

## **FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE**

**Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Friday 22 June 2018 at 9.30 am.**

**Committee Members Present:** Councillors: P Hardy (Chairman), L Dale, W Kemp, T Lewis, T Palmer, R Savage and G Wheatley

**Officers in Attendance:** The Head of Governance (E Hodds), the Head of Internal Audit (S Storm), the Accountancy Manager (M Fernandez-Graham), The Financial Services Manager (S Bessey), the Internal Audit Manager (F Haywood), and the Group Accountant (J Brown).

**Also in Attendance:** Kevin Suter and Tony Poynton - Ernst & Young (EY)

### **176 MINUTES**

The minutes of the meeting held on 9 March 2018 were confirmed as a correct record and signed by the Chairman.

### **177 CORPORATE DEBT COLLECTION POLICY, PROCEDURES AND GUIDELINES**

Members considered the report of the Financial Services Manager, which presented the Committee with a revised Corporate Debt Collection Policy, Principles and Procedure.

The Financial Services Manager presented his report, outlining the proposed changes to the document. Members noted that the changes reflected the recent realignment of staff and teams, delegated the granting of instalments to key staff dealing with customers, and removed the existing framework, which based the number of instalments on the value of the debt, and not the customer's ability to pay. The Financial Services Manager stressed that the policy had been amended with the individual needs of the customer in mind, balanced with the need to safeguard Council finances.

In response to queries, the Financial Services Manager explained that the original policy had included details of delays between each stage of debt recovery, however, as these details could potentially disadvantage the Council (as picked up in a recent audit), these details had been removed.

Discussion followed regarding bad debts and members were informed that debts were only written off as a last resort, and being mindful of the impact on the individual concerned. The Financial Services Manager explained that although some staff were authorised to write off debts, they would be authorising another officer to carry out this action, thus adding in a further stage of checking, and members suggested that this be made clearer in the Policy. Members also noted that all write-offs were subject to sample checking.

Concerning the cost of debt recovery, members noted that the pre-court and reminder letters had not been costed, however, members noted that the cost of a summons was £50.00, and a liability order £20.00. A debt would only be pursued if any costs could be justified in that instance.

(Subsequent to the meeting, the Finance Officer confirmed that the costs added to customer records at the summons/liability order stage reflected the expenses incurred by the Council in the recovery of unpaid Council Tax and Business Rates. It should be noted that these costs are reviewed regularly as they are subject to scrutiny by magistrates at each court hearing).

Following further brief discussion, it was

**RESOLVED:** to note the SNC Corporate Debt Collection Policy, Procedure & Guidelines.

## **178 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

The Internal Audit Manager presented the Committee with a report to advise the progress made between 21 February 2018 and 10 May 2018 in relation to delivery of the Annual Internal Audit Plan for 2017/18, and summarised the two completed audits undertaken during this period.

Members noted that on the completion of the audit on Corporate Health and Safety, an assurance of “reasonable” was awarded. However, a “limited” assurance was awarded with regard to the audit of the Service Desk.

In response to queries regarding the Service Desk, members noted that all the recommendations had been agreed by management, and were due to be finalised by October 2018.

It was then

**RESOLVED:** to note the outcomes of the two completed audits and the completion of the Internal Audit Plan for 2017/18.

## **179 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS**

The Internal Audit Manager presented her report which outlined the position in relation to the completion of agreed internal audit recommendations as at 31 March 2018.

Members noted that only one “important” recommendation for 2015/16, three “needs attention” recommendations for 2016/17, and four “important recommendations” for 2017/18, remained outstanding. The Internal Audit Manager informed members that the recommendation from 2016/17, regarding requisitioner and buyer procedures (Audit SNC1710 Accounts Payable) was now complete.

Concern was expressed that recommendations were still outstanding from previous years and the officers drew members’ attention to appendices 1 and 2 of the report, which provided details regarding the progress made against the recommendations. The Chairman reminded members that the Committee could call managers to account and request that they provide more detailed explanations with regard to progress and reasons for delay. It was suggested that managers report back to the next appropriate meeting of the Committee, however the Head of Governance suggested that a decision regarding this be made nearer the time, based on the progress that had been made.

In response to a query regarding SNC 1807 Key Controls and Assurances from 2017/18, regarding the retention of records concerning changes to supplier details, the Financial Services Manager confirmed that this was an ongoing requirement and was now complete.

It was then

**RESOLVED:** to note the position in relation to the completion of agreed internal audit recommendations as at 31 March 2018.

## **180 ANNUAL REPORT AND OPINION 2017/18**

The Head of Internal Audit summarised her annual report which detailed the outcomes of the Internal Audit work undertaken in 2017/18, and sought to inform members of the effectiveness of Internal Audit, the opinion on the Council's framework of governance, risk management and control during 2017/18, and information relevant for the Annual Governance Statement.

The Head of Internal Audit outlined the key elements of the report, to the Committee, referring in particular to the overall opinion of "reasonable", in relation to the framework of governance, risk management and control at the Council.

Members were pleased to note the positive performance of the internal audit service, which was demonstrated through the performance indicator outcomes.

It was then

- RESOLVED:**
1. to note the contents of the Annual Report and Opinion of the Head of Internal Audit;
  2. to note that a reasonable audit opinion had been given in relation 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 2018;
  3. 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 2017/18;  
and
  4. to note the conclusions of the Review of the Effectiveness of Internal Audit.

## **181 DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18**

Members considered the report of the Head of Governance, which presented the Committee with the Annual Governance Statement for 2017/18.

The Head of Governance presented the report, explaining that there had been a change this year in how the relevant information was pulled together, with a formal assurance statement now being completed by Heads of Service and all those staff reporting directly to a Director. Members noted that these responses highlighted the varying levels of understanding with regard to risk management and steps were already in place to address these development needs.

Following further brief discussion, it was

**RESOLVED:** to approve the Annual Governance Statement for 2017/18.

## **182 DRAFT STATEMENT OF ACCOUNTS 2017/18**

Members considered the report of the Accountancy Manager, which set out aspects of the Council's Draft Statement of Accounts for the Financial Year 2017/18.

The Accountancy Manager presented his report to members, and drew attention to the significant issues and some material items requiring adjustment, which had been identified based on Ernst Young's (EY) work to date, and were expected to be corrected in the final published accounts. He informed members that EY had indicated that subject to adjustments, it expected to issue an "unqualified" opinion on the accounts before the statutory deadline of 31 July. The Group Accountant advised members that officers were working on those items requiring adjustment, and progress was being made.

During discussion, Mr. K Suter, from EY, thanked officers for producing the first draft set of accounts, by 21 May. He referred to delays in information received from the companies' auditor, Aston Shaw Ltd with regard to the Council's subsidiary companies, and he understood that officers would be addressing these issues. He also referred to misstatements in the statement of cashflows, which he believed officers were currently re-working.

After officers had responded to a number of queries on points of detail, it was

**RESOLVED:** To:

1. note the Draft Statement of Accounts;
2. agree that the audited Statement of Accounts be considered at its meeting in July.

## **183 WORK PROGRAMME**

Members referred to the Finance, Resources, Audit & Governance Committee's Work Programme, noting that a more detailed update on the progress of audit recommendations from previous years, might be required at a future meeting of the Committee.

The meeting concluded at 11.24 am

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Chairman