

FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a remote meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council on Friday 20 November 2020 at 9:30 am.

Committee Members Present: Councillors: P Hardy (Chairman), V Clifford-Jackson, A Dearnley, B Duffin, D Elmer, T Laidlaw, N Legg, S Ridley and R Savage

Cabinet Member in Attendance: Councillor: J Worley

Officers in Attendance: The Assistant Director Governance and Business Support (E Hodds), the Assistant Director Finance (R Fincham), the Finance Manager (J Brown), the Executive Assistant (C Baldwin).

Also in Attendance: Fiona Dodimead (TIAA Audit Director)
Mark Hodgson (Ernst & Young) – for part of the meeting

240 MINUTES

The minutes of the meeting held on Friday 17 July 2020, were confirmed as a correct record.

With reference to minute 241 (Progress Report on Internal Audit Activity), members enquired on the progress of the governance decision flowchart, and the Assistant Director Governance and Business Support confirmed that she hoped to get this finalised and circulated to members shortly.

241 AUDIT RESULTS VERBAL REPORT

The Chairman welcomed Mark Hodgson, from Ernst & Young (EY), to the meeting.

Mr Hodgson provided a verbal update on the status of the audit results report, advising members that EY had already spent the allocated budget hours on engagement, however, there was still a significant amount of audit evidence yet to be provided, and therefore EY was unable to issue an audit opinion by 30 November 2020. He informed members that following discussions with the Assistant Director Finance it had been agreed that EY would focus attention on the Broadland District Council audit, with a

commitment to provide, by the first week in December, a clear timeline with regard to the conclusion of the South Norfolk audit. The Committee would therefore need to meet again sometime in the new year, to consider a full and final set of both financial statements and the Audit Results report.

The Portfolio Holder, Cllr J Worley, asked Mr Hodgson whether there had been any progress with regard to an agreement for the fee scale for the 2019/20 Audit. Mr Hodgson explained that the Council's response, along with comments received from other local authorities, had been passed to the Public Sector Audit Appointments (PSAA) as the regulator, to determine, and that EY was still awaiting the outcome.

The Chairman thanked Mr Hodgson for his update.

242 STATEMENT OF ACCOUNTS 2019/20

The Finance Manager presented her report, regarding the 2019/20 Statement of Accounts.

Members' attention was drawn to the statutory deadlines for publication, outlined at paragraph 1.1 of the report. The Finance Manager advised members that the Council's draft accounts were formally approved by the s151 Officer on 27 August 2020, in line with the national deadline. She further advised members that the Council would fulfil its statutory requirements and publish the Statement of Accounts by 30 November, however, this would not be an audited version, and a statement to explain this, would accompany them on the website.

Members noted that officers had met with EY to discuss the reasons for the delay, which had been as a result of Covid-19 and resourcing levels, and to express their disappointment that the audit was not completed in line with the agreed target date.

It was then,

RESOLVED: To note the progress of the audit of the Statement of Accounts.

243 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The TIAA Audit Director presented the report regarding the progress on internal audit activity against the agreed Audit Plan.

The Committee was reminded that a revised Audit Plan was agreed back in July, as a response to the unprecedented circumstances relating to the Covid-19 pandemic, which resulted in most audits commencing in quarters 3 and 4. Members were assured that work was in progress and in line with what was planned.

The Audit Director advised members of the work carried out during quarter 2 regarding Assurance Mapping, explaining that this work had looked at risks and how the organisation had been managing them. This review had concluded that all risks identified had already been considered and included in the Audit Plan, where it was felt necessary.

During discussion, one member queried why the IT audit had not been brought forward, considering that it had previously been an area of interest. The Assistant Director Governance and Business Support informed members that the IT team was currently implementing a new Service Desk, and it was felt sensible for an audit to take place, once the new system was up and running.

