

FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a remote meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk District Council, held on Friday 5 March 2021 at 9.30am.

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 Present: Councillor: J Worley

Officers in Attendance: The Assistant Director of Finance, (R Fincham), the Assistance Director of Governance and Business Support (E Hodds), the Chief of Staff (H Ralph), the Finance Manager (J Brown), the Internal Audit Manager (F Haywood) and the Corporate Fraud Officer (I Kerrison)

Other Members Present: Councillor: D Bills

Also in Attendance: Mr M Hodgson (Ernst & Young (EY))

252 MINUTES

The minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 5 February 2021 were confirmed as a correct record.

253 ANNUAL AUDIT LETTER

The Chairman welcomed Mr M Hodgson from EY, to the meeting.

Mr Hodgson presented the Annual Audit Letter and informed the Committee that no risks had been identified in the report.

In response to a member's query regarding IFRS 16 Leases, Mr Hodgson advised that EY believed the Council already fully detailed most, if not all, of

their leases however it would be remiss of EY not to include it in their report. The Finance Manager further explained that leases were already fully detailed and included in the accounts, and that it was the imbedded leases within contracts that required further work. She reassured members that these would not materially impact the accounts.

Members discussed the audit fees as outlined on page 35 of the agenda, where the additional Covid related work was noted as well as the increase in the proposed scale fee. Mr Hodgson clarified to members that the revised proposed scale fee was still with the PSAA for determination.

The Chairman thanked Mr Hodgson for his report, and it was,

RESOLVED

To note the contents of the report.

254 REVIEW OF POLICIES

The Corporate Fraud Officer outlined his report which presented the new Counter Fraud, Corruption and Bribery Policy, the Anti-Money Laundering Policy and the Whistleblowing Policy for members to review and recommend to full Council. He informed members that these policies had been re-written to take into account current best practice.

The Assistant Director of Governance and Business Support advised members that the new Whistleblowing Policy put more routes in place for staff, contractors, auditors, etc to raise any concerns.

Members suggested that it would be helpful to see the tracked changes when reviewing amended policies. The Assistant Director of Governance and Business Support explained that these policies had been completely re-written and therefore tracked changes were not available. She agreed to take on board this suggestion for future changes to the policies.

One member queried whether there had been any procurement issues because of Covid. The Corporate Fraud Officer acknowledged that during these unprecedented times the emergency use of contractors had been required, however no issues had been found. He further explained that the new policy put measures in place to prevent any procurement issues from arising.

Members asked whether training would be provided to members and officers regarding the new policies. The Corporate Fraud Officer advised that once the policies had been approved by Council (subject to this Committee's recommendation), officer training would be provided through Skillsgate. The Assistant Director of Governance and Business Support further confirmed that

member training would also be provided through Skillgate to raise members awareness of the policies.

Whilst discussing the Counter Fraud, Corruption and Bribery Policy, one member raised a concern that planning incentives through S106 agreements had not been included and queried whether these should be noted as exceptions. The Corporate Fraud Officer advised members that the policy referred to personal bribes only, but he would look into whether Government and Council-wide incentives needed to be included.

Members queried whether an end of year report could be brought to the Committee which outlined the number of cases where the policies had been used. The Assistant Director of Governance and Business Support advised Members that such a report had always been on the agenda, however there had been no cases so far and no report had been needed.

A vote was then carried out by way of a roll call and it was unanimously,

RESOLVED

To recommend to full Council the following amended policies:

- Counter Fraud, Corruption and Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy

255 ANNUAL REPORT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE 2020/21

The Assistant Director of Governance and Business Support presented her report, which outlined the work the Committee had undertaken throughout the year, which included:

- Risk Management Policy
- Annual Governance Statement 2019/20
- Statement of Accounts
- External Audit
- Internal Audit
- MHCLG response to Redmond Review

The Chairman noted that it had been a very difficult year, but that officers had risen to the occasion to provide 'business as usual' alongside Covid support. It was then

RESOLVED

To recommend that Council approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee.

