

Annual Report of the Finance, Resources, Audit and Governance Committee

2023/24

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1. The Membership of the Finance, Resources, Audit and Governance Committee 2023/24

The Finance, Resources, Audit and Governance Committee is made up of Councillors from the political groups that make up the Council. Only non-cabinet members can be on the Committee.

The Committee is made up of nine Councillors and membership during 2023/24 was as follows:

Chairman: Cllr Stephen Ridley (until his passing in March 2024)

Vice-Chairman: Cllr Delme Thompson

Committee Members: Cllr Margaret Dewsbury
Cllr Nicola Fowler
Cllr Trevor Graham
Cllr Terry Laidlaw
Cllr Deborah Sacks
Cllr Robert Savage
Cllr Jim Webber

Other non-executive members, who had undertaken the mandatory training, also took part as substitute members as and when required. With the Portfolio Holder for Finance and Resources (now the Portfolio Holder for Resources & Innovation) also attending to provide context, overview and responses as needed.

Support for the Finance, Resources, Audit and Governance Committee

The Democratic Services Officer provides advice to both members and officers, produces agendas and minutes the meetings. Cabinet members, senior officers and managers of the Council are expected to attend the Committee and present reports at the request of the Committee.

2. Summary

This report is to update members of the work of the Finance, Resources, Audit and Governance Committee during 2023/24 and will also go forward to Full Council, for approval.

3. Background

South Norfolk Council's Finance, Resources, Audit and Governance Committee has been in operation since 2012, and this is the eighth annual report of the Committee.

The annual report will look back at the meetings held since April 2023, and the activity of the Committee during this time.

4. Current Position

The Committee met on four occasions in 2023/24 (July 2023, September 2023, January 2024 and April 2024). A review of the minutes from meetings highlights that attendance by members is high, with apologies often provided where needed. There had also been a consistently strong level of officer support throughout the year, with representation from Finance, Internal Audit, the Council's External Auditors and officers attending to present reports as required.

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.

The Committee also ensures that it operates to the highest standards, and with this in mind, a self-assessment exercise is undertaken. The assessment ensures the Committee continues to meet best practise and identifies where improvements would be beneficial.

In February 2024, the updated CIPFA self-assessment exercise was emailed to Committee members alongside the results of the previous year's exercise. Of the nine Committee Members, four responses had been received. Several members explained that they felt unable to complete the self-assessment exercise and requested that further guidance and training be provided in future before the exercise was undertaken. It was also suggested that additional Committee training be provided for new and existing members of the Committee.

Another suggested outcome of the self-assessment exercise was for the Head of Internal Audit to undertake a full review of the Committee's Terms of Reference to ensure that it met best practise and to further align it with CIPFA's guidance.

A rolling work programme is in place which is reviewed and discussed at each meeting, to ensure reports are considered and received by the Committee at appropriate times over the course of the year.

5. Overview of key items considered and reviewed by the Finance, Resources, Audit and Governance Committee in 2023/24

Annual Governance Statement 2022/23

The Annual Governance Statement was considered at the July 2023 meeting where members considered the current governance arrangements of the Council. The Head of Internal Audit explained that the Statement was subject to the outcome of the Internal Audit Opinion Report. The Statement was approved at the meeting, subject to the amendment of two typographical errors.

Risk Management Policy

In July 2023, the Strategy and Intelligence Manager provided an overview of the refreshed Risk Management Policy. A number of amendments to the Policy had arisen from the position statement conducted by Internal Audit. At the meeting it was resolved to recommend the proposed Risk Management Policy to Council for its approval.

Strategic Risk Update

The Strategic Risk Register (SRR) had been reviewed by the Committee at its meetings in July 2023, September 2023 and January 2024

At the meeting in July 2023, members discussed the risks associated with Nutrient Neutrality. It was suggested that the SRR be updated to reflect the risk posed to the Council as a result of the Joint Venture borrowing significant amounts of money. Members were advised that until the funding arrangement for the Joint Venture had been agreed, the level of risk to the Council would be unknown.

In January 2024, the Committee suggested that the format of the Strategic Risk Register be amended in order to reflect the rate of progress in reducing risk score quarter to quarter, as they felt that it would be more useful to the Committee than just the risk score at initial identification vs the current risk score. The Assistant Director of ICT/Digital and Transformation agreed to look into the suggestion further to see if it could be included in future reports to the Committee.

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 2023. Although there have been some delays with issuing reports, the Head of Internal Audit has been keeping a close eye on the progress and continues to report this to the Committee.

At the January 2024 meeting there was 1 important recommendation outstanding for 2020/21, for 2021/22 there were 2 urgent and 7 important recommendations

outstanding, and for 2022/23 there was 1 urgent and 10 important recommendations outstanding.

In April 2024, it was noted that not all of the 2023/24 internal audit work had been resolved. The Head of Internal Audit confirmed that all remaining 2023/24 audit work was in progress and would be completed before the 2024/25 audit work began.