In response to further queries, the Audit Director assured members that the auditors had been liaising with managers regarding the Covid-19 support payments distributed by the Council, and that it was felt to be well managed, with currently no requirement for an audit review.. The Assistant Director Governance and Business Support advised that an audit had been scheduled in quarter 4 regarding the Council's Covid-19 response and recovery, and if felt necessary, this audit could also cover the awarding and distribution of Covid-19 payments.

Regarding outsourcing, the Assistant Director Governance and Business Support advised the Committee that any contracts for services that were outsourced, contained a clause allowing internal audit the right to access. Therefore should the Audit Manager feel that an audit was required, the Council would have a right to access the necessary information to aid this process.

It was then,

RESOLVED: To note the outcomes of the completed audits in the period covered by this report, and the position of the internal audit plan for 2020/21.

244 FOLLOW-UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The TIAA Audit Director presented the follow-up report on internal audit recommendations. She explained that due to the changes to the Audit Plan, and most audits commencing in quarters 3 and 4, there were a limited number of recommendations currently outstanding. She was pleased to report that progress had been made on all outstanding recommendations.

In response to a query regarding financial reconciliations in Building Control and Planning and Development Control, the Audit Director confirmed that these involved vast numbers of transactions and both large and small sums of money. She stressed the importance of the recommendation however small the sums involved, to ensure that monies were accounted for in the correct way. She agreed to email the Committee examples of the transactions, so that members could see the various values involved.

Members noted that the due date for the waste management recommendation had been revised to 31 December 2020 and queried whether this was a realistic deadline. The Audit Director advised members that she had been assured by officers that the date was achievable and that the Internal Audit team would continue to monitor this.

Discussion followed with regard to a number of recommendations relating to disaster recovery and the IT Service Desk (which had priority 3 recommendations), that had not been detailed within the report. The Assistant Director Governance and Business Support reminded the Committee that only priority 1 and 2 recommendations were brought before the Committee, and that priority 3 recommendations were low level risks and were not currently a priority for some services. The Chairman added that risk management was now under the Committee's remit, and members would be more involved in the categorisation of future risks.

With regard to a query regarding cybercrime, the Assistant Director explained that there had been a few issues nationally, however, the Council had safeguards in place to mitigate any threat. She added that such risks required review, to determine whether they were operational or strategic.

In response to a query associated with Waste Management and the recent decision by Broadland District Council to not participate in a jointly owned Local Authority Trading Company, the Assistant Director explained that although disappointing for South Norfolk Council, the decision had not impacted adversely on the Council's current delivery of service. When the Council's risks were reassessed, it could be added to the Audit Plan for the following year, if felt necessary.

It was then,

RESOLVED: To note the position in relation to the completion of agreed internal audit recommendations as at 11 November 2020.

245 REVIEW OF LOCAL GOVERNMENT OMBUDSMAN 2020

The Executive Assistant presented her report to the Committee, regarding a review of the Local Government Ombudsman report, for complaints referred for the year ending 31 March 2020.

The Executive Assistant summarised her report to members and outlined the Council's three step complaints process. She advised that only one out of twelve complaints to the Ombudsman about South Norfolk had been upheld. Members noted that in this instance, the Ombudsman had found there to be no maladministration, and that the Council's response had been appropriate.

Members referred to the time taken for the Ombudsman to process complaints, and the Executive Assistant explained that such complaints were often complex and time consuming by nature, with a large amount of information gathering required.. She informed members that as a result of the Covid-19 pandemic, the Ombudsman had paused all investigations between March and July 2020.

The Chairman thanked the Executive Assistant for the informative presentation and report.

It was then,

RESOLVED: To note the contents of the report.

246 WORK PROGRAMME

Members considered the Finance, Resources, Audit & Governance Committee's Work Programme, and noted that a meeting would be arranged in January 2021 once the external audit work was complete.

A query was raised on the status of risk as it had been agreed that the Committee would have oversight to the risk register. The Chairman advised that it would be a future item for the Committee's consideration, sometime in the new year.

The meeting concluded at 10.20 am.

Chairman