

Audit & Governance Committee
Minutes of the Meeting held in Council Chamber, County Hall
on Thursday 7 September 2023 at 2pm.

Present:

Cllr Ian Mackie - Chairman
Cllr Lesley Bambridge
Cllr Andy Grant
Cllr Steve Morphew
Cllr Robert Savage - Vice-Chairman
Cllr Karen Vincent

1 Apologies for Absence

- 1.1 Apologies were received from Cllr Tony White, Cllr Mark Kiddle-Morris and Cllr Terry Jermy, substituted by Cllr Lesley Bambridge, Cllr Andy Grant and Cllr Steve Morphew respectively.

Apologies were also received from Tracy Colman and Christine MacDonald (independent persons)

2 Minutes

- 2.1 The minutes from the Audit & Governance Committee meeting held on Tuesday 25 July 2023 were agreed as an accurate record and signed by the Chairman.

3 Declaration of Interests

- 3.1 Cllr Robert Savage declared an "Other Interest" as he was a Member of the Norfolk Pension Fund scheme.
- 3.2 Cllr Karen Vincent declared an "Other Interest" as she was a Member of the Norfolk Pension Fund scheme.
- 3.3 Cllr Steve Morphew declared an "Other Interest" as his wife was a Member of the Norfolk Pension Fund scheme.

4 Items of Urgent Business

- 4.1 The Chairman read the following paragraph with regards to the latest news headlines about Reinforced Autoclaved Aerated Concrete (RAAC).

We have all seen the national news around the issue of RAAC concrete in schools.

We were made aware of this issue in 2018 and proactively worked with all of the county council's-maintained schools to identify if RAAC was present and if there were any problems. Structural engineers from NPS carried out surveys of 83 buildings and found no concerns

As you would expect, we are keeping up to date with the changes and updates in DFE guidance and other information on RAAC as it comes through, in case any additional assessment is required to ensure the health and safety of pupils

As you know, most schools are academies, which are independent of the council and they are responsible for their own buildings. We have contacted academies three times since 2018 to flag the potential issues with RAAC and reminded them to complete the Department for Education's survey in June this year

On Friday (1 September), we were contacted by the Thomas Bullock academy school in Shipdham, where RAAC was found in the school hall. The start of term has been delayed by a day to enable checks to take place

We are awaiting further results from a number of other academy schools and the schools will inform parents and staff if any issues are found. We are, as always, ready to assist. I would encourage parents to speak to their schools if they have any concerns. I look forward to receiving further details about how the Government intends to deal with the issue of RAAC in schools

Regarding our own estate, we want to reassure colleagues that NCC has been actively monitoring and surveying buildings for the presence of RAAC since 2020, undertaking over 116 assessments of buildings across our estate, as part of a wider programme of building safety. This includes County Hall as well as our libraries, fire stations, and the Independence Matters estate. No RAAC has been identified. We'll continue to work with partners, statutory agencies, and our specialist building consultancy teams to ensure the safety of staff and visitors to any of our buildings.

- 4.2 Members asked, that to be of help to the academies, if condition surveys were carried out on those schools that transferred to academies before they did transfer. If so, could those reports be provided and reviewed for evidence within the historical information about whether RAAC was present. The Chairman replied officers had taken note of the question and would follow that up.

5 Norfolk County Council Audit Results Report – Audit Committee Summary for the year ended 31 March 2022

- 5.1 The Committee received the report which introduced the External Auditor's (Ernst & Young) Norfolk County Council Provisional Audit Results Reports – Audit and Governance Committee Summary for the year ended 31 March 2022. The report enabled the Committee to formally consider matters raised by the Council's external auditors.
- 5.2 In response to questions from the Committee, the following points were noted:

