

**Audit Committee**  
**Minutes of the Meeting held on Thursday 18 June 2015 at 2pm**  
**in the Colman Room, County Hall, Norwich**

**Present:**

Mr M Chenery of Horsbrugh  
Mr H Humphrey  
Mr J Joyce  
Mr I Mackie  
Mr D Ramsbotham  
Mr N Shaw

**Officers Present:**

Ms J Dane	Assistant Director, Adult Social Care
Mr J Davis	Resilience Manager
Mr S Rayner	Strategic Risk Manager
Mr A Thompson	Chief Internal Auditor
Mrs J Mortimer	Committee Officer

**Also Present:**

Philip King	External Auditor - EY
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**1 Election of Chairman**

- 1.1 Mr I Mackie was elected Chairman of the Audit Committee for the ensuing year.

**2 Election of Vice-Chairman**

Mr R Smith was elected Vice-Chairman of the Audit Committee for the ensuing year.

**3 Apologies for Absence**

Apologies for absence were received from Mr R Smith (Mr M Chenery of Horsbrugh substituted), Mrs S Gurney (Mr N Shaw substituted), Mr R Murray, External Auditors EY and Mr Simon George, Executive Director of Finance.

**4 Minutes**

- 4.1 The minutes of the meeting held on 23 April 2015 were agreed as a correct record and signed by the Chairman.

**5 Declaration of Interests**

- 5.1 There were no declarations of interest.

**6 Items of Urgent Business**

There was no urgent business.

## **7 Risk Management Report (1<sup>st</sup> Quarter 2015-16)**

7.1 The Committee received the report by the Executive Director of Finance providing it with an update of the Corporate Risk Register and other related matters following the latest review conducted. The update also included details of the twenty risks currently included within the Corporate Risk Register.

7.2 During the presentation of the report, the following points were noted;

- Mr S George, Executive Director of Finance, had replaced Mr P Timmins, therefore all risks which had referred to Mr P Timmins as being the risk owner had now been amended to read Mr S George.
- With regard to risk RM0201 (Failure to implement Norwich Northern Distributor route (NDR), Members were informed that although approval had now been received from central Government, the risk would remain on the register until construction had commenced, after which it would be removed.
- Chief Officer Group (COG) was in the process of carrying out a review of the risk register to consider the Norfolk County Council risks and to ascertain where the risks should sit, eg as a corporate or departmental risk. Already undertaken as part of the review was to contact other Authorities to ascertain the issues that they faced within their authority. Once this work had been completed, a report and recommendations would be considered by COG.
- As part of the review, the Digital Norfolk Ambition (DNA) project risk was proposed to be added to the corporate risk register as it had a potential impact across the Council.
- Risk RM14234 (Failure to deliver planned revenue budget savings in 2014/15) would remain on the risk register until the accounts had been closed in September 2015.
- Risk RM14156 (Liability for legal challenge to procurements conducted by ESPO) would remain on the register to allow monitoring of the contract to continue.
- With regard to risk RM14147 (Failure to improve at the required pace), Members requested the words “will” replace the word “do”. It was also noted that an appointment had now been made to the post of Executive Director of Children’s Services.
- The following abbreviations were clarified and a list of acronyms would be included in future reports:
  - CSLT – Children’s Services Leadership Team
  - NICE – National Institute for Health and Care Excellence

7.3 The Committee welcomed Janice Dane, Assistant Director Early Help and Prevention (Adult Social Services) to the meeting. The Assistant Director Early Help and Prevention had been invited to attend the meeting to answer questions

about risk number RM14079 (Failure to meet the long-term needs of older people) and updated the Committee on the initiatives being undertaken by the department.

7.4 In response to a question from the Committee about any failures in the outsourcing of services, Members were reassured that contract monitoring and governance arrangements were in place. The Assistant Director confirmed that on the whole there did not appear to be many issues.

7.5 The Assistant Director acknowledged that in the past there had been a corporate risk around the sharing of budgets with the NHS, particularly around the Better Care Fund and the difficulty in reaching agreement with each of the Clinical Commissioning Groups (CCG) in Norfolk. This risk had now been placed on the departmental risk register and was being managed by the Adult Social Care Department.

7.6 The Chairman thanked the Assistant Director Early Help and Prevention (Adult Social Services) for attending.

7.7 The Committee **noted** the report.

## **8 Report on Business Continuity**

8.1 The Committee received the report by the Executive Director Community and Environmental Services providing an overview of Norfolk County Council's Business Continuity arrangements to ensure the Authority had the capability to continue service delivery at acceptable predefined levels following a disruptive incident.

