

## **Audit & Governance Committee**

### **Minutes of the Meeting held in Council Chamber, County Hall on Monday 13 March 2023 at 10:15am**

#### **Present:**

Cllr Ian Mackie – Chairman  
Cllr Terry Jermy  
Cllr Kay Mason Billig  
Cllr Robert Savage – Vice-Chairman  
Cllr Saul Penfold  
Cllr Tony White

Tracy Colman (Independent Person)  
Christine MacDonald (Independent Person)  
Debbie Hanson – External Auditor, Ernst Young LLP

The Chairman opened the meeting and welcomed Christine MacDonald to her first meeting as part of her role as one of the Independent Persons within Norfolk County Council's governance structure. In his absence the Chairman also thanked Simon George, Executive Director of Finance and Commercial Services who was leaving the Council to pursue new opportunities shortly after Easter. Simon had been instrumental in the past eight years, guiding and steering the council through some turbulent times including the covid pandemic, changes of administration and rising inflation. The Chairman thanked Simon for his service and dedication to Norfolk and wish him well in his future endeavours.

#### **1 Apologies for Absence**

- 1.1 Apologies received from Cllr Mark Kiddle Morris.

#### **2 Minutes**

- 2.1 The minutes from the Audit Committee meeting held on 28 November 2022 were agreed as an accurate record and were signed by the Chairman.

#### **3 Declaration of Interests**

- 3.1 Cllr Robert Savage declared an "Other Interest" as he is a Member of the Norfolk Pension Fund scheme.

#### **4 Items of Urgent Business**

- 4.1 None.

#### **5 Norfolk Audit Services Report for the Quarter ending 31 December 2022**

- 5.1 The Committee received the annexed report (5) report by the Executive Director of Finance & Commercial Services updating it on the overall opinion on the effectiveness of risk management and internal control and setting out the work to support the opinion and any matters of note.

- 5.2 In response to questions from the Committee, the following points were noted:
- The Standards committee sub panel dealing with Councillor conduct issues had only needed to meet once in the past three years.
  - The next meeting of the Regional Audit Committee Chairs Forum was due to take place on 22<sup>nd</sup> March 2023. Norfolk County Council had been chairing and hosting the meetings since the forum's inception and the Chair thanked officers for their hard work in ensuring the forum had a good start. Arrangements were in hand to transfer the Forum's Chairmanship to Essex County Council.
- 5.3 The Committee considered the report and **RESOLVED** to:
- Agree the key messages, that the work and assurance met the requirements and advise if further information is required.

## 6. Risk Management Quarterly Report to November 2022

- 6.1 The Chair congratulated Thomas Osborne, the Risk Management Officer in passing his final module of the International Diploma in Enterprise Risk Management, and had achieved the full qualification through the Institute of Risk Management.
- 6.2 The Committee received the report by the Executive Director of Finance and Commercial Services referencing the corporate risk register as it stood in March 2023, following the latest review conducted during January 2023.
- 6.3 In introducing the report, the Risk Management Officer highlighted those risks which had been updated and agreed by Cabinet.
- 6.4 The following changes were noted:

### Escalated risks

**RM037** – NFRS industrial action – (The action had since been called off by the trade unions involved).

**RM038** – ASSD Recovery from the Covid-19 pandemic

**RM039** – ASSD Financial, staffing & market stability impacts due to implementation of social care reform

**RM040** – ASSD Assurance implementation

### Risk closure

**RM023** - Changes to demography, funding, and government policy

The three escalated risks (RM038 – 40) to corporate level above are being put forward to replace risk RM023, as they better reflected the key current risks to the Adults Social Services department that are corporately significant.

- 6.5 In response to member's questions, it was noted:
- Risk RM027. The new myOracle system, was still experiencing some very minor issues which were in the process of being resolved.
  - There were no reported risk issues around the unexploded bomb that was discovered close to the Third River Crossing Project in Great

Yarmouth that was inadvertently detonated. Whilst the physical impact of the incident is still being assessed, it is not expected to impact the timetable of the crossing opening.

- The new risk **RM038** related to the backlog of work that had built up during the Covid pandemic in Adult Social Services. It is anticipated that it will take some time to work through. The Risk Management Officer agreed to discuss this further with the department and to report back to the committee.
- It was acknowledged that the inflation rate quote in the report under risk **RM022b** required adjustment upwards to reflect current rates of around 10%.
- Risk **RM033** had no significant update as the County Council were still waiting confirmation from DfT regarding the funding for the Norwich Western Link. The risk data update will be fully reflected within the next report
- The committee were advised that regarding risk **RM036** over 200,000 trees had already been planted to meet the target of 1m by 2025.
- **RM039:** The County Council has undertaken a number of different initiatives, including the use of social media, to recruit staff to the Care Sector. The Risk Management Officer committed to obtaining more detailed data on recruitment numbers and return to the committee in the next report.

