

Audit Committee

Minutes of the Meeting held in Council Chamber, County Hall on Thursday 28 July 2022 at 2pm

Present:

Cllr Ian Mackie – Chairman
Cllr Terry Jermy
Cllr Mark Kiddle-Morris
Cllr Robert Savage – Vice-Chairman
Cllr Saul Penfold
Cllr Tony White

Substitute Members Present:**1 Apologies for Absence**

- 1.1 All members were present.

2 Minutes

- 2.1 The minutes from the Audit Committee meeting held on 23 April 2022 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.

4 Items of Urgent Business

- 4.1 The Chairman advised that following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged. Further details and training would be available to members as and when matters were agreed.

5 Norfolk County Council and Norfolk Pension Fund External Audit Plan 2021-22

- 5.1 Mark Hodgson, External Auditor Ernst & Young LLP presented the report to the committee and advised that all audit risks were consistent and in line with the discussions held in April 2022. One new risk had been added as Infrastructure and Assets, as alluded to in April 2022. The risk relating to Covid 19 grants had been removed and downgraded to an inherent risk. There was one new inherent risk concerning group consolidation as the Council's subsidiary Repton Property Developments was to be consolidated into the audit process for the first time. The value for money assessment, to be considered before the audit plan is approved, has not changed since April 2022. Due to rotation requirements this was the last year of Mark Hodgson's involvement in the audit process as a signing partner, following a two-year extension and that this

disclosure was covered in the report. The pension fund audit followed the same process and risks were consistent with discussions in April 2022. The Chairman on behalf of the committee thanked Mark Hodgson for all his hard work, advice and support given to the Council in his tenure as External Auditor.

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

- There was already a lot of corporate reporting statutory requirements relating to sustainability and climate change / carbon emission and carbon footprints. Although this did not currently apply to local government this will likely be a requirement in the future. The Council was already including a lot of this detail in its decision making and was leading in this area, albeit the learning curve was steep and there was still more work to be done.
- Audit sampling was sufficient to allow an audit opinion to be formed, however specific details of the testing cannot be provided to ensure no prior warning was given to officers as to what areas were being audited.
- The risk profiles for the Council as a whole were consistent with other local authorities and were not of additional concern.
- The audit process ensured that value for money processes existed and were appropriate. The audit itself would not provide comment on whether value for money was being attained.

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

- Note and **agree** the Norfolk County Council Initial External Audit Plan and the Norfolk Pension Fund Provisional External Audit Plan for 2021-22 .

6 Norfolk Pension Fund Governance Arrangements 2021-22

6.1 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.

6.2 Alex Younger, Head of Funding & Investment, Norfolk Pension Fund undertook a presentation that can be found on the [committee's website pages](#).

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

- The Pension Oversight Board provides oversight of the fund commenting on the processes involved ensuring that policies and procedures for administration, investment and governance are followed. They do not directly influence investment decision making.
- The pension fund was 99% funded as at 31 March 2019, when the last triannual valuation was undertaken. Financial markets expect current high inflation levels to return to more normalised levels in the next 3 years, although it was acknowledged that high inflation does pose a risk to those proportions of the scheme that had benefits that relate directly to the inflation (CPI index linked).
- The pension oversight board had elected scheme member representatives as well as guaranteed seats for unions and different employer types.
- A consultation is due shortly on TCFD (Taskforce on Climate Related Financial Disclosures) for the LGPS. This will increase formal climate

reporting and target setting across the LGPS sector. The Norfolk Fund already reports key climate metrics across its quoted equity portfolios.

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

- **Agree** the report, which detailed to the Committee the Norfolk Pension Fund governance arrangements, which are fully compliant with legislative requirements, regulatory guidance and recognised best practice.

7 Senior Information Risk Officer Annual Report 2021-22

7.1 The Committee received the report by the Executive Director of Strategy and Transformation and it was presented by Nigel Gollop Head of Information Governance Service.

7.2 The report provided the annual assurance statement to confirm adequate systems and processes are in place around Information Governance and that activity had taken place to ensure a robust information governance culture.

7.3 Activity in the previous 12 months had included:

- Strong emphasis on training with 95% of staff having undertaken the Information Governance and Online Security mandatory training.
- 94% of Freedom of Information (FOI) requests had been responded to within the 20 day statutory timescale. The remaining 6% were usually more complex cases and ongoing discussions happen with the requestor.
- Paper records are being centralised in to one location with careful consideration given to access and disposal dates.
- Electronic records were in the process being transferred from file share storage to Sharepoint which also has an auto deletion date facility to ensure data is not held beyond the agreed retention period.
- Scanning services have reduced time by a third by centralising locations where scanning is undertaken in relation to Subject Access Requests.
- Eight breaches had been reported to ICO with initial actions being sufficient, with no further action being required.

7.4 The following points were noted in response to questions from the committee:

- Data on complaints relating to Information Governance were not included within the report although it was suggested these could be added in the future and are known to be low based on recent analysis.
- Training continues to be undertaken around paper and electronic information to ensure colleagues are aware of their responsibilities while working at home. Monitoring continues through our breach reporting process within no concerns to note.
- 12k boxes of paper information have been moved from other locations to a centralised facility at Scottow. These have been assessed to ensure they comply with agreed retention and there is a longer term plan to assess viability to digitise.

