

**Audit & Governance Committee**  
**Minutes of the Meeting held in Council Chamber, County Hall**  
**on Tuesday 30 April 2024 at 2pm.**

**Present:**

Cllr Ian Mackie – Chairman  
Cllr Robert Savage - Vice-Chairman

Cllr Mark Kiddle-Morris  
Cllr Saul Penfold  
Cllr William Richmond  
Cllr Karen Vincent

**1 Apologies for Absence**

- 1.1 Apologies were received from Cllr Tony White substituted by Cllr William Richmond

**2 Minutes**

- 2.1 The minutes from the Audit & Governance Committee meeting held on Tuesday 13 February 2024 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.

**4 Items of Urgent Business**

- 4.1 There were no items of urgent business.

The Committee agreed to move item 7: External Audit Reports to those charged with governance to the first item to be discussed.

**5 External Audit Reports to those charged with Governance**

- 5.1 The committee received the report which set out several reports from the Council's External Auditor, Ernst Young (EY) LLP. These documents were some of the

communications that EY must provide to the Audit and Governance Committee of the audited client (being Norfolk County Council) and included Norfolk County Council and Norfolk Pension Fund Auditor's Annual Report Year ended 31 March 2022, Norfolk County Value for Money (Interim) Reporting 2022-23, Norfolk Pension Fund 22/23 Audit Results Report and Norfolk Pension Fund 23/24 Audit Plan, for the year ended 31 March 2024.

- 5.2 Members were pleased to acknowledge the clean audit that had been received and echoed the sentiments having been expressed by the auditors and the Chairman about the cost pressures which the Council face on a yearly basis when balancing the budget. Thanks were given to all officers for their work that was involved in producing the work needed for the audit.
- 5.3 In referring to appendix D, which reported the audit fees and the increase in fees, it was explained, for example, that the group accounting fees would require an extra charge due to the complexities of the accounts, and there would always be one off fees, which would vary from year to year. It had been felt that the fees did not keep pace with the level of audit work required and the revised fees were the result of a procurement exercise that had taken place. Whilst it was hoped by members that the higher fees would produce a timelier service than had been of late, these delays had been the result of technical accounting issues with Pension Funds valuations and Infrastructure Assets. The Committee heard that the resourcing issue, which EY noted, had been rectified.
- 5.4 It was confirmed by EY that the 'inconsistent accounting treatment', referred to on page 43, did not need further investigation.
- 5.5 Having considered the report, the Committee **AGREED** the:
- Norfolk County Council and Norfolk Pension Fund Auditor's Annual Report Year ended 31 March 2022 – Appendix A
  - Norfolk County Value For Money (Interim) Reporting 2022-23 – Appendix B
  - Norfolk Pension Fund 22/23 Audit Results Report - Appendix C
  - Norfolk Pension Fund 23/24 Audit Plan, for the year ended 31 March 2024 - Appendix D; and
  - whether there are other matters, which may influence their audit.

## **6. Norfolk County Council's Insurance Cover**

- 6.1 The Committee received the report which provided the Audit and Governance Committee with information relating to the current position of the insurance provision for Norfolk County Council. The Insurance function is part of the Finance Department. The report provided members with assurance as to how the insurance provision is delivered and how claims against the Council and subsidiary companies were managed by the Insurance Team.
- 6.2. The Committee heard that out of the 900 highways claims, 600 were regarding potholes, the rest being damaged kerbs, inclement weather, flooding, hedges and trees causing damage to fencing.

- 6.3 The insurer requires a full list of property values and it was the insurer who chooses those properties. NCC were then obliged to provide the details regarding those properties.
- 6.4 Members thanked the Officers for negotiating a competitive insurance premium for NCC at a time where premiums were at a high level.
- 6.5 Having considered the report, the Committee **AGREED** that proper insurance provision exists where appropriate, as confirmed by external and internal reviews and accept the report.

## **7 Governance, Control and Risk Management of Treasury Management 2023-24**

- 7.1 The Committee received the report which provided assurance to the Committee as to the adequacy and effectiveness of these arrangements. This report demonstrated that appropriate arrangements are in place, which reflected best practice and assured the Committee that there are effective governance, control and risk management arrangements in respect of Treasury Management.
- 7.2 Having considered the report and received assurance as to the adequacy and effectiveness of the governance, control and risk management arrangements for Treasury Management, the Committee **AGREED** the report.

## **8. Risk Management Quarterly Report**

- 8.1 The Committee received the quarterly report which referenced Norfolk County Council's corporate risk register as it stands in April 2024, using risk data that was presented within the risk management report to Cabinet on 8 April 2024. The report set out the key corporate risk management messages, agreed at the April 2024 Cabinet meeting following the review of corporate risks over the fourth quarter of 2023/24. Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework and the Full Council-agreed strategy 'Better Together, For Norfolk'.
- 8.2 The Chairman acknowledged that a representative from Children's Services would be attending the July meeting of the Committee to discuss the budgetary pressures of the department and forward forecasting. Members also noted that as Officers from Children's Services were attending that meeting, it would also be timely to discuss and explore the risk around the Safety Valve Agreement and how it was working in practice.
- 8.3 In referring to page 198-199, Members noted that the risk around the Norwich Western Link would need updating further to the recent update from Natural England that had been received by NCC. It was also confirmed that Grahame Bygrave would still be the risk owner as he was Lead Director for the Infrastructure department.
- 8.4 Members asked for an update about the 1 million trees project and if the report could be updated to reflect more accurately how it was progressing. The Chairman noted that

in a recent briefing, it was reported that 500k trees had been planted.