256 STRATEGIC RISK REGISTER – Q3 2020/21 UPDATE

The Chief of Staff presented the report and informed members that CMLT updated the register based on the risk to the Council and the risk to the delivery plan. She further advised members that there were currently 14 risks on the register, with 1 risk (failure to respond to economic impact of Covid-19 and Brexit) added since quarter 2.

The Chairman expressed his wish to review the risk register at the next FRAG Committee meeting in June, to gauge whether the lifting of lockdown had any impact on the risks to the Council.

In response to queries from members, the Chief of Staff advised members that the recommendations included in the report were in line with the risk management framework. The Internal Audit Manager further explained that in accordance with the Committee's terms of reference, the Committee was responsible to provide an overview of the framework and to review the risk register.

One member raised a concern over the reduction of risk 1 from 20 down to 12, given that there were still many unknowns around funding for the public sector. The Internal Audit Manager clarified that the reduced score was the level that Internal Audit expected the risk to be at, once all actions had been completed.

Members requested that the date the risk register was updated be included in future reports, and the Internal Audit Manager agreed to incorporate this in future.

It was then

RESOLVED

To note the Strategic Risk Register update for Q3 2020/21 for the Council.

257 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Manager presented her report which advised members on the progress made towards the delivery of the Annual Internal Audit Plan and summarised the completed work undertaken.

Officers highlighted the difficulties and delays in the Internal work because of the ongoing impact of Covid.

Members noted that debt recovery was placed on hold for several months and queried whether recovery had been overlooked or if there was reason for the hold. The Internal Audit Manager advised members that the Council made a conscious decision to halt debt recovery in 2020 because of the Covid pandemic. The Assistant Director of Finance explained that there were several reasons why the Council decided on this course of action, which included:

- Customers financial difficulties;
- Staff workload pressures;
- Restrictions on enforcement; and
- Court delays.

The Assistant Director of Finance further explained that debt recovery had since resumed, with individual customers' circumstances considered by the Council.

In response to a query, the Assistant Director of Finance informed members that the risk of underspend of capital from the Better Care Fund was due to delays in work carried out as part of the Disabled Facilities Grants. He assured members that more staff had been made available to roll out this work.

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

258 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2021/22

The Internal Audit Manager provided members with a verbal update on the Strategic and Annual Internal Audit Plans for 2021/22 and she highlighted that a more pragmatic approach had been taken this year in response to the changing environment surrounding Covid. She reassured members that progress had been made and that she was confident that all audit work would be completed, although outside of the normal deadlines.

The Committee thanked officers for their hard work, in light of the difficulties faced.

259 SELF ASSESSMENT OF THE FRAG COMMITTEE

The Internal Audit Manager introduced the report, which detailed the self-assessment undertaken for the FRAG Committee. She advised members that she had completed the self-assessment in consultation with the Chairman,

following the exercises carried out by the Committee last year and that members were requested to review the checklist at Appendix 1, to ensure that it was an accurate reflection of the operations of the Committee.

A few areas were noted where updates and/or further work was required, this included:

- Updates to the Committee's terms of reference, regarding risk management.
- Training on risk management to be provided to members.
- The self-assessment of knowledge and skills to be carried out again for the new members of the Committee.

During the discussion members felt more needed to be done to promote FRAG to non-Committee members and to encourage them to attend the meeting or even join the Committee in the future. It was suggested that an overview of the FRAG Committee could be included in future member inductions, or that the Chairman could provide more information during the annual report to Council.

It was then,

RESOLVED

To note the checklist at appendix 1 of the report.

260 WORK PROGRAMME

Members considered the Finance, Resources, Audit and Governance Committee's Work Programme and it was noted that an additional informal meeting would be scheduled to provide more training on the risk register.

(The meeting concluded at 10.37am)

Chairman