

FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council on Friday 17 July 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 and R Savage

Apologies: Councillor: S Ridley

Substitutes: Councillor: J Easter for S Ridley

Cabinet Member in Attendance: Councillor: J Worley

Officers in Attendance: The Head of Internal Audit (S Storm), the Internal Audit Manager (F Haywood), the Assistant Director of Governance and Business Support (E Hodds), the Assistant Director of Finance (R Fincham), the ICT and Digital Manager (C Balmer) and the Senior Investigations and Enforcement Officer (B Harvey).

231 MINUTES

The minutes of the meeting held on Friday 6 March 2020, were confirmed as a correct record and signed by the Chairman.

232 ANNUAL REPORT ON COUNTER FRAUD ACTIVITY 2019/20

The Senior Investigations and Enforcement Officer provided a verbal update on Counter Fraud Activity during 2019/20. He explained that since December 2019, he had assumed fraud responsibilities for both South Norfolk and Broadland Councils, dealing with all fraud related matters for both organisations.

The Senior Investigations and Enforcement Officer continued to serve the needs of the Department of Work and Pensions, the Police Trading Standards, and Her Majesty's Revenues and Customs Service, with their enquiries. He advised Members that during 2019/20 there had been no reports of internal fraud at the Council.

Members noted that in April 2019, the Council became part of a 'Norfolk Fraud Hub' funded by Norfolk County Council and based on a National Fraud Initiative conducted under the Cabinet Office. This involved Councils sharing data in order to detect fraud and error at local level. The Senior Investigations and Enforcement Officer felt this to be a useful tool to detect fraud and explained that the initiative had been funded for a further 12 months.

The Committee was advised that the Senior Investigations and Enforcement Officer had recently been appointed Verification Officer, overseeing the Covid-19 Government Business Grant Support Scheme. This involved reviewing the £29.3 million paid to businesses in the South Norfolk area, to ensure compliance and that all payments had been awarded within the rules of the Scheme. Members noted that the Council was one of 83 authorities that had provided intelligence concerning potential frauds to Central Government and the Police. A benefit of this was that bank accounts were checked against multiple accounts used by organised crime. To date, across both South Norfolk and Broadland, £250,000 of incorrect payments had been identified, of which £80,000 had already been recovered. Members noted that a total of £1.4 million of paid grants was currently the subject of further investigations across the two districts. This process had and continued to be, resource intensive.

In response to a query regarding resources, members were advised that two members of staff had been redeployed from the Leisure Centres to assist with the above process, and also noted that an additional member of staff had recently been appointed.

A Member queried the likelihood of recovering money from fraudulent claims and whether the Council would bear the loss of unrecovered funds. Officers explained that the Government had provided the funding to pay the grants, and therefore there was no loss to South Norfolk Council. Any recovered monies would go back in the "pot" and would be paid out to other local businesses applying for support.

In response to a further query, he explained that he was awaiting further instruction from the Government as to how the Council should deal with those businesses making fraudulent claims, or those that had been made in error. The Council's current priority was to identify any funds paid incorrectly, and to recover monies where possible.

The Chairman thanked the Senior Investigations and Enforcement Officer for his update.

233 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Manager presented her report, which advised on the progress of the Annual Internal Audit Plan for 2019/20. The progress report provided executive summaries for work finalised in quarter three and four of the financial year. Members were informed that despite the current pandemic, 100% of the Internal Audit plan had been completed.

The Internal Audit Manager drew attention to the key areas of her report. Members noted that the Key Controls and Assurance Audit was in draft form due to it not being finalised before the meeting had taken place, however the Internal Audit Manager was

confident in the grading of the audit, specifying that it was unlikely to be amended prior to finalisation.

Members were informed that the 'Planning and Development Management' and 'Accounts Receivable and Income' audits had been finalised, with reasonable assurances awarded and 12 recommendations raised in total.

During discussion, Members referred to debt recovery and the process that was in place. The Assistant Director of Finance informed the Committee that policies were in place for recovery of debt depending on the state and situation of the debt. In response to a query, Members were advised that no incorrect practices had been found concerning write-offs and debt recovery, however the frequency of the review for write offs needed to be addressed.

During further discussion, Members referred to the review of Planning and Development Management, whereby the approach for call-ins was raised. The Internal Audit Manager explained that there was an inconsistency between the practices of the two Councils and suggested that Members could have discussions on how they would like the process to run.

The Assistance Director of Governance and Business Support noted Members' concerns over the decision-making process between committees and advised Members that a Governance Decision flowchart would be circulated to Members in the future.

A final question was raised by a Member regarding the turnaround of nine working days to process backdated housing benefit claims, and officers confirmed that a nine-day target was in line with good practice.

RESOLVED: To note the outcomes of the three completed audits in the period covered by the report, and the position of the Internal Audit Plan for 2019/20.

234 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Manager presented her report, which advised Members as to the status of agreed audit recommendations as a result of completed internal audit reviews. Members were informed that the report detailed those recommendations which had been completed, those which were not yet due, and provided a management update for those which were outstanding.

Members' attention was drawn to appendix two and three, which detailed those recommendations outstanding at the end of the 2019/20 financial year and provided the management responses.

In response to a query raised by a Member regarding Building Control's outstanding recommendations and its delivery time being moved from August 2019 to September 2020, the Chairman advised Members that the COVID-19 pandemic had delayed some work being completed. Members noted that recent updates to recommendations had

been provided and that the Managing Director had addressed the importance of actioning recommendations, with these now being assigned at Assistant Director level.