8.2 The Chairman welcomed Jan Davis, Resilience Manager, to the meeting.

8.3 During the discussion, the following points were noted;

- The Business Continuity Management Board was an officer group, chaired by Mr N Williams, Chief Fire Officer. The Group met quarterly and provided reports for consideration and approval by COG on business continuity issues. The Board comprised of key department representatives including the Resilience Officer for Public Health.
- The Resilience Team dealt with and planned for a range of emergencies in conjunction with other agencies and external partners.
- Approval of all departmental Business Continuity plans rested with COG.
- In the event of a major incident, a meeting of the Emergency Committee would be convened and this provided the link between COG and Members of the County Council.
- Members considered that the link between officers and Members in the event of an emergency or incident should be strengthened and asked that some thought be given as to how senior Members could be more effectively engaged in Business Continuity and Emergency Planning.

- It was noted that the Communities Committee had overall responsibility for Business Continuity and Resilience and would therefore take the lead committee role. The Chairman would write to the Chairman of Communities Committee, asking that the Committee review all Business Continuity arrangements, in particular how the role of senior members could be strengthened.

8.4 The Committee **noted** the report and recognised the importance of Business Continuity Management to the continued effective delivery of council services following a disruptive incident.

## **9 Norfolk Pension Fund – External Auditor’s Audit Plan 2014-15.**

9.1 The Committee received the report by the Executive Director of Finance introducing the External Auditor’s Audit Plan 2014-15. The plan was one of certain communications that EY must provide to the Audit Committee of the audited client. The Pensions Committee would receive the plan for approval at its meeting on 8 July 2015.

9.2 The Chairman welcomed Mr P King from EY who attended the meeting to answer questions from the Committee.

9.3 The following key points were noted during the discussion:

- The External Auditor fees for the Pension Fund would remain unchanged for the foreseeable future.
- The audited Annual Statement of Accounts to be presented to the Audit Committee at its meeting in September would include the Pension Fund accounts.
- The Pensions Committee would receive a copy of the Audit Plan at its meeting on 9 July.
- The decision to transfer the pension fund custodian from Northern Trust to HSBC had been a joint initiative with Suffolk County Council, London Borough of Hackney and Norfolk County Council and the risks of this transfer were noted.

9.4 The Committee considered the External Auditor’s Audit Plan and **NOTED** the plan would be reviewed by the Pensions Committee for approval at its meeting on 8 July 2015.

## **10 Monitoring Officer’s Annual Report 2014-15**

10.1 The Committee received and **noted** the report by the Head of Law and Monitoring Officer summarising the internal governance work carried out by the Monitoring Officer in 2014-15 and providing assurance that the organisation’s control environment, in the areas which were the responsibility of the Monitoring Officer, were adequate and effective. The Annual Report supported the assurance statements included in the draft Annual Governance Statement for 2014-15.

## 11 Anti-Fraud and Corruption Update

11.1 The Committee received the report by the Practice Director Norfolk Public Law (NPLaw) providing an update for the Committee on the Council's Anti-Fraud and Corruption activity for the period from January to May 2015.

11.2 The following points were noted during the discussion:

- The Committee reiterated its request at previous meetings, that fraud awareness e-learning should be mandated to be undertaken by all staff. The latest information showed that only 84 members of staff had completed the e-learning course over the past 12 months and Members' felt that its recommendation to Chief Officers that all staff should undertake this e-learning course should be included within the report. The Chief Internal Auditor confirmed that he had spoken to the Head of Organisational Development who would be presenting a report to COG about mandatory e-learning and that he had asked that mandatory fraud awareness training be included.
- The Chief Internal Auditor informed the Committee that an email had been sent to approximately 350 budget holders requesting them to undertake the e-learning on fraud awareness. This group had been targeted as it was considered to be a high risk group. The completion rate would be monitored and the results presented to the Committee. Once that training had taken place, finance exchequer services and cashiers teams would be asked to undertake the training.
- The Committee **recommended** again that all staff be mandated to undertake e-learning training on fraud awareness.
- Members requested that future updates on the numbers of staff who had completed the fraud awareness training should include a percentage figure, as well as the actual numbers.
- Members were reassured that the information security policy and training was undertaken by all new members of staff and that an email address would not be provided by ICT Services unless the mandatory data protection training had been completed.
- Members asked that a note be sent to ICT to raise awareness of virus software and viruses and also expressed an interest in holding a Member development session on fraud awareness for all members.

