

Audit Committee
Minutes of the Meeting held in Council Chamber, County Hall
on
Thursday 29 July 2021 at 2pm

Present:

Cllr Ian Mackie – Chairman
Cllr Michael Dalby
Cllr Mark Kiddle-Morris
Cllr Robert Savage – Vice-Chairman
Cllr Saul Penfold

Substitute Members Present:

Cllr Brenda Jones for Cllr Terry Jermy

1 Apologies for Absence

1.1 Apologies were received from Cllr Karen Vincent and Cllr Terry Jermy.

2 Minutes

2.1 The minutes from the Audit Committee meeting held on 22 April 2021 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 Ian Mackie declared an “Other Interest” regarding item 5 because of his work with the ONS Commercial Director on their communications strategy.

4 Items of Urgent Business

4.1 There were no items of urgent business.

5 Census 2021.

5.1 The Chairman welcomed Paul Askew and Neil Yemm from the Office National Statistics (ONS) and Jill Terrell the Head of Libraries and Information Services whom undertook a presentation of the 2021 Census (copy attached to these minutes). Eliska Cheeseman, Head of Norfolk Office of Data & Analytics (NODA) was also present.

5.2 The Committee were advised that data from the census was still being processed and analysed and that only a national overall picture was available currently. Data relating to Norfolk specifically would be available in Spring 2022. A period of quality assurance had just been entered and would continue through until November to ensure the robustness of the data collected. Nationally the response rate was over 97% against a target of 94%. Norfolk County Council had worked hard to promote Census awareness, along with local media outlets and district authorities. Social media platforms were also extensively used to engage participation.

5.3 The Chairman thanked all those involved in the Census 2021 and was delighted to see the overall response nationally was 97% which was exceptional, given the difficult circumstances experienced during the census period.

5.3.1 In response to questions from the Committee, the following points were noted:

- The overall response rate at 97% was higher than the previous census responses in 2001 and 2011.
- There was usually a time lag of 24 months before data collected was verified and analysed and then used to help shape and form policy changes.
- Over 90% of Norfolk residents had responded online rather than in paper form.
- The committee were hopeful that once the data relating to Norfolk was available in 2022, representatives from ONS would return to undertake a further presentation and to provide more countywide detail and a Norfolk interpretation of findings.

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

Thank all those who had attended the meeting to present and support the presentation and look forward to receiving data relating specifically to Norfolk in due course.

6 Norfolk Audit Services Quarterly Report ending 30 June 2021.

6.1 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.

6.2 In response to questions the following points were noted.:

- As at 31st March 2021 the Covid-19 pandemic had resulted in the cancellation of three audits that were due to have taken place in 2021/22.
- Discussions continued with service departments to ascertain whether audit assurance work was required for those audits that were deferred/cancelled. None of the nine deferred audits were, however, considered urgent.

- The third column of the table at Appendix A to the report referred to the number of audit days set aside for each of the proposed audits. The heading for the columns in the table would be confirmed by the Assistant Director of Finance (Audit) with Cllrs after the meeting

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

Agree the key messages featured in the report; that the work and assurance meet their requirements.

7 **Norfolk Audit Services Annual Report 2020-21**

7.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work carried out to support the County Council's vision and strategy.

7.2 The Chairman thanked officers for the comprehensive report, the audit team for their achievements and the External Auditors Ernest Young for their work throughout the year. The Chairman welcomed the 'Acceptable' opinion for the overall adequacy and effectiveness of the County Council's Framework of Risk Management, Governance and Control for 2020/21.

7.3 The committee noted that all audit work was measured against an international standard for the professional practice of internal auditing; Public Sector Internal Auditing Standards (PSIAS). A five-year review of practices measured against those standards had received a positive result. The External Auditor receives all audit reports. The Annual Governance Statement will reference the impact of Covid and the measures taken to monitor and manage the Council's services during the pandemic will be covered in that report in the Autumn.

7.4 Cllrs considered the circumstances when management letters should be issued. It was noted that these provided advice and guidance and were sometimes used as an alternative to audit opinion work, for areas of work where there had not previously been an audit. The letter did not negate the need for a later audit but outlined audit expectations of a department or service moving forwards.

