

Audit Committee
Minutes of the Meeting held on Thursday 3 February 2022 at 2pm
at Council Chamber, County Hall, Martineau Lane Norwich

Present:

Cllr Ian Mackie – Chairman
Cllr David Bills
Cllr Terry Jermy
Cllr Mark Kiddle-Morris
Cllr Saul Penfold
Cllr Philip Duigan
Cllr Tony White

Officers in attendance:

James Bullion	Executive Director for Adult Social Services
Jonathan Hall	Committee Officer
Simon George	Executive Director for Finance & Commercial Services
Thomas Osborne	Risk Management Officer
Adrian Thompson	Assistant Director of Finance (Audit) / Chief Internal Auditor

1 Apologies for Absence

- 1.1 Apologies were received from Cllr Karen Vincent (Cllr Philip Duigan substituting) and Cllr Robert Savage (Cllr David Bills substituting).

Since the previous meeting in October 2021 there had been a change of membership to the committee. Cllr Michael Dalby had been replaced by Cllr Tony White. The Chairman welcomed Cllr White to the committee.

2 Minutes

- 2.1 The minutes from the Audit Committee meeting held on 14 October 2021 were agreed as an accurate record.

3 Declaration of Interests

- 3.1 None declared.

4 Items of Urgent Business

- 4.1 The Chairman advised he had a couple of items to bring to the committee's attention:

1. East of England Audit Committee Chairs Forum

The Chairman advised the Committee that the Council have offered to and been accepted by the East of England Local Government Association (EELGA) to be the host as they seek to establish a forum for Audit Committee chairs in the East of England region. The EELGA are grateful to Norfolk for stepping forward for this important project. It was noted that such initiatives are a priority

for central government currently, as well as for the local government sector. The Chairman shared the EELGA's confidence that together something that will add real value will be created. Further details were awaited, and the Committee will be advised of developments.

2. Risk Management

Ahead of the first substantive item on the agenda the Chairman advised that members had previously asked for an update on the departmental risk of '**Failure of providers to provide care to vulnerable people**' (**RM14464**), presented at Appendix D as part of the report for item 5. The Executive Director of Adult Social Services attended the meeting to update the Committee on the action being taken to mitigate this risk.

5. Risk Management Report

5.1 The committee received the report by the Executive Director of Finance & Commercial Services referencing the corporate risk register as it stood in February 2022 following the latest review conducted during December 2021.

5.2 The Risk Management Officer introduced the report and highlighted the following:

- The Council were still working through the implications of the COVID Pandemic although the general position was improving there were still some significant concerns.
- The winter pressures had been managed by working closely with the Resilience Team, departmental management teams and Directors of Operations.
- The significant changes to the corporate risks since the last report were: **RM031 NCC Funded Children's Services Overspend** which had increased likelihood from a 4 to a 5 and the risk score from 20 to 25. **Risk RM032a** had been refreshed to cover capacity to manage multiple disruptions to business. A new risk **RM034 Supply Chain Interruption** had been added to the register. This risk looks at the effects of disruption to any of the Council's key supply chains.
- A [presentation](#) (available on the Committee's web pages) was undertaken by Executive Director of Adult Social Services concerning **RM14464 Failure of providers to provide care to vulnerable people**. The presentation highlighted actions being taken within 6 key areas to mitigate the risk.

5.3 In response to questions to the Executive Director of Adult Social Services the following was noted:

- The pressures on the department currently means that there is a backlog of care assessments waiting to be undertaken.
- Care providers should self-report any incidences within their premises to the Care Quality Commission (CQC) within hours of the event happening. Any repeated issues or patterns of incidents were investigated, although these investigations had become difficult to undertake during the pandemic.
- The narrative around working within the care sector needs improvement to encourage more workers to join. Pay was an issue with the sector generally paying only a few pounds more an hour than the main

supermarkets. A £2 per hour pay increase for care workers amounted to an approximate increase in the Adult Social Services budget of £40m an annum.

- Whilst Norfolk was bottom of the Eastern region for CQC assessments of care homes, this did not necessarily mean that neglect of residents was taking place. The assessments covered a wide spectrum of activities and poor performing care homes for example may be struggling with paperwork or medicine management.
- It was noted that the County was in a much stronger position than previously with collaborative working with NHS colleagues taking place and a more robust strategic management approach to enable progress to be made.
- The Safeguarding Adults Board deals with all incidents of whistle blowing and is therefore independent of the Council's processes. This should provide confidence to families to report areas of concern.
- The Executive Director of Adult Social Services agreed to consider training for members in their role when they were asked to look into any issues arising from an individual's care and the processes that are in place to help.

