

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

**Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk District Council, held on Friday 25 June 2021 at 9.30am.**

**Committee Members Present:** Councillors: S Ridley (Chairman for the meeting), C Brown, A Dearnley, B Duffin and T Laidlaw

**Apologies for Absence:** Councillor: P Hardy

**Cabinet Member Present:** Councillor: J Worley

**Officers in Attendance:** The Director of Resources (D Lorimer), the Chief of Staff (E Hodds), the Internal Audit Manager (F Haywood) and the Senior Procurement Officer (A Butcher)

**Other Members Present:** Councillor: D Bills

**Also in Attendance:** Mr A Bull, Procurement Manager at Breckland District Council  
Mr M Hodgson (Ernst & Young (EY))

### **261 MINUTES**

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

### **262 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 21/22**

Members considered the report, which provided an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2021/22 to 2024/25 and the Annual Internal Audit Plan for 2021/22. The report also provided the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of South Norfolk Council's framework of governance, risk management and control. The Internal Audit Manager advised the Committee that the plans also looked at the impact of the Covid 19 pandemic and sought

to provide assurance on the framework for Covid Relief Grants, Business Strategy & Performance Management, Counter Fraud & Corruption and the Annual Governance Statement.

In response to queries on the Counter Fraud & Corruption framework, the Internal Audit Manager informed the committee that there was a proactive approach to the framework which included new guidance on threat opportunities in order to ensure good practice was followed.

One member queried the date of the next external assessment, the Internal Audit Manager advised that the next external assessment was to be carried out in 2022, but that the exact date had not been determined.

A vote was taken and it was unanimously,

## **RESOLVED**

That the Committee approve:

- a) The Internal Audit Charter
- b) The Internal Audit Strategy
- c) The Strategic Internal Audit Plans 2021/22 to 2024/25; and
- d) The Annual Internal Audit Plan 2021/22.

## **263 EXTERNAL AUDIT PLAN 2020/21**

Members considered External Audit Plan from Ernst & Young (EY), which summarised their assessment of the key risks driving the development of an effective audit for the Council.

Mr M Hodgson from EY took members through the plan for 2020/21, highlighting the key areas of activity. He noted that new risks had been considered as a result of the Covid 19 pandemic, this included Government grants and NNDR appeal collections.

With regard to the new 2020 code, Mr Hodgson informed members of the changes to the auditor responsibilities, which included:

- Positive conclusions were no longer reported
- Upfront Risk Assessment reports provided
- Annual Auditor Report to be produced within 3 months of the audit (this replaced the Annual Audit Letter)

In response to a query on the timeline of key stages of the audit and deliverables, Mr Hodgson confirmed that EY were on track for the work to be completed on time, but that that would be dependant on the quality of the reports received by the Council and the amount of follow up required.

After further discussion, the Chairman thanked Mr Hodgson for his report and it was,

## **RESOLVED**

To note the contents of the report.

### **264 ANNUAL GOVERNANCE STATEMENT 2020/21**

The Chief of Staff introduced her report, which presented the draft Annual Governance Statement 2020/21.

She advised the Committee that the Annual Governance Statement covered various assurances from the Assistant Directors across key service areas, in addition to other key assurance sources as outlined at section 2.3 of the report.

It was noted that the assurance statement from 2019/20 highlighted no significant issues and that governance regarding closer working relationships with Broadland District Council was raised as a key theme. Although it was not a significant issue, given the previous year it was considered important to still have oversight of this.

The assurance statement for 2020/21 highlighted two areas which needed further attention:

- Risk and Control - which included the roll out of Risk Management training to officers, ensuring clear understanding of how the Council managed risk
- Business Continuity – which had been tested over the last year due to the Covid 19 pandemic, it was noted that there was a need to undertake a 'lessons learnt' exercise and that the Business Continuity Plan needed to be updated to incorporate the lessons learnt over the last year.

A section in the Statement covered the Covid 19 pandemic and how the control environment had been affected.

The Chief of Staff explained to the Committee that the Statement was subject to the outcome of the Head of Internal Audit's Opinion Report which, due to delays, would be brought before the Committee at its meeting on 9 July 2021.

Members discussed the assurance statements and it was noted by the Portfolio Holder that no joint Broadland District Council issues had been highlighted, which he felt was a good step forward for the One Team concept.

In response to a query on when the Annual Governance Statement would be signed, the Chief of Staff informed Members that the Head of Internal Audit's Opinion report had to be finalised and brought before the Committee before the Annual Governance Statement could be signed off. Members noted a couple of typographical errors, which the Chief of Staff confirmed would be corrected prior to the sign off.

Discussions were held with regard to the increased scale of operation of Big Sky Ltd and the increase in investment by the Council, it was noted that 2 members of the Council now sat on the Board of Directors of Big Sky.

A vote was taken and it was unanimously,

### **RESOLVED**

To approve the Annual Governance Statement for 2020/21.