7.5 The Committee considered the report and **RESOLVED** to agree the following key messages from the Annual Report 2020-21:

- Our opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control for 2020/21 is 'Acceptable'.
- The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) and complies with the Accounts and Audit Regulations 2015 (as amended).
- The Annual Governance Statement (AGS) for 2020/21 will refer to this report and will be reported to this Committee in October 2021 for its approval

- The impact of Covid-19 for ongoing ways of working, internal controls, risks and governance are being continually monitored and managed and assurance will be provided to the Committee through regular reporting.
- That the Committee 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.

8 Annual Risk Management Report 2020-21.

8.1 The Committee received the report by the Executive Director of Finance and Commercial Services providing it with information on risk management for the financial year 2020-21, incorporating the main changes that had occurred within the year. The report was separate to the report detailing risk management for the first quarter for 2021-22

8.2 The Committee considered the report and **RESOLVED** to agree the following key messages from the Annual Risk Management Report 2020-21:

- The overall opinion on the effectiveness of Risk Management for 2020/21 is 'Acceptable' and therefore considered 'Sound' (part 3 of the report)
- The Risk Management Function complies with the Accounts and Audit (England) Regulations 2015 (as amended in 2020) and recognised Public Sector Internal Audit standards.
- Risk management has played a prominent role in the Council's response to the pandemic over the last financial year, in considering risk-based decisions at every level of the Council.
- The Annual Governance Statement for 2020/21 will refer to this report and is also reported to this Committee for its approval

9 Quarterly Risk Management Report

9.1 The Committee received the report by the Executive Director of Finance and Commercial Services referencing the corporate risk register as it stood in July 2021 following the latest review conducted during June 2021.

9.2 A summary of significant changes to corporate risks since they were last issued to this Committee had been included in Appendix A for information purposes. The latest corporate risk heat map for the corporate risk register was included in Appendix B providing a visual summary of corporate risks. Full details of the current corporate risks were included in Appendix C, including further explanation on risk scoring. Scrutiny options available for the management of corporate risks were presented at Appendix D, along with

background information at Appendix E. Finally, Appendix F set out the key messages from the recently undertaken risk management health check by the Council's insurers.

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

9.3.1 In respect of risk **RM029 NCC skill shortages**, detail of what skills and what services could be affected where unknown at this stage. Whilst discussion with HR had taken place, further analysis of the recent staff survey was required. It was acknowledged that this risk needed further investigation and would return to the committee at the next meeting.

9.3.2 Whilst it was noted that risks concerning **Covid 19 (RM032a)** were ongoing, the issue of any impact of the so called "*pingdemic*" was questioned. To date no known issues had arisen due to any isolating staff being absent, but the Assistant Director of Governance (Audit) indicated he would check and report back to members directly.

9.3.3 Risks **RM006 failure delivery within available resource** and **Risk RM029 NCC skill shortages** were thought to be linked, as failure to have sufficient money may lead to a failure to recruit individuals with the necessary skills.

9.3.4 A Government paper regarding long term **funding of adult social services (Risk RM023)** was awaited and as no plan was currently in situ the amber rating was considered an optimistic outlook. The next quarter's report would seek to provide some clarity on the risk status moving forward.

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

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

10 Local Audit & Accountability Act 2014 – External Auditor Appointments.

10.1 The Committee received the report by the Executive Director of Finance & Commercial Services. The report outlined the position for the appointment of external auditors for the period 2022/23. The current appointments will expire after the 2021/22 audit and new or continuation of existing appointments need to be confirmed by 31 December 2022 to ensure compliance with the regulations as set out in Local Audit & Accountability Act 2014.

10.2 In response to member questions it was noted that the fee scales have been laid out and agreed within the framework of the Public Sector Audit

Appointments Ltd and are published on their website. However, specialist areas of services or work related to Norse Group would attract additional fees. All auditors within the framework are of a high standard and have undergone a thorough examination of their credentials and abilities to deliver audit services.

The Committee considered the report and **agreed** to note

10.3

- The requirements and timescales set out in the Act (explained at 2.3 and 2.4)
- The advantages and disadvantages of the available options for procuring an External Auditor (Local Auditor) as required by the Act (explained in Appendix B) and with regard to securing value for money; and

and **RESOLVED**

To commend to Full Council to direct the Executive Director of Finance and Commercial Services to formally 'opt in' with the Government's designated appointing person (in this case PSAA), as allowed under Section 17 of the Act, as the preferred option offering the greatest potential economic and efficiency savings.

