



FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk District Council, held on Friday 25 March 2022 at 9.30am.

Committee Members Present: Councillors: P Hardy (Chairman), C Brown, D Elmer, T Laidlaw, N Legg, S Ridley and J Worley

Apologies: Councillors: B Duffin and K Kiddie

Substitute: Councillor: J Worley for B Duffin

Cabinet Member in Attendance: Councillor: A Dearnley

Officers in Attendance: The Assistant Director of Finance (R Fincham), the Head of Internal Audit (F Haywood), the Internal Audit Trainee (E Voinic) and the Democratic Services Officer (J Hammond)

286 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Duffin and Cllr Kiddie

287 DECLARATIONS OF INTEREST

No declaration of interests were received.

288 MINUTES

The minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 4 February 2022 were confirmed as a correct record.

289 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23

Members considered the report, which provided an overview of the stages followed prior to the formation of the Strategic Internal Audit Plan for 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23, which would then serve as the work programme for the Council's Internal Audit Services contractor; TIAA Ltd. The report also provided the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of South Norfolk Council's framework of governance, risk management and control.

The Head of Internal Audit explained that meetings had been held with all Assistant Directors to discuss service area risks and scheduled projects.

She also informed the Committee that the Risk Management Audit work would be carried out by herself and the Internal Audit Trainee, it was expected that the work would coincide with the Risk Management Policy Review suggested by the Committee at its last meeting.

Members were informed that 17 of the planned audits would be carried out jointly with Broadland District Council, which would provide significant time and resource savings, she assured members that despite the shared audit work, the two Council's Audit Plans would remain separate.

The discussion turned to the FOI's Complaints Audit and members queried whether this new audit area arose from an increase in complaints. The Head of Internal Audit advised that the area previously formed part of the Corporate Governance audit but would now be considered separately.

In response to a question, the Head of Internal Audit explained that the Elections and Electoral Registration Audit was a proactive piece of work which would assess potential risks in advance of the elections due in May 2023, she added that any recommendations from the audit would form the Follow Up Report on Internal Audit Recommendations.

After further discussion it was

RESOLVED

To approve:

- a) The Internal Audit Strategy;
- b) The Strategic Internal Audit Plans 2022/23 to 2025/26; and
- c) The Annual Internal Audit Plan 2022/23

290 ANNUAL REPORT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE 2021/22

The Chairman introduced the item and informed Members of the terms of reference for the Committee.

The Internal Audit Trainee then presented the report, which summarised the work undertaken by the Committee during 2021/22, which included:

- Counter Fraud Activity 2020/21
- Annual Governance Statement 2020/21
- Statement of Accounts 2020/21
- External Audit
- Internal Audit
- Review of Contract Procedure Rules
- Strategic Risk Register
- Opting into PSAA External Auditor Appointment
- Review of Local Government Ombudsman 2021

The report also confirmed that the Committee had operated in accordance with its Terms of Reference, had sought to comply with best practice and had demonstrated effective challenge during its meetings.

One member queried the role of the Committee with regard to the Strategic Risk Register, the Head of Internal Audit explained that the Committee were responsible for the review of the Risk Management Policy and its Framework, she added that only Cabinet could determine whether an item should be added or removed from the register. Members were then advised that the Assistant Director for ICT, Digital and Transformation was committed to reviewing how the Strategic Risk Register was presented and its ability to clearly indicate which risks had been de-escalated to the Directorate Risk Register.

The Committee requested that amendments be made to the report to reflect the role of the Committee in terms of the Strategic Risk Register and to clarify that no decision had been made in terms of the number of times it would be presented to the Committee.

It was then

RESOLVED

TO RECOMMEND TO COUNCIL that it approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee, subject to the requested amendments outlined above.

291 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Members considered the report of the Head of Internal Audit, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 27 January 2022 to 14 March 2022.

The Head of Internal Audit explained that 107 days of programmed work had been completed, which equated to 70% of the Audit Plan for 2021/22. She further advised that all audits were due to be finalised in advance of the Internal Audit Opinion.

Members were advised that three Internal Audits had been finalised between 27 January 2022 - 14 March 2022.

- Performance Management and Business Planning – Reasonable Assurance
- Counter Fraud and Corruption – Limited Assurance
- Annual Governance Statement – Substantial Assurance

With regard to the Counter Fraud and Corruption executive summary, the Head of Internal Audit explained that the review had been carried out consortium-wide using the latest Fighting Fraud and Corruption Strategy. The seven 'important' and two 'needs attention' recommendations were highlighted to members.

Discussion moved to the two recommendations rejected by management. Members were advised that one of the recommendations was marked as 'Important' and had requested that the assessment process for allegations of fraud and corruption be documented centrally rather than on local records, with evidence retained on file. This was rejected by management on the basis that records of cases were kept and the notes held on the systems.

The second recommendation was marked as 'Needs Attention' and had requested that evidence of fraud risks be considered in the development of new policies, strategies, and initiatives across the Council. This was rejected by management on the basis that appropriate policies were reviewed by the Fraud Officer and all policies reviewed by CMLT as they arose.

The Assistant Director of Finance stressed that CMLT supported the recommendations in principle, however, the current resource level within the fraud team would make it impossible to implement the recommendation. Members noted that the decision had been made to prioritise the most important recommendations at this time. In response to further questions, he explained that the Fraud Officer had changed roles with the Council but had agreed to continue in the role one day a week, whilst a review of the service took place.

After further discussion, a vote was then taken and it was

RESOLVED

To note the progress made so far in completing the Internal Audit Plan for 2021/22

292 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit presented her report, which informed members on the progress made in relation to management's implementation of agreed internal audit recommendations which were due by 14 March 2022.

With regard to the Council Tax and NNDR recommendation, the Head of Internal Audit advised the Committee that this recommendation had been resolved and that focus would be placed on resolving the two outstanding recommendations from 2019/20.

A vote was taken and it was

RESOLVED

To note the position in relation to the completion of agreed internal audit recommendations as at 14 March 2022

293 SELF-ASSESSMENT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

The Chairman introduced the item and referred members to the previous year's self-assessment included within the agenda.

Members discussed the good practice questions and agreed that both questions seven and eight should be graded 'Yes', and that the skills and knowledge matrix should be recirculated to Members before question fifteen was regraded.

Discussion turned to the self-assessment evaluating the effectiveness of the FRAG Committee. Attention was drawn to the section "*Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks*" and members suggested that the grading should be upgraded to 4 as a Risk Management Policy had been established and the necessary training provided.

294 WORK PROGRAMME

Members considered and noted the Finance, Resources, Audit and Governance Committee's Work Programme.

The Chairman reminded member that an informal presentation by representatives from Big Sky would follow the formal meeting.

(The meeting concluded at 10.29am)

Chairman