The Chairman invited the ICT and Digital Manager to provide an update to Members on Disaster Recovery, and the Committee was advised that a significant amount of work was being done to implement a new ICT infrastructure at both sites, and that as part of that, the Disaster Recovery would be much improved

In response to queries, the Internal Audit Manager confirmed that those recommendations relating to Cyber Crime and the IT Service Desk had been addressed, that these areas would then be considered as part of future audit planning.

The Portfolio Holder for Finance and Resources commented on the health and safety recommendation within the Waste Audit and referred to the 'Near Misses' recommendation. The Committee sought clarification on what had been put into place to minimise these issues happening. Members were advised that incident reporting had been improved and that the team recognised the importance of reporting the incidents alongside the requirement of training with the new systems.

RESOLVED: To note the position in relation to the completion of agreed Internal Audit recommendations.

235 ANNUAL REPORT AND OPINION 2019/2020

The Head of Internal Audit summarised her annual report which detailed the outcomes of the Internal Audit work undertaken in 2019/20. Members were advised that the report provided the opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and controls and was prepared in line with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. The report was also used to inform the Annual Governance Statement.

In response to a Member's query regarding the recent assembly of the Emergency Committee during the COVID-19 Pandemic, the Assistant Director of Governance and Business Support advised Members that a report was scheduled for the Scrutiny Committee to reflect on learnings across the board during this time.

Members noted areas of improvement in the annual report would be brought back to committee for update until a satisfactory resolve had been achieved. Members were also advised a follow up audit was scheduled for IT to revisit recommendations to ensure no lapses had occurred.

- RESOLVED:**
- (a) to note the contents of the Annual Report and Opinion of the Head of Internal Audit;
 - (b) to note that a reasonable audit opinion had been given in relation to the overall adequacy and effectiveness of the Council's framework of governance, risk management and control to the framework for the year ended 31 March 2020;
 - (c) to note that the opinions expressed, together with significant matters arising from internal audit work and contained within the report, would be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2019/20; and
 - (d) to note the conclusions of the Review of the Effectiveness of Internal Audit.

236 REVISED STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2020/21

The Internal Audit Manager presented her report, which provided Members with an updated Internal Audit Plan for 2020/21. The initial plan was presented to Committee in March, but because of the COVID-19 Pandemic the plan of work needed to be reviewed.

Officers clarified that the contractors (TIAA) were now back at work, having been furloughed and were available to undertake the planned audits. The Internal Audit Manager assured Members that the contractors were familiar with home working and understood how the Council operated, including any processes. Members noted that there was no intention to postpone future audits across the period unless wider issues arose.

In response to a Member's query regarding Big Sky, officers advised that an audit had recently been undertaken and a further review would be planned in future. In relation to Disaster Recovery, Members were advised that due to the work currently underway in ICT, this area would be reviewed again, once current work was complete.

In response to a query regarding joint audits, it was explained that where possible audits would be completed in this way as it would enable the One Team transformation and alignment of processes, and would be more efficient for all those involved. Members noted that there were some audits where a joint approach would not be appropriate.

The Chairman thanked officers for producing the updated plan of work during a time when resources were low and officers had been redeployed to other areas.

Voting was then carried out by roll-call and it was

RESOLVED: To approve the revised Internal Audit Plan for 2020/21 and that officers take into account the considerations and feedback provided by the Committee.

237 RISK MANAGEMENT POLICY

The Internal Audit Manager presented her report on the Risk Management Policy which sought Members of the Committee's consideration, input and approval. The report was a new policy to be used to guide officers, managers and Members with regard to the assessment, management and appetite of risk.

The Chairman welcomed the document and the changes it would bring to the Committee's terms of reference, in allowing the Committee to scrutinise the Risk Register.

A concern was raised over the clarification of internal, external and statutory risk within the policy, and it was suggested that the use of headings would help make the document clearer. The Internal Audit Manager also agreed to amend the objectives of the policy, to include a reference to the minimisation of threats.

During discussion, the Committee agreed that it would be appropriate to review the Strategic Risk Register a minimum of three times a year, once the policy had been approved.

The Internal Audit Manager suggested, and it was agreed, that she would take in to account the proposed changes to the document and forward a revised draft to the Committee for approval, via email. This version would then go on Council for approval.

Voting was then carried out by roll-call, and it was

RESOLVED: To Recommend that Council approves the draft Risk Management Policy, subject to amendments.

238 ANNUAL GOVERNANCE STATEMENT 2019/20

Members considered the report of the Assistant Director of Governance and Business Support, which presented the Committee with the Annual Governance Statement for 2019/20.

In response to a Member's query regarding the governance of the Council's Company Big Sky, it was confirmed that the Council's relationship was a financial one, with the Council being represented by the appointed Shareholders and the Company setting

their own governance. The Assistant Director Governance and Business Support reconfirmed that the Council had a shareholder role on the Board of Directors whose position was to challenge and oversee the running of the Company. Members were reassured that further information regarding Big Sky was due to be circulated to Members.

Members' attention was turned to member training and the Assistant Director Governance and Business Support recognised the need to ensure regular training for Members throughout the four-year term. It was noted that a full training programme was put in place at the start of their appointment and that this needed to be supplemented by training throughout their term.

Members of the Committee wished to thank Councillor Thomas for her work with the Committee over the years as the Portfolio Holder for Finance and Resources, and looked forward to working with the new Portfolio Holder, Councillor Worley.

Voting was then carried out by roll-call, and it was.

RESOLVED: To approve the Annual Governance Statement for 2019/20, subject to the proposed amendments.

239 WORK PROGRAMME

Members considered the Finance, Resources, Audit & Governance Committee's Work Programme, and noted the Self-Assessment of the Committee would be looked at in March 2021.

It was suggested and agreed that once Council had approved the Risk Policy, the Strategic Risk Register would be added to the Work Programme as soon as possible.

The meeting concluded at 11.45 am.

Chairman