

Appendix B

Norfolk Audit Services

Final report on County Farms Lines of Enquiry (as at 31st March 2016)

18 April 2016

Report Contents:

1. Executive Summary
2. Conclusions
3. Internal Management Actions Required
4. Statement of Responsibilities
5. Audit Opinion
6. Findings from Lines of Enquiry, Risk, Recommendations, Action and Who and When
7. Terms of Reference

Executive Summary

- 1.1. This report, together with the County Farms Governance Audit report (**Appendix A**), makes recommendations to strengthen the fundamental requirements for sound and professional estate management for County Farms and urgent action has been agreed (at part six) to strengthen:
 - The Farm Business Tenancy Contracts and their enforcement,
 - The approval of Commercial Tenancy propositions
 - The Estate Management Procedures
 - Checks and balances
- 1.2. A number of complaints and allegations about the management of the Council's County Farms Service have been reported to the Executive Director of Finance since August 2015. More complaints and allegations followed media coverage of the separate Governance Audit of County Farms in November 2015. Responses will be given to those who made the complaints and allegations. Some complaints and allegations were found to be valid, some partially valid and others were not valid.
- 1.3. It is acknowledged, in this report, that the County Farms Service has not provided the standards of good practice and customer care that was expected and this report has an opinion that there are 'key issues that need to be addressed'. The reporting of decisions and activity has not been sufficiently clear to counter a perception by some tenants and the wider public that decisions may be unfair or subject to favoritism.
- 1.4. The complaints and allegations have been investigated and the general conclusions are set out in part two of this report. Recommendations have been made and actions have been agreed with the Executive Director of Finance and the Head of Property (Interim), which are set out in part six of the report.
- 1.5. The audit work has:
 - Not identified any potential criminal matters
 - Not identified any member misconduct
 - Not identified any potential breaches in Standards of Conduct for employees, except for a separate confidential disciplinary report which has been completed regarding the alleged actions of one County Farms employee.

- 1.6. There were 36 instances of complaints and allegations. Some complainants raised several complaints and some complaints were raised by more than one complainant. The matters cover the whole County Farms estate (Eastern and Western Estates) and fall into eight general categories, the most contentious being Customer Service and Farm Letting Transparency, as shown in Table 1 below:

Category	Number	%
Farm Letting Transparency	11	31
Customer Service	11	31
Procedures	6	15
Farm Business Tenancy Compliance	3	8
Reporting	1	3
Checks and Balances	1	3
Declarations of Interest	1	3
No further action	2	6
Total	36	100

- 1.7. The Council has 16,000 acres or more of farmland (estate) in Norfolk which are rented to over 145 tenant farmers. The management of the estate had been split in half with the eastern half being managed by NPS Group and the western half being managed by Bruton Knowles and Brown & Co. With the expiry of these contracts during late 2015 the function is now run in-house. A policy for County Farms was approved in 2010 by full Council. Revisions were proposed by a working group set up for that purpose by the Economic Development Sub Committee and approved by full Council on 20 October 2014.
- 1.8. The Council appreciates the comments and feedback from those who contacted us and those who have assisted with this work. Where relevant, a full response has been issued to the complainant (or drafted) and any other interested parties. This report covers audit work to 31st March 2016, the Council recognises that there may be further complaints and we always welcome further information, so that it can be investigated and action taken where appropriate. The Council's Chief Internal Auditor can be contacted on (01603) 222784 or by email at chief.internal.auditor@norfolk.gov.uk
- 1.9. With reference to the findings in this report, management is expected to undertake the actions identified in Section six of this report. It is the responsibility of Executive Director of Finance to ensure the recommendations are implemented within the agreed timescales.