- 5.3 The Chairman stated that he looked forward to the unqualified set of accounts and the value for money statement. He also stated that the delay of the audited accounts was a concern as, whilst they tried to assure the residents that there was value of the money being spent, the delay had an effect on this. The delay and lag on the audited accounts also put extra workload onto officers at NCC trying to tie up these accounts whilst working on the current year. Capacity has impacted on the timeliness of completing the accounts, as well as staff turnover and Ernst and Young fully acknowledged the delay and the extra work this had caused.
- 5.3.1 It was reported that the timeline for the 2022/2023 accounts was unknown as the process was ongoing. Ministers were in the process of starting a consultation to change the process of auditing accounts. The committee were aware of this consultation and would be responding accordingly to it. Members exclaimed their disappointment at the situation of the market of accountancy firms, as these issues were national, and not just unique to EY. The larger accounting companies were used primarily because they had the capacity, skills and expertise.
- 5.3.2 The investment properties on the airport sale related the Norfolk County Council's share.
- 5.3.3 The council decision regarding the bad debt in relation to the NHS hadn't been considered yet due to the Ernst and Young delay, not because it wasn't known about.
- 5.3.4 Ernst and Young confirmed that an area of concern relating to the governance of the Transport for Norwich Committee at the time of receiving a sum of money from a successful bid had been brought to their attention and had been reviewed. This would be included in their conclusion and the value for money statement. The information was also included in the Annual Governance Statement reflecting on the processes and reporting that had been through and Ernst and Young could see that there was transparent reporting which had taken place. The Monitoring Officer confirmed that the decisions made using that funding were correct and that Officers had approached the Department for Transport to discuss the change in governance arrangements and no issues were raised.
- 5.3.5 The Committee asked if it could be made clear that a third-party confirmation of an investment was unable to be obtained in the final audit report. Evidence had been provided from Norfolk County Council.
- 5.4 **The Committee RESOLVED to:**
1. Consider the update to the audit scope for risk and materiality issued by Ernst and Young
 2. Consider and agree matters raised in the Ernst and Young Norfolk County Council and Audit Results Reports before Ernst and Young issue their audit opinions.
 3. Note the previously acknowledged Ernst and Young Audit Results Reports for the Norfolk Pension Fund Audit 2021-22 received on 22 November 2022 before Ernst and Young issue their audit opinions.

6. Annual Statement of Accounts and Annual Governance Statement Report 2021-22

- 6.1 The committee received the report which introduced the Council's Annual Statement of Accounts and Annual Governance Statement 2021-22. The report enabled the Committee to fulfil their role, as those charged with governance, in accordance with their terms of reference.
- 6.2 In response to member's questions, it was noted:
- 6.2.1 With reference to p84 item 5.14, Officers reported that at the end of March 2022, NCC were transitioning to a new financial system. In order to ensure a smooth cash flow, the decision was taken to pay as many suppliers as possible who were suitable for payment. The movement was due to payments which were escalated for earlier payment which meant that the payments were brought forward by approx. 4-5 weeks. This was a one-off and would not be a regular occurrence.
- 6.2.2 With reference to page 141 and the term 'long term debtors', Officers reported that these were instances where NCC had provided funding and would be paid back over a term longer than one year. The majority of the figure stated was Greater Norwich Growth Board who had borrowed money for the Northern Distributor Road and were paying back the funding over a 25-year period.
- 6.2.3 The Assistant Director of Finance (Audit) updated the committee with the following points which would be amended in the final version of the Annual Governance Statement
- The Cabinet Member decision to set up the Transport for Norwich Steering Group and approved the terms of reference.
 - With reference on page 97, that Companies House had reported that the NCC nurseries had been dissolved and the website had been updated.
- 6.3 **The Committee RESOLVED to:**
1. agree that, following annual reviews, the systems of internal control and internal audit are considered adequate and effective;
 2. consider and approve the Annual Governance Statement for 2021-22;
 3. note the non-material audit differences set out in paragraph 6 below, with further detail in paragraph 6.6 of the Appendix 1 to this report.
 4. consider and approve the Council's 2021-22 Statement of Accounts on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to certification by the Director of Strategic Finance after consultation with the Chairman and Vice-Chairman of Audit and Governance Committee.
 5. delegate to the Chair of the Audit and Governance Committee and the Director of Strategic Finance the authority to certify the audited Annual Accounts and the AGS for

publication once Ernst and Young have completed their audit.

7 Audit Letters of Representation Report 2021-22

7.1 The committee received the report which introduced the audit letters of representation of Norfolk County Council and the Norfolk Pension Fund for 2021-22. Letters of representation cover matters material to the financial statements and possible noncompliance with laws and regulations. The Council's external auditors required that the letters are signed before they could complete their audit.

7.2 The Committee RESOLVED to:

1. note the unadjusted audit differences set out in paragraphs 6.2 and detailed in paragraph A5 and A6 of the draft Letters of Representation attached to this report.
2. endorse the letters of representation in respect of Norfolk County Council and, on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to signature, delegate the Chairman of the Audit and Governance Committee and Director of Strategic Finance to sign the letter on behalf of the Council.

8. Forward Work Programme

8.1 The committee received the report which outlined the committee's work programme. The committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance. Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.

8.2 The money laundering report and the anti-corruption reports would be built into the quarterly reports to reduce the number of reports being brought to the committee.

8.3 The Committee RESOLVED

To agree and consider the work programme for the Committee.

The meeting ended at 3.07pm

Cllr Ian Mackie – Chairman Audit & Governance Committee



If you need this document in large print, audio, Braille, alternative format or in a different language please contact Customer Services on 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.