

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 9 March 2018 at 9.30 am.

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

Apologies: Councillor: T Lewis

Officers in Attendance: The Assistant Director of Resources (P Catchpole), the Head of Governance (E Hodds), the Head of Internal Audit (S Storm) and the Accountancy Manager (M Fernandez-Graham)

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

167 WELCOME

The Chairman welcomed Kevin Suter and Tony Poynton to the meeting. Members were advised that Emma Hodds' role within South Norfolk Council had changed and that a new Head of Internal Audit would be in post shortly. It was noted that Samantha Storm had been appointed to perform this role on a temporary basis.

168 MINUTES

The minutes of the meeting held on 24 November 2017 were confirmed as a correct record and signed by the Chairman.

169 CERTIFICATION OF CLAIMS & RETURNS ANNUAL REPORT 2016/17

Tony Poynton from Ernst & Young presented his report which detailed the certification work for the Housing Benefit subsidy claim for the financial year 2016/17. Members were pleased to note that although the certification work had covered £26M, only two errors had been identified. It was noted that there had been a sizeable reduction in fees due to the quality of the work carried out by the Council's officers.

In response to a member's question regarding the Council's draft housing benefit claim to the Department of Work and Pension (DWP), officers advised that the Council had missed the submission deadline for several years to allow time for officers to review detailed cases, identify errors and amend the claim prior to its submission to improve its overall quality. It was further clarified that although the failure to meet the deadline potentially risked a withholding of the DWP subsidy, this meant that the subsidy would be merely delayed and not lost.

Following a brief discussion, it was;

RESOLVED: to note the report on the certification of the Housing Benefit subsidy claim for 2016/17.

170 AUDIT PLANNING REPORT – YEAR ENDED 31 MARCH 2018

Kevin Suter presented the External Audit Plan for the year ending March 2018, advising the Committee of the key risks identified and the planned audit strategy. Members were reminded that the Accounts and Audit Regulations 2015 had introduced a significant change in statutory deadlines from the 2017/18 financial year which brought forward the timetable for the preparation and approval of accounts, with draft accounts needing to be prepared by 31 May and final publication of accounts by 31 July. In response to a member's question, the Assistant Director of Resources confirmed that although meeting this deadline would be a challenge, he was confident that the Council had sufficient resources to do so, but stressed the need for constant dialogue with Ernst Young. Mr Suter confirmed that he would alert the Chairman if he had any concerns regarding the Council's progress and ability to meet the target dates.

In response to a member's query regarding the auditing of Big Sky Developments, officers confirmed that these figures had always been included within the group accounts and that their results had been reported to the Committee in the previous year. It was then;

RESOLVED: to note the External Audit Plan for the year ending March 2018.

171 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Head of Internal Audit presented the Committee with a report to advise the progress made between 15 November 2017 and 20 February 2018 in relation to delivery of the Annual Internal Audit Plan for 2017/18, and summarised the six completed audits undertaken during this period.

Members were pleased to note that the audits completed had all been awarded 'reasonable' assurances and that there were no issues which would need to be considered at the year-end and included in the Annual Governance Statement. The Committee was advised that the audits for Development Management and car parks had both been postponed. Concerns were raised regarding the postponement of the Development Management audit as members generally felt that, as this area was currently undergoing significant changes in its joint working with Broadland District Council, there should be more need for detailed examination rather than for the audit to be delayed. The Head of Governance advised that, due to the changes currently taking place, planning officers did not have the available resources and time to deliver an audit, but she reassured members that there had been and continued to be much officer and member scrutiny of the joint working processes. She agreed to discuss the matter further with the Director of Growth and Business Development but that, as Development Management at Broadland District Council had been audited in September 2017 with a substantial assurance being awarded, she had confidence in the decision.

The Head of Internal Audit provided members with a brief summary on the progress of the remaining four previous internal audit recommendations, as detailed in the report of Accounts Receivable, advising that three of these were nearing completion and that the updating of the Council's Corporate Debt Policy would be completed and reported to the Committee in June 2018.

In response to a member's query regarding the amount which the Council expected to write off, the Accountancy Manager advised that this figure would not be finalised until the end of the financial year but confirmed that he would look into the current position and advise members accordingly.

It was then;

RESOLVED: to note the outcomes of the six completed audits finalised in the period 15 November 2017 to 20 February 2018, and the position of the (revised) Internal Audit Plan for 2017/18.

172 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2018/19

The Head of Internal Audit presented her report which provided members with the Internal Audit Plans for 2018/19 which would ensure that key business risks would be addressed by Internal Audit.

In response to a member's comment regarding the audit and governance of Big Sky Developments, officers confirmed that this had also been audited in 2016/17 when it had been awarded a 'reasonable' assurance.

It was noted that Cllr Lewis had been unable to attend the meeting but had submitted a question for discussion regarding the number of contractors retained on a non-employment basis who might be affected by the revised IR35 legislation. In response, the Head of Internal Audit confirmed that the Council did not currently have any IR35 workers. She added that the Council used an HMRC assessment called CEST to determine whether IR35 was met, to ensure compliance. It was further clarified that the job title 'HR Business Partner' referred to an employed position within the Council.

It was then;

RESOLVED: to approve:

- a) the Internal Audit Strategy for 2018/19;
- b) the Strategic Internal Audit Plans 2018/19 to 2020/21;
- and
- c) the Annual Internal Audit Plan 2018/19.

173 FINANCE, RESOURCE, AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT

The Chairman introduced the report which detailed the self-assessment undertaken by the Finance, Resources, Audit & Governance Committee, advising the Committee that he, in consultation with the Head of Governance, had reviewed and finalised the assessment with the conclusions being forwarded to members, prior to the meeting.

The Head of Governance advised that the self-assessment question regarding whether the Committee's terms of reference explicitly addressed all the core areas identified in CIPFA's position statement had been assessed as 'partly' as the Committee did not directly review risk management as this was an area which was instead reviewed by the Cabinet, but did have an awareness of risks as part of most of the reports that were received.

In response to a member's question regarding whether the Committee should request feedback on its performance, it was suggested that Cabinet was aware of the work of the Committee and would feed back any concerns raised. It was then:

RESOLVED: to note the report and its contents and to confirm that full compliance had been recognised in relation to each of the areas subject to scrutiny.

174 ANNUAL REPORT OF FINANCE, RESOURCE, AUDIT AND GOVERNANCE COMMITTEE

The Head of Governance summarised the salient points in her report, which outlined the work of the Finance, Resources, Audit and Governance Committee for 2017, and was pleased to note that the Committee had expanded its governance role during the year by considering a wide range of topics including the Code of Corporate Governance, the Rules for Financial Governance and a number of the Council's strategies.

There were no further comments and it was;

RESOLVED: To note the contents of the Annual Report before its presentation to Full Council.

175 WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee's Work Programme and it was suggested and agreed that the Debt Recovery Policy be added to the agenda for 22 June 2018.

The Committee noted that, as the deadlines for finalising the Council's accounts for 2017/18 had been brought forward, it was anticipated that the audit would be completed by May so the items scheduled to be considered in July 2018 would move to the June 2018 meeting. However, it was agreed that the July meeting should remain in the work programme in the event that there were any delays with the audit.

The meeting concluded at 10.35 am

Chairman