



SOUTH NORFOLK FINANCE, RESOURCE, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the South Norfolk Finance, Resource, Audit and Governance Committee of South Norfolk Council, held on Friday, 24 March 2023 at 9.33 am.

Committee Members Present: Councillors: S Ridley (Vice-Chair, in the Chair), D Elmer, T Laidlaw and N Legg

Apologies for Absence: Councillors: P Hardy (Chairman), C Brown, B Duffin and K Kiddie

Cabinet Member in Attendance: Councillor: A Dearnley

Officers in Attendance: R Fincham (Assistant Director of Finance), C Lawrie (Assistant Director of Transformation and ICT/Digital), F Haywood (Head of Internal Audit), S Carey (Strategy and Intelligence Manager), H Mawson (Customer Experience and Insight Lead), E Voinic (Internal Audit Trainee) and J Hammond (Democratic Services Officer)

Also in Attendance: Cllr G Nurden, Member of Broadland District Council's Audit Committee

321. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Brown, Duffin, Hardy and Kiddie.

322. DECLARATIONS OF INTEREST

No declarations of interest were received.

323. MINUTES

The minutes of the meeting held on 20 January 2023 were confirmed as a correct record and signed by the Chairman.

324. STRATEGIC RISK UPDATE

Members considered the report, which provided an overview of the current position in terms of Strategic Risk for South Norfolk Council.

The Strategy and Intelligence Manager outlined the salient points of the report, drawing attention to the changes in the status of risks and additions to the

register, since the last update to the Committee.

Members noted that one strategic risk, SNC GE3 – Regulatory Function, had been de-escalated from the Strategic Risk Register (SRR) to the Directorate Risk Register (DRR), as the risk was now within the acceptable appetite of the Council.

It was also noted that two strategic risks, SNC S13 – Ukrainian refugees and SNC S15 – Cost of Living, had been merged into strategic risk SNC S14 – Housing Stock, as both measures centred on the demand and pressures on housing stock.

Discussion turned to the two strategic risks whose risk scores had been reduced since the last meeting, these were:

- SNC P1 – Nutrient Neutrality adverse impacts. As progress had been made on mitigating actions.
- SNC P2 – Gypsy and Traveller Sites. As progress towards consultation was being made.

Members were pleased that the Big Sky Group had been included within the SRR as part of Nutrient Neutrality, but it was suggested that the Big Sky Group should be added to the SRR as a risk in its own right. The Head of Internal Audit reminded members that the Corporate Leadership Team (CLT) and Cabinet did not feel that risks relating to Big Sky were currently outside of the Council's risk appetite. However, it was appropriate for the Committee to continue monitoring the situation and seek assurances where necessary.

It was then queried whether the increasing interest rates represented a risk to Big Sky and its ability to sell properties. The Head of Internal Audit explained that this should be a key risk for Big Sky themselves but would not be considered as a risk for the Council or on its ability to provide key services and its Delivery Plan.

In response to a query about any decrease in property sales as a result of the increasing interest rates, and any subsequent impact on Council Tax receipts, the Assistant Director of Finance confirmed that the increasing interest rates would have multi-faceted negative, and positive effects on the Council. He added that CLT would be discussing all potential risks posed at its next meeting. Any risks identified would be added to the SRR or DRR, where appropriate.

It was highlighted that the Bank of England were predicting interest rates would begin to fall again from the summer of 2023. The Assistant Director of Finance advised members that historically it had taken a number of years for interest rates to fall back to normal levels in the past and whilst he hoped that interest rates would reduce in the summer, it could not be guaranteed.

It was then

RESOLVED

To endorse the Strategic Risk Register update for the Council.

325. REVIEW OF LOCAL GOVERNMENT OMBUDSMAN REPORT 2022

The Customer Experience and Insight Lead presented the report, which provided a summary of the Local Government and Social Care Ombudsman Report of complaints referred for the year ending 31 March 2022.

Members were reminded that in August 2021, the Council aligned the process and policy for handling complaints to create a robust and consistent way of handling complaints. Alongside this, the Council now also tracked customer satisfaction ratings through the online form and contact centre lines allowing officers to proactively reach out to customers who left feedback which required attention or a resolution.

The Local Government Ombudsman's role was to investigate to see if there was any evidence of maladministration by the Council and make a judgement. The number of Ombudsman cases was higher compared to 2020/21, due to the Ombudsman not considering new or existing cases, within the first lockdown, from March 2020 to June 2020.