5.4 In response to questions to the Risk Management Officer the following was noted:

- The potential over spend for Children's Services, although not referenced in the report, was estimated to be in the region of £5m. The officer pledged to return to members by email with details and reasons of areas creating the potential over spend.
- Risks were monitored on a regular basis, and officers were frequently in touch with risk owners and reviewers concerning mitigations and actions. Risks are reported on a quarterly cycle to the Corporate Board and Cabinet.
- The officer pledged to return to members by email with an update on the Norfolk Investment Framework (**Risk RM022b**) which will draw down funding from the Shared Prosperity Fund to replace the EU funding.

5.5 The committee **AGREED** to note and endorse:

- a. The key messages as per paragraphs 2.1 and 2.2 of this report
- b. The key changes to the corporate risk register (**Appendix A**);
- c. The corporate risk heat map (**Appendix B**);
- d. The latest generic corporate risks (**Appendix C**);
- e. The latest departmental risk RM14464 (**Appendix D**);
- f. The Scrutiny options for managing corporate risks (**Appendix E**);
- g. The Background Information (**Appendix F**);

6. External Audit Reports

The committee received the report by the Executive Director of Finance & Commercial Services and this was presented by the External Auditor from Ernst & Young LLP. The key points were noted:

- The report covers the audit process of both the County Council and

Norfolk Pension Fund accounts.

- PWC had approved the Norse accounts on 10th December 2021 to allow the external auditors to complete the audit process.
- There were no significant new issues that had evolved since the External Auditor issued his report from 14th October 2021 meeting.
- The final audit certification can not be issued as details are awaited for the approach and instructions on the whole of government accounts. When the information becomes available from National Audit Office and HM Treasury the final audit certificate can be issued and the audit year closed.
- A new element of the annual auditors report was the value for money commentary and no changes had been recommended since the draft wording was issued to the committee in October 2021, and the comment formed part of the published documentation.

6.1 In response to questions to the External Auditor the following was discussed and noted:

- Thresholds existed for businesses within the County Council's accounts meaning small and dormant companies would not form part of the audit.
- The County Council does hold significant reserves, although many of these were earmarked for particular purposes, this did not prevent them from being redirected to fund emergency and unpredicted spent.

6.2 The Committee **AGREED** to:

- Note the PSAA scale fees for 2021-22, the action the government is taking to help tackle audit delays.
- The External Auditor's Norfolk County Council and Norfolk Pension Fund 'Auditor's Annual Report Year ended 31 March 2021.

7. **Norfolk Audit Services Report for the Quarter ending 31 December 2021**

7.1 The Committee received the report by the Executive Director of Finance & Commercial Services supporting the remit of the Audit Committee in providing proactive leadership and direction on audit governance and risk management issues. The report updated the Committee on the progress of the delivery of the internal audit work and advised on the overall opinion of the effectiveness of risk management and internal control which was considered to be adequate.

7.2 In response to questions the following points were noted:

- The small number of fraud cases, seven in total, was not considered to be an issue and reflected a good approach and process to the issue. All referrals of such activity is taken seriously and investigated thoroughly.
- The officers pledged to return to members via email to provide an up to date position concerning point 1 of Appendix A relating to authorised access of data centres and point 3 concerning the value for money assessment of On Street Civil Parking Enforcement. In relation to point 3 concerns were expressed particularly about the South Norfolk area.

7.3 The committee **AGREED** to:

- The key messages featured in the quarterly report, that the work and assurance meet their requirements and advised if further information is required

8. **Internal Audit Strategy, Approach and Audit Plan for 2022/23**

The committee received the report by the Executive Director of Finance & Commercial Services and was introduced and presented by Assistant Director of Finance (Audit). The annual plan details how the department's planned approach and work plan fits in with the governance arrangements of the council

and how it meets audit standards and the financial legislative duties.

8.1 In response to questions the following was discussed and noted:

- It was thought that the scrutiny of the partnership arrangement between the Council's Adult Social Services department and Newton Europe was beyond the remit of the committee. However, the arrangement would be audited in the normal way as part of the Council's audit process. It was envisaged that the Executive Director for Adult Social Services would return to the committee in the future to report on how the arrangements had worked to mitigate the known departmental risks as identified on the risk register.

8.2 The committee **AGREED** to:

- The Internal Audit Strategy, the approach to develop the Audit Plan for 2022/23 and the Audit Plan for 2022/23, supported by the 'Days Available to Deliver NAS Services 2022/23 (Appendix C) and the 'Detailed Audit Plan for the Audit Year 2022/23 (Appendix D), and that this work will deliver sufficient scope for the assurances required.
- The arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 2.24 of this report), and any other relevant statements of best practice.
- The approach to minimise the audit burden during the pandemic response continues and is risk based, necessary, proportionate and that normal coverage will resume on a risk assessed basis at the earliest opportunity. The reasons for deferring any audits will be reported to this Committee.

9. **Work Programme**

The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work programme. The Committee considered and **noted** the report.

Meeting ended at 3.18pm



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