

Audit & Governance Committee
Minutes of the Meeting held in Council Chamber, County Hall
on Tuesday 25 July 2023 at 2pm.

Present:

Cllr Ian Mackie - Chairman
Cllr Terry Jermy
Cllr Karen Vincent
Cllr Robert Savage - Vice-Chairman
Cllr Tony White
Cllr Mark Kiddle Morris

Tracy Colman (Independent Person)
Christine MacDonald (Independent Person)

The Chairman opened the meeting and welcomed Cllr Karen Vincent who had returned to the committee after having spent the last year as the Council's Chairman. Harvey Bullen was congratulated on the appointment to the role of Section 151 Officer. Debbie Bartlett and Geoff Connell were also welcomed to the committee meeting.

1 Apologies for Absence

- 1.1 No apologies were received. Cllr David Sayers was absent.

2 Minutes

- 2.1 The minutes from the Audit & Governance Committee meeting held on 13 March 2023 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.
- 3.2 Cllr Karen Vincent declared an "Other Interest" as she is a Member of the Norfolk Pension Fund scheme.

4 Items of Urgent Business

- 4.1 The Chairman informed members that the delayed audit report for the statement of accounts for 2021-22 would be available in September 2023. This was following officer

agreement with external auditors to assist with publishing the latest draft accounts. The completion of the previous audit would take place in late July and early August this year. An additional Audit and Governance Committee meeting would be scheduled for 7 September 2023 at 2pm.

- 4.2 With member agreement, Item 8 was taken as the first substantive item.

5 Norfolk Pension Fund Governance Arrangements 2022-23

- 5.1 The Committee received the annexed report (5) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund outlining the ongoing governance arrangements of the Norfolk Pension Fund.
- 5.2 Alex Younger, Head of Funding & Investment, Norfolk Pension Fund, introduced the report to the committee, noting that there were no material changes to the Governance arrangements. The report included the Governance Strategic Statement, the Governance Compliance Statement, and the governance arrangement for the ACCESS Investment Pool.

Members were updated on the membership of the Pension Committee. Cllr John Fuller has been reconfirmed and Cllr Paul Hewitt has been appointed.

- 5.3 In response to questions from the Committee, the following points were noted:
- Members were reassured that work was being done to fill the vacant positions on the Pensions Oversight Board. It was confirmed that the remaining Scheme Member Representative was to be filled by the trade union UNISON. Concerning Scheme Employer Representatives, one of the two positions was likely to be filled soon and conversations were occurring to recruit into the other position.

- 5.4 The Committee considered the report and **RESOLVED** to:

Note and agree the Norfolk Pension Fund Governance Arrangements 2022-23, which are fully compliant with legislative requirements, regulatory guidance and recognised best practice.

6. Norfolk Audit Services Annual Report for 2022/23 and Quarterly Report for period ending 30th June 2023

- 6.1 The Committee received the annexed report (6) by the Director of Strategic Finance that noted the internal audit work that had been occurring.
- 6.2 Adrian Thompson, Assistant Director of Finance (Audit), presented the report which provided an update to the Committee on the progress with the delivery of the internal audit work and advised on the overall opinion on the effectiveness of risk management and internal control.

Members heard that the system of internal control, including the arrangements for the management of risk during 2022/23 continued to be acceptable. The teams and

services involved in the audit process were thanked for their contributions to the review.

6.3 In response to member's questions, it was noted:

- Following a member's question requesting more information about cancelled audits, the committee heard that there are many reasons why an audit may be cancelled. It may be that the audit situation has moved on and it was no longer required, or it could be due to external reasons, for example, that a key person was not available. The issue could also be internal; staffing issues, urgent work that takes priority. Audits are considered on a risk assessment basis, those regarded as high risk were prioritised. If it was assessed to be a lower risk, discussion would be had as to whether the audit could be rescheduled. The move to plan audits on a 6-month basis as opposed to 12 months has afforded more agile working and planning that can account for changes.
- In relation to concerns about staff and adequate resources, the committee heard that there was a vacancy within the team which has recently been advertised . Where possible, existing staff are upskilled and promoted to fill positions and there was a keenness to recruit into apprenticeship roles and provide necessary training. It was appreciated however that this was a difficult market to recruit into, thus, if required, external contractors would be brought in.
- Members commended the team on all the work that had been done over the last 12 months.