11 Monitoring Officer's Annual Report 2020-21.

11.1

The Director of Governance had sent her apologies and the report was presented by the Assistant Director of Governance (Audit). The Committee received the report by the Director of Governance summarising the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 2020-21 and providing assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer was adequate and effective.

11.2

The Chairman highlighted the good news that there had been no reportable incidents during the period 2020/21; the systems of internal control administered were adequate and effective during 2020/21 and that there were no breaches of the Council's Code of Conduct by the standards Committee in 2020/21. The Chairman thanked the Director of Governance and Monitoring Officer for her work, in her absence.

11.3

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

- The contents of the report and the key messages in the above Executive Summary and Appendix A section 2.1

12 Senior Information Risk Officer (SIRO) Annual Report 2020-21

12.1

The Committee received the report by the Executive Director of Strategy & Transformation providing an annual assurance statement to confirm that there are adequate systems and processes in place around Information Governance. The report advised that the current SIRO Andrew Stewart (Director Insight & Analytics) had assumed the role from Helen Edwards (Director of Governance)

on 1 November 2020. Helen Edwards continues as the Data Protection Officer (DPO).

12.2 The Director Insight & Analytics had sent his apologies and the report was introduced by Nigel Gollop Head of Governance Information. The report concluded that adequate systems and processes were in place around Information Governance and any potential information risks have been mitigated. Significant progress had been made following the implementation of recommendations from the Society for innovation, technology and modernisation (SOCITM) report.

12.3 The committee noted:

- Information Governance mandatory training had been created and had 95% completion rate.
- A new Information Governance Steering Group had been created, holding bimonthly meetings with clear accountability.
- There had been only 6 data breaches reported to the ICO – no fines had been issued with 3 cases closed and 3 outcomes awaited.
- Electronic centralisation of Information Governance documents is underway and further technology enhancements are being looked into, such as the online Freedom of Information requests form which has been delivered

12.4 The Committee considered the SIRO's annual statement on Information Governance and **RESOLVED** to agree:

- That appropriate actions have been taken and there is a clear plan for further improvement.
- The SIRO role, described in the Council's Data Quality Policy, had been adequately discharged.

13 Norfolk Pension Fund Governance Arrangements

13.1 The Committee received the report by the Executive Director of Finance & Commercial Services and the Director of the Norfolk Pension Fund outlining the ongoing governance arrangements of the Norfolk Pension Fund.

13.2 In the absence of the Director of the Norfolk Pension Fund whom had given his apologies for the meeting, the Head of Funding & Investment, Norfolk Pension Fund, introduced the report, highlighting the Membership of the Scheme; the contributors to the scheme and the recent investment market conditions following the covid-19 pandemic.

13.3 In response to Cllrs questions the committee were advised that:

- The fund has 90,000 members and currently was 100% funded.
- The Norfolk Pension Fund total assets were now valued above pre-covid-19 levels at £4.5bn.

- Although the fund did not exclude any sector of investment, leverage was used as a shareholder to question and influence policies of concern such as environmental factors. The Council produces a document entitled the Investment Strategy Statement which details the Responsible Investment Policy. The outsourced fund managers have to comply with the arrangements within this policy with regard to Environmental, Social and Governance factors.

13.4

The Chairman thanked the Pensions Team and highlighted that the investment market fluctuations which had returned so quickly over a 12 month period was a remarkable result, and the fact that the pension deficit was now eroded completely was an amazing turn around.

13.5

The Committee considered the report and **RESOLVED** to:
Agree the report which detailed Norfolk Pension Fund's governance arrangements being fully compliant with legislative requirements, regulatory guidance and recognised best practice.

14 **Audit Committee Work programme**

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

16.3 The Committee considered and **noted** the report and agreed to add 2 additional items:

1. The report on the work of the Audit Committee would be received for the meeting in October 2021
2. The Director of People to be asked to provide further detail on the skills gap of employees required to maintain services and the likely risks involved (RM029).

The meeting ended at 3.55 pm



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