Conclusions

- 1.10. The County Farms estate is held for the purposes of the Agriculture Act 1970. Section 39 of the Act states that the general aim is, having regard to the general interests of agriculture and of good estate management, to provide opportunities for persons to be farmers on their own account by letting small holdings to them.
- 1.11. Over the years, Farm Business Tenancies (FBTs) have been established under the relevant laws and are now let under the Agricultural Tenancies Act 1995. The 1995 Act enables all landlords, including statutory smallholdings authorities, to let land for whatever duration they wish under FBTs and enables councils to let land on a more flexible basis to encourage upward mobility of tenants within and off an estate.
- 1.12. There needs to be a careful balance between the purposes of the 1970 Act and using the estate as an investment to generate income and capital.
- 1.13. The Council has approved a County Farms Management Policy, which sets out how it wishes to meet the purposes of the relevant Acts.
- 1.14. Farming practices are diverse, so the selection of potential tenants to farm the estate requires careful consideration and scrupulous transparency, as the decisions are life changing for the applicants and are long term commitments for the Council as landlord.
- 1.15. The conclusions from the investigation are that the fundamental requirements for sound and professional estate management for County Farms need strengthening as follows:
 - **The Farm Business Tenancy Contracts need to be fit for purpose, complete and compliance should be strictly enforced (Finding 6.1)**
 - Conditions relating to Contract Farming, should be clearly set out in the Farm Business Tenancy agreement. The County Farms Management Policy is not clear on this at present (Finding 6.1)
 - Conditions relating to activity not appropriate to a location, for example pig rearing, should be clearly set out in the agreement and the advertisement of the letting (Finding 6.2)
 - Conditions relating to proposed development by each party should be clearly set out in the Farm Business Tenancy agreement. (Finding 6.3)
 - When Farm Business Tenancy Conditions are not fulfilled, prompt and clear warnings, setting out the consequences, should be issued as part of enforcing strict compliance (Finding 6.4)

- **Any Commercial Tenancy propositions should be approved by the Policy and Resources Committee**
 - Where farms propose commercial business operations, on the farms that are not ancillary to the farming, approval for relevant commercial tenancy agreements, rents and planning permissions should be sought from the Policy and Resources Committee (Finding 6.5)

- **Fit for purpose and transparent Estate Management Procedures need to be defined, approved and published**
 - The decision making for recent tenancy lettings has led to a significant number of allegations. This matter is considered further in **Appendix A, paragraph 3.7**. (Finding 6.6)
 - The names and acreage holdings of County Farm land (but not the rental value) should be made public to ensure transparency (Finding 6.7)
 - There were inaccurate standard letters issued informing candidates why they were not shortlisted for interview. (Finding 6.8)
 - Letting scores should be retained or the appropriate retention period (Finding 6.9)
 - The criteria for allocating Farm Business Tenancies for farm dwellings should be transparent to demonstrate that it is fair and that there is a suitable business case. Subletting of property is mentioned in **Appendix A, paragraph 3.17**. (Finding 6.10)
 - A clear procedure for tenant promotions, increasing the size of a holding without competitive competition, should be drafted, agreed and promoted. The promotion of tenants should be reported to the Executive Director/Managing Director. This matter is considered further in **Appendix A, paragraph 3.5**. (Finding 6.11)
 - The policy and procedures did not require any potential conflicts of interest to be declared at any stage. Conflicts of interest declarations are mentioned in **Appendix A, paragraph 3.10**. (Finding 6.12)
 - A clear policy for how many farms a tenant can hold is drafted, agreed and promoted. Applications and the assessment of tenant's skills and financial standing are based on single farm applications. A business case based on all the proposed holdings should be required. (Finding 6.13)

- The customer care policy standards have not being complied with by County Farms staff and some members. NCC should ensure customer care requirement are understood by staff and members (6.14)
 - Site visits, to ensure compliance with farm Business Tenancy conditions, should be formalised. (Finding 6.15)
 - An Annual Report on the activity on the estate would promote transparency. Annual reporting is also mentioned in **Appendix A, Paragraph 3.14 and 3.15** (Finding 6.16)
 - **There should be Checks and Balances in the management of the County farms to demonstrate probity**
 - The findings in this report demonstrate that there needs to be clear internal checks in the line management, decision making and approvals processes for County Farms. (Finding 6.17)
 - The internal checks for the approval of expenditure needs strengthening (Finding 6.18)
- 1.16. The report has been completed on an exception basis, only those areas with control weaknesses, as identified by complaints and allegations, have been reported upon in detail. A systems audit for County Farms has been included in the 2016-17 Internal Audit Plan, which will include following up on the agreed actions.
- 1.17. It is the Executive Director's responsibility to ensure satisfactory progress is achieved in an acceptable timeframe in order to ensure suitable controls are in place.
- 1.18. The detailed findings, views, and recommendations from the audit are shown in section six of this report
- 1.19. The Terms of Reference are set out in part seven of this report.

Internal Management Actions required

1.20. The recommendations identified in this report should be implemented within a reasonable timescale on a risk assessed basis. It is not always possible for Internal Audit to prescribe a specific timescale by which a recommendation should be implemented. However as a general rule, it is expected that the following timescales will be adopted:

Grading	Default expected timescales
High	Resolution within one month of the issue of the final report
Medium	Resolution within six months of the issue of the final report

Statement of Responsibilities

- 5.1 The matters raised in this report are only those which came to our attention during the course of our internal audit work, and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made. Any recommendations for improvements should be assessed by the Director for their full impact before they are implemented. The performance of internal audit work is not, and should not be taken as, a substitute for management’s responsibilities for the application of sound management practices.
- 5.2 It is emphasised that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that exist.

Audit Opinion

- 1.21. We are required to give an overall opinion in each audit report and to report the results to the County Leadership Team and the Audit Committee.
- 1.22. Our overall audit opinion is based on two grades which are explained in the table below:

Opinion	Assessment of internal control
Acceptable	Few or no weaknesses, mostly not significant
Key issues that need to be addressed	A number of weaknesses, mostly significant or one or more major weaknesses

Our opinion, based on the evidence we have seen as part of this audit, is that internal controls for County Farms have **'Key issues that need to be addressed'**.

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.1	<p>The Farm Business Tenancy Contracts are not fit for purpose, complete and compliance is not strictly enforced</p> <p>Farm Business Tenancy Conditions – Use of Land needs strengthening</p> <p>There was one complaint/allegation which referred to ‘Contracting out - Ghosting of Fields’. County Farms do not adequately address this risk. There are inadequate mitigating controls in place to manage contracting out of farming by tenants and that may have contributed to the perception that the process was unfair or that tenants had been favoured.</p> <p>Advice from an expert confirms that it is not unusual for a farmer to have an interest (take the risk) from an agreement to farm a crop in a field. Proof that a field has been wholly sub-let without approval requires a high burden of proof, which is difficult to achieve.</p>	<p>Without transparency and appropriate management of contracting out or Sub-letting for land the Council could be open to accusations of impropriety or conflict of interest.</p>	<p>The Farm Business Tenancy Contracts need to be fit for purpose, complete and compliance should be strictly enforced.</p> <p>It was noted that Cambridgeshire CC have a stronger Farm Tenancy Agreement Template which addresses this issue.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31st August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.2	<p>Farm Business Tenancy Conditions – Conditions of Use of Land needs strengthening</p> <p>There were two complaints regarding proposals to farm pigs not being considered viable. That had not been clearly mentioned in the advert for the letting of the farm. This appears to have led to disappointment and complaints from applicants who had invested time in making applications that were not likely to be shortlisted.</p> <p>Barriers to applications are not being clearly stated in the advert for the lettings where particular types of farming may be expected.</p>	<p>The Farm Business Tenancy adverts are not always fit for purpose.</p>	<p>Farm Business Tenancy Conditions should be transparent.</p> <p>To avoid applicants wasting time it is recommended that if rearing pigs is likely to be a barrier to any application a note should be included in the advert to say words to the effect, 'if you are considering non arable farming you are advised to contact the County farms Team for advice regarding your proposed business model'.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.3	<p>Farm Business Tenancy Conditions – Agreed Development of Land/Buildings needs strengthening</p> <p>There was one complaint/allegation which referred to this matter.</p> <p>It was noted that when applicants promise development of a farm, thus perhaps enhancing their selection score or suitability, if no contractual obligation is written into the tenancy it will not be enforceable and that may contribute to a perception that the process was unfair or that tenants had been favoured.</p> <p>Proposals made at the application stage of a farm letting (that may have a significant bearing on the scoring or choice of candidate) have not been formalised into Farm Business Tenancy contract conditions.</p> <p>The Estate Management Policy includes:</p> <ul style="list-style-type: none"> • At parts 3 and 5, to develop the estate as an exemplar of 	<p>Without clear and enforceable contract conditions the Council could be open to accusations of impropriety or conflict of interest..</p>	<p>Farm Business Tenancy conditions should clearly set out all expectations and then be enforced.</p> <p>Longer term tenancies (10-15 years) can stifle turnover, but it is recognised that this must be balanced against development of farmer’s businesses.</p> <p>Used positively renewals also offer a potent check on tenant compliance and delivery of any development set out in an application.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>innovation, working with tenants, the County Council, communities and external parties</p> <ul style="list-style-type: none"> At part 6, to seek to develop farms to help deliver wider Corporate services and objectives such as use as an educational resource centre or care farm, in conjunction with the County Council's relevant departments. Also develop links with local schools. 				
6.4	Farm Business Tenancy				

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>Conditions - Enforcement</p> <p>Warning Procedure for Tenants needs strengthening</p> <p>There were two complaints/allegations that related to this matter.</p> <p>We noted that there is no policy or procedure for issuing warnings to tenants who may be found to breach Farm Business Tenancy Agreements (FBT).</p>	<p>Without transparency and appropriate management of warnings to tenants the Council could be open to accusations of impropriety or conflict of interest..</p>	<p>Farm Business Tenancy conditions should be enforced.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>
6.5	<p>Commercial Tenancy propositions are not being</p>				

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>approved by the Policy and Resources Committee</p> <p>There were three complaints/allegations that tenants have undertaken activity that did not have appropriate Commercial tenancies approved by the Council and the activity may not be permitted under the relevant planning rules. These complaints had not been adequately investigated in a timely way.</p>	<p>Appropriate tenancy agreements have not been established and approved.</p> <p>There could be reputational loss where the Council had allowed unpermitted activity to take place on its estate.</p>	<p>Commercial Tenancy propositions should be approved by the Policy and Resources Committee.</p> <p>Farm Business Tenancy conditions should be enforced.</p> <p>Site visits should include consideration of whether planning approvals may be required for activity/development and if required that they are obtained timely.</p>	<p>Agreed.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>
6.6	<p>Fit for purpose and transparent Estate Management Procedures</p>				

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>are not defined, approved and published -</p> <p>Interview Selection Criteria need strengthening</p> <p>There were four complaints/allegations related to tenant selection criteria.</p> <p>It was noted on one occasion that the interview records were significantly incomplete.</p> <p>It was noted that on two occasions the interview panel used discretion and made an offer to a lower scoring candidate.</p> <p>For the Western Estate lettings in late 2015 the interview selection panel used discretion to make some direct lettings (without interview) to some existing County Farm tenants. Other farms and land were let through interviews. The direct lettings were based on the highest rent offered. Applicants were not aware of that when they applied for the farms and that may have contributed to the perception that the process was unfair or that</p>	<p>Without transparency and appropriate management of candidate selection for tenants the Council could be open to accusations of impropriety or conflict of interest..</p>	<p>Fit for purpose and transparent Estate Management Procedures to be defined, approved and published.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>tenants had been favoured.</p> <p>Whilst the Council does have a clear policy to influence selection criteria, it is not clear how this has been applied to encourage new and younger farming entrants and innovation, which is a stated objective for County Farms.</p> <p>The approval of the tenancy offer should be confirmed by the Head of Property before an offer is made to the intended tenant. The interview panel is advising the Head of Property in making that decision. This has become 'blurred' with the panel effectively committing the Council to a decision.</p> <p>It is noted that the County farms letting Policy needs to be formally approved by the appropriate Committee.</p>				

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.7	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published – Transparency needs strengthening</p> <p>The names and acreage holdings of County Farm land (but not the rental value) are not publically available.</p>	<p>County farms may be questioned on the stewardship of this public asset and could be open to accusations of impropriety or conflict of interest.</p>	<p>The names and acreage holdings of County Farm land (but not the rental value) should be made public, to ensure transparency</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim) 31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.8	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Lettings Administration needs strengthening</p> <p>There were inaccuracies in standard letters informing candidates why they were not shortlisted for interview. Candidates who were marked as scoring over 30 points were told they had not been, which was misleading and untrue.</p>	<p>The Council could be open to accusations of impropriety or conflict of interest. Where significantly misleading information is provided to candidates. Reputational damage could arise.</p>	<p>Letters of correction should be sent to the relevant applicants with an apology.</p>	<p>Agreed.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.9	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Records Retention needs to be compliant</p> <p>Some Letting scores records for interviews prior to 2015 were not retained for the appropriate retention period.</p>	<p>The retention of records policy was not followed. The Council could be open to accusations of impropriety or conflict of interest regarding the selection criteria for tenants.</p>	<p>Letting scores records should be retained for the appropriate retention period.</p>	<p>Agreed.</p>	<p>Head of Property (Interim) 31 August 2016</p>
6.10	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Farm House Dwelling Sub letting</p> <p>One complaint/allegation related to this matter.</p> <p>We found that, to allow for future retirement housing of tenants (who were contracted under older conditions), for technical reasons</p>	<p>Without transparency and appropriate management of the Farm House Dwelling letting the Council could be open to accusations of</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim) 31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>some domestic properties on the estate are let to an existing tenant under a Farm Business Tenancy (FBT) agreement. That agreement allows them to sublet the property privately. The FBT tenancy agreement requires the tenant to advise the landlord (the Council) where this takes place.</p> <p>The controls for; fairly offering and selecting the tenant for the Farmhouse FBT; reporting such agreements and the monitoring of sub tenancies were inadequate. That may have contributed to the perception that the process was unfair or that tenants had been favoured.</p>	<p>impropriety or conflict of interest..</p>			
6.11	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Tenant promotions Controls need</p>				

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>strengthening</p> <p>There was one complaint/allegation that related to this matter.</p> <p>There is no clear structure for farm sizes, the farms are not advertised early enough and financial requirements, including start-up costs, have favoured established applicants when compared to new entrants.</p> <p>There is no clear procedure for tenant promotions. Promotions can occur where a farm or land becomes available and it is offered to existing tenants to promote the viability and size of their holding. The controls for fairly offering and of selecting a tenant for promotion are not adequate and that may have contributed to the perception that the process was unfair or that tenants had been favoured.</p>	<p>Without transparency and appropriate management of tenant promotions for land or farms the Council could be open to accusations of impropriety or conflict of interest..</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p>	<p>Agreed. County farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim) 31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.12	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Conflict of Interest Declarations need strengthening</p> <p>There was one complaint regarding conflicts of interest declarations that are not requested or logged as part of the County Farms interview letting process. There is nothing on the re-letting file in relation to conflicts of interest declarations. Conflict of interest is also not mentioned in the County Farms Management Policy. This policy is yet to be formally amended and</p>	<p>Lack of declaration of conflict of interest may create the impression that the Council's selection process could be compromised. The Council could be open to accusations of impropriety or conflict of interest.</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p>	<p>Agreed.</p>	<p>Head of Property (Interim) 31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	approved.				
6.13	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Multiple Farm Holdings controls need strengthening</p> <p>There was one complaint about this topic. There appears to be inconsistency in the policy for multiple holdings.</p> <p>Confusion arose when a tenant was allegedly told that they could not hold more than one County farm, so they refused a farm they had been successful at interview for. In the recent Western Lettings four farms were passed to one existing tenant. Applications are not scrutinised on</p>	<p>Without transparency and appropriate management of multiple tenant holdings for farms the Council could be open to accusations of impropriety or conflict of interest..</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p>	<p>Agreed. County Ffarms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>the basis of multiple holdings and that may have contributed to the perception that the process was unfair or that tenants had been favoured.</p>				
6.14	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Customer Care Standards need strengthening</p> <p>There were eleven complaints regarding customer care.</p> <p>The Council has clear and established Customer Care Standards and based on the allegations these have clearly not been met by the County Farm Land Agent and in some cases members.</p> <p>There have been complaints that have not been acknowledged, investigated or responded to.</p> <p>Complaints have not been reported</p>	<p>There is the risk of reputational damage where complaints are not investigated and resolved timely. The Council could be open to accusations of impropriety or conflict of interest..</p> <p>Positive tenant participation is not being</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p> <p>The County Farms team should be reminded of the Corporate standards for customer care and</p>	<p>Agreed.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>to the Head of Property (Interim), the Executive Director of Finance or the Managing Director.</p> <p>Positive Tenant Participation (ideas/feedback/cooperation) seems untapped and that could be missing energy and motivation.</p>	<p>actively encouraged.</p>	<p>handling complaints.</p> <p>Complaints to Members should be passed to the County farms Team for resolution.</p> <p>Positive tenant participation should be actively encouraged.</p>		
6.15	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Site Visits to ensure that FBT conditions have been met need strengthening</p> <p>A Strong governance team need to perform regular and comprehensive site visits are a foundation of good estate management. Visits should be recorded and any action required should be followed up. We noted that site visits were ad hoc and not formalised.</p>	<p>Noncompliance with the Farm Business Tenancy could occur and not be recognised or treated. This could lead to financial or reputational loss to the Council. The Council could be open to accusations of impropriety or conflict of</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
		interest.			
6.16	<p>Fit for purpose and transparent Estate Management Procedures are not defined, approved and published -</p> <p>Transparency and Accountability needs strengthening</p> <p>There has not been an annual report on the activity on the estate to demonstrate transparency.</p>	<p>The Council could be open to accusations of impropriety or conflict of interest and be questioned on the stewardship of the estate.</p>	<p>Fit for purpose and transparent Estate Management Procedures are defined, approved and published.</p> <p>Where it is possible there should be full transparency in the use of the asset, decisions made, financial reporting and of complaints that have been</p>	<p>Agreed. A report for 2015-16 has already been drafted.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
			<p>received and their resolution.</p> <p>An Annual Report should be presented to Members.</p>		
6.17	<p>Checks and Balances are not adequate -</p> <p>Leadership, Expertise and Resources need strengthening</p> <p>The findings described in this report suggest that resources, expertise and strong leadership have been lacking in County Farms.</p>	<p>Good governance and value for money may not be demonstrated.</p>	<p>An appropriate corporate culture should ensure strong leadership, expertise and adequate resources are deployed to maintain and develop the County Farms service. County Farms has a policy.</p>	<p>Agreed. County Farms has engaged LGSS who can provide this advice.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
6.18	<p>Checks and Balances are not adequate–</p> <p>Approval of Expenditure needs strengthening</p> <p>There was one complaint/allegation regarding excessive expenditure on the internal fabric of a County Farm property during 2014.</p> <p>The Estates Management Policy includes (at part 12) to, ‘Develop an investment programme to improve the infrastructure, buildings and storage capacity for crops on the estate.</p> <p>There are number of works described in the County Farms Capital Programme Budget. These are not reported to the Managing Director or Head of Property (Interim) but we understand the County Farms Advisory Board are</p>	<p>There is a lack of checks, balances and transparency for the approval of expenditure. The Council could be open to accusations of impropriety or conflict of interest.</p>	<p>The capital expenditure checks and approval for County Farms need to be improved to ensure transparency and accountability.</p>	<p>Agreed.</p>	<p>Head of Property (Interim)</p> <p>31 August 2016</p>

Ref	Findings from Lines of Enquiry	Risk	Recommendation	Action	Whom/When
	<p>advised (but they cannot make decisions).</p> <p>The budget holder acknowledges that best value for money may not have been obtained and expenditure is now being monitored more closely.</p>				

7. Terms of Reference

- 7.1 On 17 September 2015 the Executive Director of Finance requested the Council's Chief Internal Auditor to investigate and to report with recommendations on a number of complaints and allegations he had received regarding the County Farms Service, which is part of the Finance Department at Norfolk CC.

Adrian Thompson
 Chief Internal Auditor
 Norfolk Audit Services
 18 April 2016