6.4 The Committee considered the report and **RESOLVED** to **agree** that:

- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control for 2022/23 and for the quarter ending 30 June 2023 was 'Acceptable'.
- The audit service provided by NAS continued to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) as verified via an external Quality Assurance Assessment during late 2022 and complies with the Accounts and Audit Regulations 2015 (as amended).
- The Draft Annual Governance Statement 2022-23 for Norfolk County Council refers to the report.
- The Committee continued to review information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

7 Governance, Control and Risk Management of Treasury Management 2022-23

- 7.1 The Committee received the annexed report (7) by the Director of Strategic Finance which provided information on the adequacy and effectiveness of the Treasury Management arrangements.
- 7.2 Joanne Fernandez- Graham, Corporate Accounting Manager, presented the report in which they noted that even with the increase in interest rates, the Treasury Management Fund had been well managed. Key performance indicator and prudential indicators were maintained, as were the borrowing and investments of the council.
- Cllr Mackie declared an "Other Interest" as he was a member of the Treasury Management Panel.
- 7.3 The committee thanked the team for their efforts in managing Norfolk County Council's finances, especially for the additional challenges that the increase in interest rates posed.
- 7.4 The Committee considered the report and **RESOLVED** to agree:
- Note and agreed the report, which provided assurance to the Audit and Governance Committee as to the adequacy and effectiveness of the governance, control, and risk management arrangements for Treasury Management.
- 8 Risk Management Quarterly report ended 30th June 2023 and Annual Report 2022-23.**
- 8.1 The Committee received the annexed report (8) by the Director of Strategic Finance which set out the key messages for risk management from the last financial year and looked at the current financial year for the Risk Management Function.
- 8.2 Adrian Thompson, Assistant Director of Finance (Audit), introduced this report and advised members of the specific risk score changes.
- 8.3 Debbie Bartlett, Interim Executive Director of Adult Social Services provided further detail on item **RM040**, Assurance and Implementation, on the risk register. Adult Social Services are due to be inspected by the Care Quality Commission (CQC) and preparation work was being done ahead of this inspection. The risk of the assurance process related to the duration of time since the last inspection, the potential of reputational damage and, how to adequately demonstrate the quality of the service within the CQC's framework. The inspection also has the risk of increasing pressure on staff, and there was a conscious effort to involve staff without overloading them. Mitigation measures had been put in place, including the implementation of a team to work with staff and existing forums as well as oversight from the Adult Social Care Performance Review Panel. Engagement with corporate services was also occurring.
- 8.4 Geoff Connell, Director of IMT, spoke on risk **RM010**, Loss of Key ICT Systems. The committee heard that the increase in risk was related to the increase in political changes, the risk of a power outage, and cyber-attacks. Work was being done to protect against these risks given their potential impact. It was generally felt that there was more resilience than there was a few years ago and that the move to hybrid

working encouraged the use of cloud space that could ensure service continuity if a risk was to occur.

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

- There was a firmer understanding of what the inspection framework would look like, it currently consists of four key areas that each have their own key areas of inquiry and I/We statements. CQC have emphasised the user perspective and their experience of using services and how they travel through and between them. Once CQC has concluded its pilot inspections, the framework would be further understood, as would the understanding of any next steps that need to be taken after the grading.
- Centering the service users' voice would be core to the assurance process and CQC has sought support to better understand service users' understandings of what quality service looks like ahead of inspections. Within Adult Social Services, a co-production approach was being emphasised and work was being done to improve existing co-production and to continue listening to people on an ongoing and regular basis.
- The committee heard that networks with other local authorities had been established to share learning and thoughts. Norfolk County Council has a 'buddy' relationship, in which information was shared, with Suffolk County Council who was selected as one of CQC's early pilot inspections.
- The inspection and preparation work would require departments across the council to work together to help support Adult Social Services.
- The Children Social Services inspection had provided lessons that can be drawn on for the upcoming inspection, these include focusing on the basics, ensuring that the work being asked of staff makes sense to them and giving staff the confidence to speak up and showcase successes.
- The committee heard that recruiting social workers was a challenge, one mechanism to counter this was to recruit for apprenticeship roles and to train people to become social workers. Additionally, in the long term, the use of technology would be explored to see what role it could have in creating additional capacity through reducing day to day tasks.
- Concerning cyber defenses, the committee was assured that everything that could reasonably be done was being undertaken to defend systems and vulnerable information. When systems were being procured, strict requirements were followed from the offset to ensure that the architectural design of the system protects data.
- It was confirmed that the progress of the new Abzorb Network was over halfway

and was intended to be completed by the end of the financial year. The “Zero Trust” laptop design was now fully rolled out.

