



Finance, Resources, Audit and Governance Committee
24 March 2023

Annual Report of the Finance, Resources, Audit and Governance Committee 2022/23

Report Author(s): Jessica Hammond
Democratic Services Officer
01508 505298
Jessica.hammond@southnorfolkandbroadland.gov.uk

Portfolio: Finance and Resources

Ward(s) Affected: All

Purpose of the Report:

This report is to update members of the work of the Finance, Resources, Audit and Governance Committee during 2022/23, confirms that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.

Recommendations:

To recommend that Council approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee.

1. Summary

- 1.1 This report is to update members of the work of the Finance, Resources, Audit and Governance Committee during 2022/23 and will also go forward to Full Council, for approval.

2. Background

- 1.2 South Norfolk Council's Finance, Resources, Audit and Governance Committee has been in operation since 2012, and this is the seventh annual report of the Committee.
- 1.3 The annual report will look back at the meetings held since April 2022, and the activity of the Committee during this time.

3. Current position

- 1.4 The Terms of reference of the Committee are well established in the Council's Constitution, and the key features include reviewing:
- The draft and final statement of accounts;
 - The external auditors report on the statement of accounts; and
 - The external auditors plan of work.

As well as to approve:

- The statement of accounts;
- The annual governance statement;
- The internal audit plan of work; and
- The Head of Internal Audit's annual report and opinion.

The Committee is also responsible for monitoring the progress of Big Sky, this includes:

- Its performance against the agreed business plans;
- Any material changes to the agreed business plans; and
- Making recommendations to Council with regard to:
 - Income anticipated to the Council in year; and
 - Any loans provision requested by the Big Sky Group.

Additionally, the Committee regularly reviewed the Council's Strategic Risk Register in order to scrutinise the scope and effectiveness of the risk management systems in place.

- 1.5 The Committee has met formally on three occasions (July 2022, October 2022 and January 2023) and member attendance has been high. There is a further meeting scheduled in for March 2023. There is consistent strong officer attendance throughout the year, with regular representation from Finance and Internal Audit.

- 1.6 The Committee also ensures that it operates to the highest standards, and with that in mind a self-assessment is undertaken against best practice. This is currently on the work Programme for the meeting on 24 March 2023.
- 1.7 A work programme is in place which is reviewed and discussed at each formal meeting and, in line with good practice, a pre-meeting is also held between the Chairman and key officers.

Overview of the key items considered over the year

- 1.8 Annual Governance Statement 2021/22

The Annual Governance Statement was considered at the July 2022 meeting where members considered the current governance arrangements of the Council. The Chief of Staff explained that the Statement was subject to the outcome of the Head of Internal Audit's Opinion Report. The statement was approved at the meeting.

- 1.9 Counter Fraud Service

In July 2022, the Assistant Director of Finance updated members on the Counter Fraud Service following the Limited Assurance received from Internal Audit. He explained that Anglia Revenues Partnership (ARP) had been commissioned to carry out a review and provide options as to how the counter fraud service could be delivered in future, these options were then presented to Cabinet for decision.

Members were advised that once the Counter Fraud Service was in place, the Committee could review the quality of the service provided.

- 1.10 Big Sky

In October 2022, the Committee was provided with an update on the Big Sky Position Statement which was produced as a part of Internal Audit's review of the Big Sky Group.

At its meeting in January 2023, the Committee received a presentation from the Managing Director and Development Director of Big Sky on the Big Sky Group's Business Plan and the proposed funding Commitment. The Assistant Director of Finance outlined the role of South Norfolk Council as the Shareholder and Lender for Big Sky. He also advised the Committee of the implication the business plan and funding requirements had on the Council.

The Committee agreed to recommend to Full Council the approval of the proposed funding commitment for the Big Sky Business Plan.

- 1.11 Independent Persons of the FRAG Committee

The Committee considered a report which outlined the proposal for appointing Independent Person's to the FRAG Committee, as per CIPFA guidance. Members expressed their support in principle for appointing an Independent Person onto the

Committee and endorsed the potential benefits this would have. They then recommended to Cabinet and Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the FRAG Committee.

1.12 External Audit

There had been delays to the external audit work as a result of the ongoing effects of the Covid-19 Pandemic as well as Ernst and Youngs (EY) resource shortages. The Committee and officers had been regularly monitoring the effect of these delays. The Chairman, alongside the Chairman of Broadland's Audit Committee, wrote to Public Sector Audit Appointments (PSAA) Ltd (as the appointing body) to express both Council's disappointment in the delays to the 2020/21 external audit.

1.13 Internal Audit

On an annual basis the Committee reviews and approves the Strategic and Annual Internal Audit Plan for the forthcoming year. The Committee then regularly receives updates on the progress of the completion of the plan of work and the position with the action taken by management to progress audit recommendations. Finally, at the end of the financial year, the Annual Report and Opinion of the Head of Internal Audit is considered by the Committee in terms of the conclusions made in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Audit Plan was received and approved by the Committee in March 2022. Although there have been some delays with issuing reports, Head of Internal Audit has been keeping a close eye on the progress and continues to report this to the Committee. At the January 2023 meeting there were two important recommendations outstanding for 2020/21 and for 2021/22 there were 3 urgent and 11 important recommendations outstanding.

1.14 Strategic Risk Update

The Committee reviewed the Strategic Risk Register (SRR) at the October 2022 meeting, and again at the January 2023 meeting. At the earlier meeting Members received a briefing from the Assistant Director of Individuals and Families and the Housing and Wellbeing Manager on the risk relating to and Social Housing Stock to meet demand on the Council.

At the meeting in January 2023, the de-escalation of the risk relating to Big Sky was discussed. The Committee felt that the added risks posed by nutrient neutrality on Big Sky's ability to develop properties warranted its inclusion on the SRR.

1.15 The following items will be considered at the March 2023 meeting:

- Strategic and Annual Internal Audit Plan 2023/24
- Self-Assessment of the FRAG Committee
- Strategic Risk Update
- Review of Local Government Ombudsman 2022

4. Proposed action

- 1.16 To note the work of the Finance, Resources, Audit and Governance Committee during 2022/23 and approve the contents of the Annual Report.

5. Other options

- 1.17 Not applicable to this report.

6. Issues and risks

- 1.18 **Resource Implications** – Not applicable to this report.

- 1.19 **Legal Implications** – Not applicable to this report.

- 1.20 **Equality Implications** – Not applicable to this report.

- 1.21 **Environmental Impact** – Not applicable to this report.

- 1.22 **Crime and Disorder** – Not applicable to this report.

- 1.23 **Risks** – Not applicable to this report.

7. Conclusion

- 1.24 This report highlights that the Committee continues to operate in accordance with best practice. It plays an important part in the Council's governance framework, remaining an active Committee and ensuring that it delivers its remit and reviews a wide range of items, providing an appropriate level of support.

8. Recommendations

- 1.25 To recommend that Council approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee.