



Audit committee

16:30 to 18:00

21 September 2021

Present: Councillors Price (chair), Brociek-Coulton (substitute for Councillor Driver), Giles, Haynes, Sands (M), Stutely and Wright

Also present: Councillor Kendrick, cabinet member for resources

Apologies: Councillors Driver (vice chair) and Peek

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interests.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 13 July 2021.

4. Internal Q1 Update

(The executive director of community services attended the meeting for this item.)

The internal audit manager presented the report and explained that it was on a new report template.

The committee discussed the progress of the audit review on Information Security and GDPR (as set out in the table contained in Appendix 3). A member pointed out that for clarity references to GDPR legislation should be replaced with a reference to the Data Protection Act 2018. Members were advised that officers were working with software providers to remove records on a rolling programme as part of the council's digital strategy. The internal audit manager said that she would check if this included records or software from Steria (a former provider of IT services to the council). The implications for the suspension of testing of the Northgate revenues and benefits software would be reported back to the committee. A member commented that there had been no return from the ASB service to the request for the information asset register and that the new data protection officer would also need to ensure that this was addressed. In reply to a member's question, the executive director of community services said that information on antisocial

behaviour was available on share point on the council's intranet. It was a live document that was continually reviewed.

Discussion ensued on the allocation of days and progress against the agreed work plan (set out in Appendix 1). The internal audit manager explained the allocation for the year with a slower start in quarters 1 and 2, and contingency had been built into quarter 4 to ensure that the audit work plan was delivered. The executive director of corporate and commercial services confirmed that due to the transition of internal audit services to an external provider the allocation of resources and work was less in quarter 1. She was confident that the work plan could be completed in the financial year and it would be reviewed at the end of quarter 2.

A member referred to the internal audit review on Contract Management – Housing Repairs & Responsive Maintenance and said that she was not clear on the timescale for verification of evidence. The internal audit manager said that she would review the wording. The verification had been received and the evidence needed to be gathered before it could be signed off. In reply to a question from the chair, the internal audit manager confirmed that the internal audit team had assured her that the audit reviews conducted in quarter 2 were nearing completion and would be in draft report stage ready for review by the end of September.

During discussion, the internal audit manager confirmed that at the request of the chair, progress against medium priority recommendations would be reported to the committee in future. She referred to Appendix 2 and said that it would be broken down into service areas with a robust programme for implementation of audit recommendations and feedback so that the committee could see progress towards completion.

In reply to a question from the chair, the internal audit manager elaborated on the agreed audit work (as set out in Appendix 1) and explained that the provision of consultancy work for the joint venture insourcing from internal audit was on an "as and when" basis. There had been no work on it this year. It might be the case that the whole allocation of 45 days was not delivered.

The chair referred to Appendix 1 and pointed out that the allocation for the review of policies and procedures had not been included on the internal audit work programme despite agreement with the committee that it would be looked at. The internal audit manager agreed to review this.

RESOLVED to note the progress in delivering the internal audit plan of work within this period and management against delivering outstanding high priority internal audit recommendations.

5. Risk Management Update

The head of finance, audit and risk introduced the report and said that the risk register had been updated for quarter 1 by the managers of the risk actions and reviewed by the corporate leadership team (CLT). A new risk relating to waste management and recycling had been added. There had been no increase in the current risk scores. The full risk register was appended to the report.

During discussion a member pointed out the challenge of responding to further waves of Covid-19 (Risk 5) and asked how often the mitigation measures were updated. The executive director of corporate and commercial services said that this was the quarter 1 update and that the council was in the process of embedding the risk within the organisation and moving to a position where Covid-19 was part of business as usual. Therefore, there was no timeline on the risk register to review actions and the register was updated as appropriate.

A member referred to Risk 14 - Antisocial behaviour and asked if the committee could have an update on the risk control and actions due for completion at the end of this month. The executive director of corporate and commercial services commented that the update to the risk register showed the work done to ensure the appropriate mitigations were in place as part of the development pathway. Members considered further information on this outside the meeting would be of value to see the lessons learned. A member welcomed that the ASB webpages had been updated. Another member commented that there was an increase in ASB and asked that members looked at the service in detail. Members were advised that officers noted the member's comment but considered that it might be a topic more appropriate for consideration by the scrutiny committee.

During discussion on Risk 3 – Commercialisation (Investment Property, NRL and other commercial income sources) and the impact of changes to the use Public Works Loan Board (PWLB) where funding for yield could no be used unless it was for regeneration purposes. The review of the asset management strategy had slipped and would not be delivered in September 2021. As S151 officer, the executive director of corporate and commercial services was keen to ensure that it was completed as soon as possible because of the need to set a balance budget in January. She pointed out that it was necessary to ensure that the council had the right skills in place to deliver the strategy and an action plan to reduce carbon emissions from its commercial properties.

A member referred to Risk 9 -Cyber Security and GDPR Compliance and suggested that as in many public organisations data breaches were reported to those in a governance role, the audit committee should receive a quarterly report of all data breaches, particularly as organisations could be fined for mishandling data. Members agreed that they would like to receive quarterly reports on data breaches.

A member pointed out that in relation to Risk 6 – Impact of Brexit, the reference to “risks associated with a no-deal scenario” needed to be updated. He also considered that the risk score for Brexit should be higher considering the combined impacts of the pandemic in relation to food shortages and increased fuel prices and concerns about inflation. The chair added that this appeared to be the worst-case scenario and there was not a lot of mitigation at a local level. It would be a timely review. The executive director of corporate and commercial services agreed that this should be reviewed and that things were happening very fast. Members were advised of the financial reporting to cabinet, including contracts under the capital programme where costs had increased and regular treasury management reports. The council's response to Covid had ensured that all residents had access to food and there could be a similar service in response to food shortages if required.

A member expressed concern about the increased prices for wholesale energy supplies and asked what mitigation Octopus Energy had in place to protect the

residents it supplied energy to under Roar Power. The executive director corporate and commercial services said that if this information was available from the commercial company then she would ask officers to provide it to members outside the meeting.

During discussion on emergency planning and in response to a question, Councillor Wright, as chair of scrutiny committee, explained that the cabinet had suggested that the scrutiny committee scrutinised the emergency planning policy document but due to other priorities the committee had not included it on the work plan for this year. Discussion ensued on a member's concern that issues such as flooding were included on the risk register under emergency planning but there was no provision for other consequences of climate change, such as extreme heat. She suggested that there was a separate risk of climate change added to the risk register which was supported by the chair. The reasons they gave for this was that it would provide clarity on the council's progress towards the government target of carbon neutrality by 2050. The executive director of corporate and commercial services noted the comments and said that their suggestion would be given due consideration and discussed at CLT but reminded members that the committee was non-political.

A member suggested that the end of the furlough scheme and cuts to universal credit would have a big impact on the city and asked that these risks should be added to the risk register under the appropriate risk. The executive director corporate and commercial services confirmed that this could be done.

The chair in summing up commented on the measures undertaken under Risk 4 – Health & Safety in the Workplace and noted that Risk 5 – Further Waves of Covid-19 was still at the highest score of 20 which was justified but hoped that it would reduce in the longer term. It was right that the committee had focussed on Risk 14 – Antisocial Behaviour and that it would be good to see the score reduce as steps became embedded. The work around governance and range of mitigations had fundamentally improved risks around contract management. He also drew members' attention to the new Risk 16 –The Council's Approach to Waste and Recycling Becomes Financially, Environmentally and Contractually Unsustainable and the steps in mitigation. He considered that it was important that officers involved councillors in the review of the Waste Strategy due for implementation in February 2022.

RESOLVED to:

- (1) note the risk management report;
- (2) ask the executive director of corporate and commercial services
 - (a) to liaise with the executive director of community services to:
 - (i) provide an informal written report on the progress made by the ASB team following the internal review and the steps taken to mitigate risks as set out on the risk register under Risk 14.
 - (ii) report quarterly on database breaches to the committee;

- (iii) ask officers to provide members with details of any mitigation that Octopus Energy has in place to protect Roar Power customers from increases in wholesale energy prices.
- (b) having noted the comments made by members during discussion review the risk register and give due consideration to:
 - (i) Risk 6 – Impact of Brexit;
 - (ii) climate change as a separate risk on the risk register;
 - (iii) inclusion of risks relating to the end of the furlough scheme and cuts in universal credit under the appropriate risk.

6. Risk Management Policy and Strategy

The head of finance, audit and risk introduced the report and outlined the changes to the draft Risk Management Policy and Strategy which included combining the policy CLT had reviewed the policy and it would be considered at cabinet in October.

The chair welcomed the review of the policy and strategy and the shift in the culture of the council that it represented, with risk management being considered at individual and service level and risks being addressed before serious problems occurred. The executive director of corporate and commercial services confirmed that risk management was discussed at CLT, directorate and management meetings. The Risk Management Policy and Strategy had to be a dynamic document and would be relaunched to ensure that risk management was embedded at all levels throughout the organisation. New employees were supported by a peer group work and there was a good induction scheme in place to ensure that they were aware of the council's policies and procedures.

The chair drew members' attention to the risk management role of the audit committee set out in Appendix 2 of the report. Discussion ensued on the training required of members appropriate to their roles. The executive director of corporate and commercial services said that the monitoring officer was looking at the member training work programme and discussing members' training needs with political assistants and group leaders. The chair said that whilst he appreciated training for the whole committee, he had found the training sessions he had attended, as an individual, with the vice chair, invaluable.

A member commented on the policy and commended officers on the clarity of the document which was helped members of the committee understand the assessment of risk and the scoring matrix.

RESOLVED to recommend to cabinet to approve the council's Risk Management Policy and Strategy.

7. Whistleblowing Policy

The head of finance, audit and risk introduced the report. The Whistleblowing Policy had been updated to reflect a change in personnel following the appointments of the head of legal and procurement (monitoring officer) and the internal audit manager. A light touch review in terms of good practice had been conducted by the internal audit manager as part of the internal audit review of policies and procedures that had been requested by the committee. No further recommendations had been made.

The chair said that the policy was an important one for the council to ensure that people raising matters received adequate support. He suggested that the review of the policy should be an opportunity to remind employees of the policy. The executive director of corporate and commercial services confirmed that the communications team was looking at repurposing the previous campaign around the Whistleblowing Policy.

RESOLVED to note the Whistleblowing Policy updates.

8. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of the items *9 below on the grounds contained in the relevant paragraphs of schedule 12a of the local government act 1972 (as amended).

*9. Risk Management Update – Appendix 2

During discussion the executive director of corporate and commercial services answered members' questions on the risk control actions put in place for the risk outlined in Appendix 2.

RESOLVED to note that the committee is reassured that satisfactory mitigation measures are in place for the risk set out in Appendix 2.

CHAIR