7.5 The committee considered the report and **RESOLVED** to:

1. Agree the SIRO's annual statement on Information Governance and that appropriate actions had been taken and a clear plan for further improvement was in place.
2. Agree that the SIRO role, as described in the Council's Information Governance Framework, had been adequately discharged.
3. Request that data concerning complaint levels was added to future reports.

8 Norfolk County Council's Insurance Strategy

8.1 The Committee received the report by the Executive Director of Finance and Commercial Services which formally provided the Council with a strategy for insurance procedures and practice. The strategy had been reviewed and compared against other similar local authorities to ensure industry standards are maintained. This has provided the Council with an assurance that competency around procurement and delivery of insurance services was in place.

8.2 In response to member's questions the following points were discussed and noted:

- The document will be reviewed in three years' time and will be considered by the committee before formal adoption.
- Other than for the most catastrophic of issues the council self-insured property using the council's own in-house resources or subsidiaries to carry out any repair work. Insuring externally for all property claims would likely push the premium above what is likely to be claimed for.
- The report did not include claims data as this is reported annually to the committee in a separate report.

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

- That the Insurance Strategy provided proper insurance provision for the Council and subsidiary companies.
- The strategy to be reviewed in three years' time.
- The strategy will be considered by the committee before approval and adoption.

9 Norfolk Audit Services Annual Report for 2021/22 and Quarterly Report for period ending 30 June 2022

9.1 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 and reporting measures.

9.2 The Chief Internal Auditor confirmed that the system of internal control, that included the management of risk, during 2021/22 was acceptable and therefore considered sound. In addition, the inclusion of new tracker software to ensure when recommendations had been completed and closed down was now in place. This had made the process easier to monitor and to control the workflow.

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

- The information on timescales for recommendations in progress will be provided to committee members in due course. The new software monitoring this area has only been in place for a relatively short while and was being updated.
- Display screen assessments data would be due at the end of July. This would be made available to the committee when completed. Home assessments for hybrid workers were in place and guidance had been given to line managers. The Health and Safety and Wellbeing Manager would be asked to provide an update.
- During the pandemic the Council had provided financial assistance for employees to obtain the necessary equipment to ensure safe home working.

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

- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control for 2021/22 and for the quarter ending 30 June 2022 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 2021/22 will refer to this report and will be reported to this Committee in October 2022 for its approval.
- The impact of Covid-19 for ongoing ways of working including hybrid working, internal controls, risks and governance were continually monitored and managed and assurance was 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, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

10 Risk Management Annual Report 2021/22

10.1 The Committee received the report by the Executive Director of Finance & Commercial Services. The report outlined the key messages for risk management from the last financial year and looked at the current financial year for the risk management function.

The Risk Management Officer advised that the quarterly report was not available since the corporate risk register was undergoing a strategic review.

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

The key messages from the Annual Risk Management 2021/22 Report (Appendix A):

- The overall opinion on the effectiveness of Risk Management for 2021/22 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 continued to play 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 2021/22 will refer to this report and will be reported to this Committee in October 2022 for its approval.

11 Annual Anti-Fraud, Bribery and Corruption Report 2021-22

11.1 The Director of Governance had sent her apologies and the report was presented by the Chief Internal Auditor. The Committee received the report by the Director of Governance summarising the internal governance work carried out in 2021-22 that 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 The Chief Internal Auditor confirmed that the Council does have a robust strategy and robust action plans to tackle fraud. The Chairman thanked the Director of Governance and Monitoring Officer for her work, in her absence and was pleased to note the assurance of an adequate and effective governance environment.

In response to members questions the committee discussed and noted the following:

- The report, due to confidentiality reasons and ongoing investigation, can not provide explicit details of cases but provides an overview of types and effects of cases of fraud and similar.
- The numbers of fraud cases is considered extremely low in comparison to numbers of employees and financial transactions.
- The council is very alert to the possibility of fraud and has checks and balances in place.
- Due to pressures in the Crown Prosecution Service and the Police some cases are taking longer to work through the system than was anticipated.
- Prevention work in the area of fraud, bribery and corruption was being restricted due to the uneven nature of workflow of cases requiring investigation. It is hoped once the current work pattern slows down officers can reprioritise the prevention work.
- Robust controls are in place for access to information systems and any inappropriate searching is quickly identified and dealt with in accordance with the procedures.

- Whistleblowing disclosures vary and some are more related to personal grievances and those are signposted to the relevant grievance procedures.
 - Data analysis measures were being used to spot any potential fraud within the Norfolk Assistance Scheme (NAS).
- 11.3 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 advised if further information was required.

12 Work Programme

- 12.1 The Committee received the report by the Executive Director of Finance & Commercial services.
- 12.2 The Committee considered and noted the report and agreed to the programme. The Chairman requested that the Director of Governance and Assistant Director of Governance (Audit) considers how items relating to the Standards committee will be placed on the forward work programme and any potential committee needs or training that arise.

The meeting ended at 3.51 pm



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