## **265 COUNTER FRAUD ACTIVITY 2020/21**

The Director of Resources provided the Committee with a verbal presentation on the Counter Fraud Activity for 2020/21. This provided members with an update of the Counter Fraud activities of the Council during 2020/21. She outlined the background of the work undertaken in supporting the Department of Work and Pensions (DWP). It was noted that 71 referrals of potentially fraudulent claims had been reported to the DWP by South Norfolk Council. Due to the Covid 19 pandemic and the inability to conduct interviews under caution; it had not been possible to pursue criminal investigations over the last year, instead officers had concentrated on correcting Council Tax Support accounts and rectifying these by civil means.

The main body of work carried out over this year involved the Covid business grant verification. The Director of Resources informed members that the Government requested that Council pay out the grants to businesses as quickly as possible with only limited pre-payment checks, whilst they agreed to carry the risk that that would entail with regard to fraudulent claims. The Council was then required to undertake extensive post-payment checks. Members queried whether there would be any recourse to the Council over unrecoverable grants. The Director of Resources explained that the Government would cover the unrecoverable monies, but that as the grants were funded by public money the Council would attempt to recover as much as possible, she also explained that if there were any losses as a result of errors made by South Norfolk Council, these may not be covered by Government.

With regard to fraud training and the resource within the Council the Director of Resources informed members that the Senior Investigations and Enforcement Officer had provided fraud training to the Benefits Team and in addition support and advice had been provided across the One Team. It was noted that there was a limited fraud resource within the Council with only one senior officer in the team. Due to a backlog of work a temporary resource had recently been added to the team.

Members were advised of the work undertaken by the Council as part of the National Fraud Initiative hosted by the Cabinet Office, which was a data-matching exercise that sought to identify potential errors or instances of fraud.

With regard to internal fraud, the Senior Investigations and Enforcement Officer had investigated and concluded one internal conduct matter and two grievance investigations.

## **266 REVIEW OF CONTRACT PROCEDURE RULES**

Members considered the report which provided a review of South Norfolk's Contract Procedure Rules (CPRs) and sought to update wording within the report as well as replace the contract award levels with those proposed within the report at section 2.8 (page 107). The Senior Procurement Officer explained that proposed changes if approved by both Councils would align the CPRs for both Broadland District Council and South Norfolk Council and bring them in step with neighbouring authorities, which would be important were the Council to be part of a Procurement Consortium, which was currently being considered. She also explained that the proposed amendments to the contract award levels would bring them in proportion with officers seniority levels within the Council. In response to a member's query she explained that the current contract award levels meant that an Assistant Director could employ an officer at a greater monetary cost than they were able to award a contract at. The Director of Resources added that in those cases a Director would be responsible for awarding a contract for a project that they had less knowledge of than the Assistant Director who was not authorised to award a contract at that level.

The Senior Procurement Officer also informed the Committee that Broadland District Council's Audit Committee had resolved to recommend the amended CPRs subject to the retention of the current contract award levels. Members noted the importance of a joint CPR policy between the two Councils and queried the reasoning behind Broadlands decision. The Senior Procurement Officer advised the Committee that Broadlands Audit Committee felt that there was no justification for the contract award level to be increased and that there was little evidence to show procurement had been significantly impacted on as a result of the current levels.

In response to queries on the rationale for the amended CPRs and increased contract award levels, the Director of Resources reiterated that an aligned CPR policy would aid the proposed procurement consortium and that standardised procurement across authorities would help to encourage a larger number of suppliers to bid for local authority contracts.

After further discussion, in which members reflected that the reasons given for the need for the amended CPRs and contract award levels were valid, a vote was taken and it was,

### **RESOLVED**

To recommend to Full Council the amended Contract Procedure Rules attached as Appendix A.

## **267 STRATEGIC RISK REGISTER Q4 2020/21 UPDATE**

The Director of Resources presented the report which sought to provide members with an overview of the Q4 position of the Strategic Risk Register for South Norfolk Council, she explained that the oversight of the Strategic Risk Register was a responsibility of the Finance, Resources, Audit and Governance Committee.

In response to a query on the mitigations put in place for risk 12 – Capability and capacity of the workforce is not aligned effectively to key priorities and organisational requirements. The Director of Resources explained that the Council looked to provide apprenticeship opportunities in the Planning, IT and Environmental Health service areas in order to develop talent and increase capacity options in those hard to recruit areas. She further explained that the Council currently had 14 apprentices, which would be increased to 30.

One member queried whether Planning and IT roles were harder to recruit as Local Government salaries were lower than those offered in the private sector. In response the Director of Resources informed members that demand in those areas were low across sectors and that the Council was able to pay inducements and market supplements to encourage recruitment.

It was then,

### **RESOLVED**

To note the Strategic Risk Register update for Q4 2020/21 for the Council.

## **268 WORK PROGRAMME**

Members considered and noted the Finance, Resources, Audit and Governance Committee's Work Programme.

(The meeting concluded at 10.40am)

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Chairman