- Members heard about that the way connectivity works between County Hall and staff/members in their homes. County Hall and staff/members’ homes are both connected to the internet which allows for the two to be able to be joined up. An individual’s connection was variable and dependent on the broadband provider and location. Staff/members do have the option to work elsewhere if they experience issues. All laptops have *Gov roam* installed which would allow an automatic and secure connection to over 200 council owned buildings as well as district councils offices and libraries.
- The design of the identity management and security of devices has afforded security even when public internet was being used. Policies and technologies available to minimise the risk have been applied and since the increase in working from home, there have been no occurrences of security risks.
- The committee heard anecdotal evidence from a member regarding the compromises made to their landline to have connectivity. They shared the impact of this when the internet connection was lost. It was recommended that information that may be needed following a breakdown of connectivity (such as other locations to work from) was saved locally before an incident occurs.
- In response to a question on the risk of a threat of war, and whether measures to assure resilience in case of an extreme risk were being applied, members of the committee heard that the diversity of the systems used, which can be accessed through different routes, locations, and devices has afforded a level of resistance. Catastrophic risks was recognised, and strategies to cope with a risk when there was no technology available were factored within winter risk planning.
- It was confirmed that because NPLAW has an additional layer of insurance cover, the risk has been offset to the insurer and wasn’t required to be included as part of the risk register.

8.6 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. corporate risks as at July 2023 (Appendix C);
- e. key messages from the Annual Risk Management 2022/23 Report (Appendix D);
- f. information in this report was sufficient.

8.7 The Chairman thanked the officers for attending and for their insightful comments.

9. Norfolk County Council's Insurance Cover

9.1 The Committee received the annexed report (9) by the Director of Strategic Finance which set out the insurance cover that was in place for Norfolk County Council and subsidiary companies.

9.2 Steve Rayner, Head of Insurance, presented the report to the committee and advised that following negotiations for this year's premium, NCC were able to secure an overall increase in casualty cover of only 9%. In addition, they were able to secure an increase of 13% on the Material Damage policy, this was below the market average increases.

In the last 12 months the Material Damage insurer has carried out full property surveys at 4 of our highest value properties, none were regarded as high risks requiring immediate response.

The committee also heard that claim costs are increasing, particularly for motor related claims.

9.3 Cllr Terry declared an "Other Interest" as he is the Chair of the Charles Burrell Centre which was one of the properties surveyed.

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

- Members congratulated the team for securing the 9% premium which was lower than most market rate increases.
- In response to a member question, it was confirmed that complaints are dealt with by Highways. The insurance team produces a quarterly report that encompasses how many claims were received, settlements and, any trends to share with the Highways team. If a claim was received and was related to chipping of body work or following surfacing work that had been undertaken, this would be passed onto the contractor.
- The Committee heard that the Council was self-insured for lower value claims which offered better value for money as it allowed control to manage claims and ensure fair settlements which reduced increases in premiums.

9.5 The Committee considered the report and **RESOLVED** to:

Note and agree that proper insurance provision exists where appropriate, as confirmed by external and internal reviews and accept the report.

10 Yearly Update of the Audit and Governance Committee 2022-23

10.1 The Committee received the annexed report (10) by the Director of Strategic Finance that summarises the work of the Audit and Governance Committee from the 1 April 2022 to 31 March 2023.

- 10.2 Adrian Thompson, Assistant Director of Finance (Audit), introduced the report and confirmed that during the year the Audit and Governance Committee's function has been consistent with its terms of reference, had shown best practice, and demonstrated the impact of its work.
- 10.3 The Chairman highlighted the external interviews that had occurred with members of the committee and associated teams. He commended the team on the outcomes over the last 12 months of their review of the audit function and thanked members for their contributions.
- 10.4 The Committee considered the report and **RESOLVED** to **note** and **agree**:
- that the arrangements, for audit and for governance, are satisfactory and noted that the Committee has terms of reference which are consistent with guidance and best practice;
 - the action to further strengthen the work of the committee by considering how the HoIA and the Council operate in accordance with the principles of the CIPFA Statement on the Role of the Head of Internal Audit.