Statement of Accounts

At the meeting in September 2023, Members received the Final Statement of Accounts for 2020/21. Members expressed their disappointment that the report had only been made available at the meeting. The Finance Manager informed the Committee that the draft Statement of Accounts had been approved and published on the Council's website on 30 July 2021, they were made available for inspection by the public. No enquiries to inspect the statement were received.

The draft Statement of Accounts for 2022/23 was reviewed by the Committee in January 2024 in advance of being brought back to the Committee for final approval and publication.

Funding Commitment for the Big Sky Business Plan

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.

Review of Contract Procedure Rules

In September 2023, the Assistant Director of Finance presented the report, which proposed a number of changes to the Council's Contract Procedure Rules (CPRs), following the scheduled review. CPRs were contained within the Council's Constitution and set out how the Council procured goods and services, in order to achieve value for money and comply with the legal requirements within the Public Contract Regulations 2015. Members queried what the vetting process was for potential suppliers in order to prevent fraud. The Assistant Director of Finance explained that the vetting process varied depending on the level of procurement, but that in all cases standard financial checks were undertaken, with more in depth checks carried out for higher level procurements. It was then resolved to recommend the CPRs to Council for adoption.

Anti-Fraud and Anti-Corruption Strategy

In September 2023, the Assistant Director of Finance presented the proposed Anti-Fraud and Anti-Corruption Strategy to the Audit Committee for approval. The existing Strategy had been reviewed and refreshed by the Anglia Revenues Partnership (ARP), who were now the provider of the Council's Anti-Fraud service.

The Anti-Fraud and Anti-Corruption Strategy set out the Council's approach to minimising the risk of fraud and corruption occurring, detecting its possible occurrence, and the actions it will take when fraudulent activity was suspected and identified.

Independent Person of the Finance, Resources, Audit and Governance Committee

The Committee considered a report which outlined the proposal for appointing Independent Person's to the Finance, Resources, Audit and Governance Committee, as per CIPFA guidance. Members expressed their support for appointing an Independent Person onto the Committee. They then recommended to Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the Committee.

External Audit

The ongoing national Country-wide issues faced by external auditors, had resulted in further delays to the Council's external audit work. The Committee and officers had been regularly monitoring the effect of these delays.

The proposed national reset aimed to get all local government audits up to date. There was a proposal to not carry out further external audit work up to and including the 2022/23 financial year.

The Audit Results Report for 2020/21 was presented by EY at the meeting in September 2023. Members were informed of the recommendations made by EY with regard to internal control. It was noted that EY were recommending a clean unqualified audit opinion for 2020/21.

In March 2024, the Committee received the Value for Money Interim Report. EY had completed their risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements. As a result, EY had no matters to report by exception at this stage of the audit. EY would continue to monitor the VFM assessment and would update its reporting as part of the final commentary in the External Auditor's Annual Report.

EY also confirmed that they were sufficiently resourced to fully fulfil the 2023/24 External Audit Plan within statutory timescales.

Code of Corporate Governance

The Committee considered the report of the Monitoring Officer which outlined the review of the Council's Code of Corporate Governance. To ensure that the Council met best practice, the Code had been refreshed to more comprehensively reflect the guidance from the governance framework for local authorities 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016). The changes included:

- Adding in examples of how the Council sought to achieve the key principles of good governance.
- Providing evidence to how the Council were meeting each principle.
- Including a RAG rating for each principle, which would in the future, be aligned to the Annual Governance Statement.

The Code would not alter how the Council was operated, instead, it would monitor the effectiveness of the Council's governance. An annual review of the Code would take place through the Annual Governance Statement. Outcomes of the annual review and recommendations for improvement would be reported back into the Audit Committee each year. The Committee resolved to recommend to Council that it adopted the revised Code within the Council's Constitution.

Review of Local Government Ombudsman Report 2023

In March 2024, the Committee received the Local Government and Social Care Ombudsman (LGO) Report of complaints referred for the year ending 31 March 2023. The overall number of cases referred to the LGO for South Norfolk was very small with a total of 13 cases for 2022/23, 3 of which were investigated by the Ombudsman. This amount of referred cases was comparable to the previous year.

Of the 3 complaints investigated in 2023, two were upheld by the Ombudsman, although it was noted that for 1 of the complaints, a satisfactory remedy had been provided before the complaint reached the Ombudsman.

Concern was raised that the report did not include enough detail on the nature of the complaints, the remedy provided, or the lessons learnt and implemented for the future. The Assistant Director of ICT/Digital and Transformation agreed to reassess the contents of the report for future years.

6. Conclusion

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.

7. Recommendation

That the Finance, Resources, Audit and Governance Committee recommend to Council the approval of the contents of the Annual Report of the Finance, Resources, Audit and Governance Committee for 2023/24.