variety of ways that non-responses could be addressed and the Chair of the Sub-Committee suggested that if there was a log of non-responses then this may assist.

The Internal Auditors noted a significant risk rating regarding payroll.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the issue related to reliance on an external system provider and a large amount of manual input but there was an action plan in place and the issue was being dealt with.

The Chair of the Sub-Committee noted an issue in relation to the IT protocol and breaches by Councillors and officers that needed be considered.

**RESOLVED:**

***1.1 The report of the Audit Manager was considered by the Sub-Committee and any matters specifically identified would be subject to an appropriate report back.***

AS/28 **CENTRAL MIDLANDS AUDIT PARTNERSHIP EXTERNAL ASSESSMENT**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee and outlined the report regarding the additional assessment of the Internal Auditors that looked at the quality of the audits. It was noted that Central Midlands Audit Partnership had an overall rating of good and that it was one of the best internal auditors that had been assessed.

**RESOLVED:**

***1.1 The Sub-Committee considered and noted the outcomes from the External Quality Assessment as detailed in the report.***

AS/29 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Sub-Committee Work Programme to Members.

**RESOLVED:**

***The Sub-Committee considered and approved the updated work programme.***

AS/30 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:**

*That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.*

AS/21 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 17:15 hours

COUNCILLOR A WHEELTON

CHAIR