11.3 The Committee **noted** the report, in particular that

- A statement regarding the adherence to the Code had been included in the Council's Annual Governance Statement, as required by the CIPFA Code of Practice on Managing the Risk of Fraud.

There were no actions arising from the:

- The Government's UK Anti-Corruption Plan which had no direct actions for Local Councils and direction was awaited from DCLG in

due course.

- The NFI progress report.
- The Anti-Fraud and Corruption Strategy 2014 remained fit for purpose.
- The work to date by Norfolk Audit Services, that there had been adequate progress and the plan for future work as set out in Appendix D of the report.

## **12 Norfolk Audit Services Quarterly Report for the Quarter ended 31 March 2015.**

- 12.1 The Committee received the report by the Executive Director of Finance setting out how Norfolk Audit Services fulfilled the internal audit function for the Council as required by the relevant regulations and confirmed that the audit opinion was 'acceptable'; there was satisfactory progress with the High Priority Findings action plans and that changes had been required to the agreed Internal Audit Plan 2015-16 and that the Plan still met its purpose.
- 12.2 During the presentation of the report, the following updated figures to the numbers of Draft and Final Audit Reports were noted:

<b>Report type</b>	<b>To year end</b>	<b>% of agreed plan</b>
Final audit reports – (non-schools)	43	84
Final audit reports (schools)	15	175%
Certified grant claims	23	96%
Follow-up report	0	0

- 12.3 The following points were noted in response to questions from the Committee:

- Members requested an update on traded services at its next meeting, particularly Traded Schools Audit services and how these services could be promoted to academies and free schools as an opportunity to generate income.
- The Head of Internal Audit updated the Committee about the France Channel England Interreg Programme, for which Norfolk County Council had become the Authority for Administering the Programme and its projects. The proposal drafted by Norfolk County Council was currently awaiting approval by the European Commission.
- Members were reassured that eligible costs incurred by staff involvement in the France Channel England Interreg Programme were totally refundable from Europe, with any on-costs factored in which covered salary costs with 15% added to cover overheads, etc. Eligible travel costs were refunded in full.

12.4 The Committee **RESOLVED** that:

- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
- The changes to the approved 2015-16 Norfolk Audit Services Plan, as set out in Appendix C of the report.
- Satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.

**13 Norfolk Audit Services Annual Internal Audit Report 2014-15**

13.1 The Committee received the report by the Executive Director of Finance, updating the Committee on the work of the team and how the work of Internal Audit had made a significant contribution to the Council's priorities.

13.2 The Committee **RESOLVED** to note:

- The overall opinion on the effectiveness of risk management and internal control for 2014-15 was 'acceptable' and therefore considered 'sound'.
- The internal audit function had fulfilled its Terms of Reference, Strategy and provided assurance and added value through its substantial (90%) delivery of the Committee's approved Internal Audit Plan for 2014-15, including traded schools audits and grant certifications.
- Work was continuing to manage performance and the cost of audit assignments.
- The work of Norfolk Audit Services for the year and the assurance provided assisted the Committee to reasonably assess the risk that the Financial Statements were not materially mis-stated due to fraud.
- The Annual Governance Statement for 2014-15 would make reference to this report and would be reported to the Committee in September 2015 for approval.
- The Internal Audit Function continued to comply with the Accounts and Audit Regulations and recognised standards including the United Kingdom Public Sector Internal Audit Standard (UKPSIAS).

**14 Annual Update of the Audit Committee 2014-15**

14.1 The Committee received the report by the Chairman of the Audit Committee, setting out the details of the work carried out by the Audit Committee in the year ended 31 March 2015 and confirming that the Committee's Terms of Reference, purpose and core functions were consistent with best practice, demonstrated the impact of its work and how it added value.

14.2 The Committee **noted** the report, in particular that the Committee:

- Was independent of the executive function, reported directly to full Council and had terms of reference that were consistent with CIPFA's guidance and best practice as set out in the CIPFA Position Statement 2013;
- Provided effective challenge across the Council and independent assurance on the system of internal control, including the management of risk to members of the public.
- Could demonstrate the impact and value of its work, and
- Was monitoring the Secretary of State's plans for the Future of Local Public Audit.

## **15 Financial Regulations Update**

- 15.1 This report was withdrawn.

## **16 Audit Committee Work Programme**

- 16.1 The Committee received and **noted** the report by the Executive Director of Finance (Interim) setting out the programme of work for the Committee.

## **17 Date of next meeting**

- 17.1 The next meeting will take place at 2pm on Thursday 24 September 2015 in the Colman Room.

The meeting ended at 4pm

## **CHAIRMAN**



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