- 6.6 The Committee considered the report and **RESOLVED** to agree:
- a. key messages as per paragraphs 2.1 and 2.2 of this report
  - b. key changes to the corporate risk register (Appendix A);
  - c. corporate risk heat map (Appendix B);
  - d. generic corporate risks (Appendix C);
  - e. background Information (Appendix D);
  - f. information in this report is sufficient.

## 7 External Audit Update

- 7.1 The Committee received the annexed report (7) by the Executive Director of Finance and Commercial Services which provided an update on the audit of the annual Statement of Accounts and Annual Governance Statement for 2021-22 following the committee meeting in November 2021.
- 7.2 Debbie Hanson, the External Auditor from Ernest Young LLP gave a verbal update and advised:
- Infrastructure assets can be disclosed on a net book asset value basis in the statutory accounts following the introduction of the statutory override. This removed the challenges concerning the disclosure of gross book value and accumulated depreciation of infrastructure assets.
  - Ernst & Young have experienced some resourcing issues and as a result have not achieved the desired level of progress they would have expected. This capacity issue was likely to have an effect on the 23/23 Audit as well.
  - It was proposed to return to the committee in July with the audited accounts for sign off, with the outstanding audit work to be completed

in April, the audit manager review taking place in May and final adjustments to the accounts undertaken in June.

- The triennial valuation of the local government pension fund, including the Norfolk Pension Fund is likely to produce a significant variation in the valuation of the pension liability disclosed in the Annual Accounts. This would require additional post balance sheet disclosures in the 21-22 annual accounts and additional audit work to be carried out to test the membership data in April.

7.3 The following point was noted in response to questions from the committee:

- The infrastructure assets adjustment was a temporary solution to the legislation and would be in place until 24/25.

7.4 The Committee considered the report and **RESOLVED** to **agree**:

- The plans to conclude the 21-22 annual statement of accounts audit and their approval.

## **8 Internal Audit Strategy Approach and Audit Plan 2023-24**

8.1 The Committee received the annexed report (8) by the Executive Director of Finance and Commercial Services which set out how the resources available are matched to the audits and risk management requirements ensuring the effectiveness of systems of risk management and internal control are conducted. The plan covered the first six months of the period 23/24 and will be updated again later in the year to provide the final six months to allow for any adjustments required.

8.2 In response to questions from the members it was noted:

- An external quality assessment had been carried out in 2022 and the department were awarded the highest standard of 'generally confirms'. Only a quarter of those assessed received this award and the Chairman congratulated all those officers concerned with the assessment.
- The department was progressing well with increasing capacity through training and learning schemes that included apprenticeships.
- Members felt that cost savings identified through efficiencies and the prevention of losses picked up during routine audit work should be reflected in the projected income of the service provided by NAS. However, it was appreciated that this was sometimes hard to quantify and was best expressed through value for money as a service.
- A cold file review was an objective review of a completed audit assignment and would involve high level review to ensure the correct standards and any necessary legislative considerations had been applied correctly. The review period would cover the previous 12 months.

8.3 The Committee considered the report and **RESOLVED** to **agree**:

- The effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice.

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2023-24 and the Audit Plan for the first six months of 2023-24, supported by the 'Days Available to Deliver NAS Services 2023-24 (Appendix C) and the 'Detailed Audit Plan for the first six months of the Audit Year 2023-24 (Appendix D), and that this work will deliver sufficient scope for the above assurances.
- That the arrangements are compliant with all applicable statutes and regulations, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 2.31 and 2.37 of this report), and any other relevant statements of best practice.

## 9 Committee Work Programme

- 9.1 The Committee received the report by the Executive Director of Finance & Commercial services.
- 9.2 The Committee considered and **noted** the report and **agreed** to the programme. In July 2023 the committee would also receive the following reports:
- External Auditors Audit Results
  - Letters of Representation
  - Statement of Accounts
  - Annual Governance Statement

It was agreed to move the Census 2021 report to October 2023

A new date for the training session of the annual accounts would be agreed and circulated in due course.

**The meeting ended at 11.23 am**

**Cllr Ian Mackie – Chairman Audit & Governance Committee**



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