11 Monitoring Officer's Annual Report 2022-23

- 11.1 The Committee received the annexed report (11) by the Director of Legal Services and Monitoring Officer which summarised the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 22/23 and provided assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, was adequate and effective.
- 11.2 Kat Hulatt, Director of Legal Services and Monitoring Officer introduced the report and advised there were no standards incidents in the year 2022-23 and that they had confidence in the governance system. The report encompassed what colleagues across finance, audit and local authority consider, and, act as a triangulation of the three departments.
- 11.3 In response to questions from the members it was noted:
- The Chairman congratulated the work of the Director of Legal Services and Monitoring officer in their role since appointment.
 - It was confirmed that the date on the report, section 2.1.6. page 159, was incorrect, and it should read 2021 instead of 2017.
- 11.4 The Committee considered the report and **RESOLVED** and **agreed to**:
- the contents of the report and the key messages in the above Executive Summary and Appendix A section 2.1;
 - that they continue to review information on the effectiveness of the

management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

12 Annual Anti-Fraud, Bribery and Corruption Report 2022-23

- 12.1 The Committee received the annexed report (12) by the Director of Legal Services and Monitoring Officer, which provided an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken for the year ended 31st March 2023.
- 12.2 Adrian Thompson, Assistant Director of Finance (Audit), introduced the report and highlighted the effectiveness of the system. It was noted that when matters are raised with the police the process can take longer due to backlogs in the system. Work continues to be undertaken to prevent fraud, bribery and corruption activity occurring in the first instance.
- 12.3 In response to questions from the members it was noted:
- Following a member question, the committee would be updated regarding the uptake of the e-learning programme that promotes staff understanding of The Anti-Fraud, Bribery and Corruption Policy.
 - In relation to one of the points in appendix 1 being highlighted red it was queried whether there was a plan to have a formal programme of publication. In response, the committee heard that the individual and their data must be protected. Once it has gone to court and been reported in the media, then the authority would be able to comment. The potential to revisit the rating of the point was discussed
 - Gifts, hospitality and business Interests were last audited in 2019, a member questioned whether an updated audit was needed. In response to this, the committee heard that the planning of audits was risk assessed and whilst there had been no issues raised, it would be explored to see if the area required reviewing.
- 12.4 The Committee considered the report and **RESOLVED** to **agree**:
- the key messages featured in the Annual Report at Appendix A, that the work and assurance are satisfactory, effective, and meet their requirements; and advise if further information was required

13 Annual Information Governance Report 2022-2023

- 13.1 The Committee received the annexed report (13) by the Director of Strategy and Transformation which provided an annual assurance statement and confirmed that the

Senior Information Officer, Data Protection Officer and Caldicott Guardian roles had ensured that there were adequate systems and processes in place around Information Governance. It also noted the activity that has taken place to ensure a robust Information Governance culture.

13.2

Adrian Thompson, Assistant Director of Finance (Audit), introduced the report and shared that information governance remained core across the council and there were strong controls and roles in place. The report differed from previous years as it also covers the Data Protection Officer and Caldicott Officer. The addition of these roles was a positive step to wider information and reassurance on the management of governance arrangements,

The committee heard that the timeliness of responses to the subject access requests resulted in being reprimanded from the Information Commissioners Office in May 2023. Progress was being made to reduce the duration of processing requests and clearing backlogs. The increase in resources, better use of technology, and more efficient process were aiding this.

Project Paperchase has now completed the migration of all paper documents into a single storage facility and the migration of electronic files to SharePoint was progressing well.

13.3

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

- the annual statement on Information Governance and agree appropriate actions had been taken and there are clear deliverables for further embedding;
- that the SIRO, DPO and Caldicott Guardian roles, described in the Council's Information Governance Framework, had been adequately discharged.

14 Committee Work Programme

14.1

The Committee received the report by the Director of Strategic Finance

14.2

The Committee considered and **noted** the report and **agreed** to the programme. Members were also reminded that an additional meeting had been scheduled for the 7 September 2023 at 2pm. Members would receive invitations for this shortly.

The meeting ended at 15:53

Cllr Ian Mackie – Chairman Audit & Governance Committee



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