**8.5 Having considered the report, the Committee AGREED;:**

- a. key messages as per paragraphs 2.1 and 2.2 of this report
- b. key changes to the corporate risk register (**Appendix A of the report**);
- c. corporate risk heat map (**Appendix B of the report**);
- d. corporate risks as at April 2024 (**Appendix C of the report**);
- e. information in this report is sufficient.

**9. Internal Audit Strategy, Approach and Audit Plan for 2024-25**

- 9.1 The Committee received the report which set out the Internal Audit Strategy, Approach and Audit Plan for 2024-25. The Audit and Governance Committee should, 'Consider annually 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'. Norfolk Audit Services fulfils the internal audit function for the Council as required by its own Terms of Reference and the relevant regulations and standards, which were considered annually by the Committee.
- 9.2 The Committee were assured that the department were on plan to achieve the recruitment as referred to on page 219 of the report. Officers explained that it was a challenging market to recruit auditors, but they were working with HR colleagues to fill the vacant posts.
- 9.3 Having considered the report, the Committee AGREED
- The effectiveness of the system of internal audit including internal audit's strategy, plan for the first quarter 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 Vision, Strategy, the approach to developing the Audit Plan for 2024-25 and the outline Audit Plan for 2024-25. This is supported by the 'Days Available to Deliver other NAS Services 2024-25 (Appendix A) and 'Days to deliver to external clients' (Appendix B). Appendix C details the IIA's top risk areas (hot topics) and considerations from Risk in Focus 2024 and their new topical requirements which have been and will continue to be considered as we develop the full audit plan for 2024-25 (Appendix C)
  - the outline Audit Plan for 2024-25 (Appendix D) which is considered to 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 2.29 and 2.34 of this report), and any other relevant statements of best practice.

**10. Norfolk Audit Services (NAS) Quarterly Report for period ending 31 March 2024**

10.1 The Committee received the report which set out the report from NAS which set out its quarterly report ending 31 March 2024. NAS fulfilled the internal audit function for the County Council as required by the terms of reference.

10.2 Having considered the report, the Committee **AGREED**:

- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and internal control, for the quarter ending 31 March 2024, is 'Acceptable'.
- The progress on the Audit Plan 2023-24, which will deliver sufficient scope for the required assurances.
- The audit service provided by NAS continues to conform with the relevant standards.
- That plans are in place to ensure the internal audit team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the NAS Terms of Reference (Charter), as described at paragraph 2.6
- That the Committee is aware of the Adult Education Budget (AEB) devolution project, including the risk and auditing requirements, described at paragraph 2.16.
- That the Committee continue 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.

## 11. **Anti-Fraud, Bribery and Corruption Report (including whistleblowing) for the period ending 31 March 2024**

11.1 The Committee received the report which provided an update in respect of the proactive and reactive anti-fraud, bribery and corruption activity undertaken during the period to 31 March 2024.

11.2 The Committee heard that during the Covid -19 pandemic there had been fraudulent attempts to gain financially through application of grants etc at some local authorities. There had since been assessment of this carried out by NCC as well as risk assessments put in place, but NCC had not been affected.

11.3 Members asked if there would be training regarding artificial intelligence, as reported on page 263 of the report. Officers explained that the mandatory data protection was currently being updated which would include a substantial piece about artificial intelligence. The Committee also heard that any risks associated with artificial intelligence would be considered by the Digital Services team for adding on to the Digital Services risk register.

11.4 Having considered the report, the Committee **AGREED** the key messages featured in part three and four of this report, that the work and assurance meet their requirements and advise if further information is required.

## 12. **Terms of Reference for the Audit and Governance Committee**

- 12.1 The Committee received the report which set out the Committee's terms of reference and the procedure for dealing with Standards Hearings.
- 12.2 It was noted that the procedure for dealing with the Standards Hearings had been reviewed at a Standards Committee meeting before it merged with the Audit Committee.
- 12.3 It was suggested that training for the Standards aspect of the Committee could be arranged before the next meeting in July.
- 12.4 The composition of the Audit and Governance Committee was noted as including two independent persons who had been appointed through the Standards Committee before the Standards and Audit Committee merged.
- 12.5 Having considered the report, the Committee **AGREED** to:
1. Endorse the terms of reference set out in Appendix A
  2. Endorse the current procedure for dealing with standards hearings set out in Appendix B
  3. Note that a hearings sub-committee as set out at 4.3 (2) (f) of its terms of reference is to be selected from committee members trained in dealing with standards hearings
  4. Note NPLaw's guidance for carrying out standards investigations (Appendix C)

### **13. Forward Work Programme**

- 13.1 The committee received the report which outlined the committee's work programme. The committee's work fulfilled its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfilled 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.
- 13.2 Having considered the work programme for Committee, it was **AGREED**.

**The meeting ended at 3.22pm**

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



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