Of the three complaints investigated in 2022, one was upheld by the Ombudsman, although it was noted that a satisfactory remedy had been provided before the complaint reached the Ombudsman.

The Customer Experience and Insight Lead advised members that since 2018, a total of nine complaints had been investigated by the Ombudsman, with three complaints upheld.

The Committee thanked the Customer Experience and Insight Lead for her report, and it was

RESOLVED

To note the contents of the report.

326. STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2023/24

Members considered the report of the Head of Internal Audit, which provided an overview of the stages followed prior to the formation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24, 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.

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

She also informed the Committee that the Annual Internal Audit Plan for 2023/24 totalled 162 days allocated to South Norfolk Council. The Plan encompassed 16 Internal Audit reviews, two of which covered IT processes.

Members noted that all 16 Internal Audit reviews would be carried out jointly with Broadland District Council. In response to queries the Head of Internal Audit advised members that many of the service areas across the OneTeam held a similar approach. Where significant differing approaches were held, for example with regard to Waste Management, a separate report would be produced for each Council outlining the specific findings and recommendations.

Discussion turned to the inclusion of Assurance Mapping within the Strategic and Annual Internal Audit Plans. The Head of Internal Audit explained how Data Analytics would be utilised as part of the Internal Audit process. Concerns were raised on how resources within the Team would be affected and members were reassured that there would be minimal effect on resource levels as TIAA had experience in conducting testing in this way and had access to necessary systems to enhance their approach.

After further discussion, it was unanimously

RESOLVED

To approve:

- a) The Internal Audit Charter
- b) The Internal Audit Strategy
- c) The Strategic Internal Audit Plans 2023/24 to 2026/27
- d) The Annual Internal Audit Plan 2023/24

327. ANNUAL REPORT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

The Chairman introduced the report of the Democratic Services Officer, which outlined the work undertaken by the Committee throughout the year, which included:

- Annual Governance Statement 2021/22
- Counter Fraud Service
- Big Sky
- Independent Persons of the FRAG Committee
- External Audit
- Internal Audit
- Strategic Risk Updates

If approved by the Committee, the Annual Report would be reported to full Council at its Annual General Meeting on 24 May 2023.

In response to Members concerns regarding the delays experienced by the external auditors, the Assistant Director of Finance explained that EY had provided assurance that their resource issues had now been resolved. With regard to the timeline for completing the outstanding audits, members were advised that EY aimed to complete both the 2020/21 and 2021/22 audits by the end of the year.

It was highlighted that the delays experienced reflected a national issue as last

year only 12% of audits were signed off on time. Attention was drawn to the increased fees which would be charged by EY and it was hoped that this would help to alleviate resource issues and lower delays experienced. Officers advised members that the Redman Review had raised a number of issues with regard to the external audit of Local Government Accounts, which would take time to resolve.

After further discussion, the Chairman thanked the Democratic Services Officer for preparing the report, and it was

RESOLVED

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

328. SELF-ASSESSMENT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE 2022/23

The Head of Internal Audit presented the report, which provided the results of the assessment undertaken in March 2022, and asked members of the Committee to review and update as required.

She explained to the Committee that it was considered best practice for Audit Committees to complete a regular self-assessment exercise, in order to be satisfied that the Committee was performing effectively. It was also considered beneficial to provide action points to guide the new Committee following the District Election in May 2023.

Members discussed the checklist, attached at Appendix 1 of the report and it was felt that the gradings for the good practice questions accurately represented the FRAG Committee.

Cllr Laidlaw, as the Shadow Cabinet Member for Finance and Resources, acknowledged the good working relationship between the parties involved in the Committee and thanked the Assistant Director of Finance, and other officers, for their support.

On behalf of the Committee, the Chairman thanked Cllr Laidlaw for his invaluable contribution to the Committee, as both a Committee member and the shadow Cabinet Member for Finance and Resources, throughout the last four years.

329. FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Committee noted each item on the Work Programme.

The Chairman welcomed Cllr Nurden, the Chairman of Broadland's Audit Committee, to the meeting and invited him to share his views/comments on the FRAG Committee and how both Committees might learn from each other in the future.

The Committee then thanked officers for their support to the Committee over the last four years.

(The meeting concluded at 10.50 am)

Chairman