

**Audit Committee**  
**Minutes of the Meeting held on Thursday 29 January 2015 at**  
**2pm in the Colman Room, County Hall, Norwich**

**Present:**

Mr I Mackie (Chairman)

Mr A Adams

Mr B Bremner

Mr J Dobson (Vice-Chairman)

Mr R Parkinson-Hare

Ms J Virgo

**Officers Present:**

Mr S Rayner

Mr P Timmins

Mr A Thompson

Mrs J Mortimer

Strategic Risk Manager

Executive Director of Finance (Interim)

Chief Internal Auditor

Committee Officer

**Also Present:**

Rob Murray

Philip King

External Auditor

External Auditor

**1 Apologies for Absence**

Apologies were received from Mr J Joyce; Mr A Gunson (Miss J Virgo substituted) and Mr R Smith (Mr A Adams substituted).

**2 Minutes**

- 2.1 The minutes of the meeting held on 25 September 2014 were agreed as a correct record and signed by the Chairman.

**3 Declaration of Interests**

- 3.1 There were no declarations of interest.

**4 Items of Urgent Business**

There were no items of urgent business. The Chairman advised that, as part of the budget setting process, departmental overspends and the risks around planning and delivery of the budget would be monitored ahead of the budget being presented to full Council in February 2014.

**5 Norfolk Audit Services Quarterly Report for the Quarter ended 30 September 2014.**

5.1 The Committee received the report by the Executive Director of Finance (Interim) summarising the results of recent work by Norfolk Audit Services (NAS) to give an overall opinion on the adequacy and effectiveness of risk management and internal control within the County Council and to give assurance that, where improvements were required, remedial action had been taken by Chief Officers; and provided an update on changes to the approved Norfolk Audit Services audit plan, traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg VA Programme.

5.2 The Committee was asked to consider and comment on:

- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
- The summary High Priority Findings results at Appendix C, being satisfactory.
- Satisfactory progress with the Property Asset Management project as set out in Appendix F of the report.
- The changes to the approved 2014-15 Norfolk Audit Services audit plan, described in Appendix G of the report.
- Satisfactory progress regarding the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.

5.3 During the discussion, the following points were noted;

- The Committee asked whether, following the reduction in petrol costs, consideration could be given to reducing the mileage allowance to save money. The Executive Director of Finance (Interim) responded that, although the rate was set by Government, this was a maximum rate and Norfolk County Council could set a lower figure if it wished. He added that the Managing Director was currently considering all options for saving money, as part of the review into staff car parking and would be presenting a report at a Policy and Resources Committee meeting.
- Norfolk County Council had recently entered into a contract with Click Travel who were making all hotel and travel bookings on behalf of the County Council and it was hoped that significant financial savings could be made.

5.4 The Committee **noted** the report.

**6 Risk Management report (3<sup>rd</sup> Quarter 2014/15).**

6.1 The Committee received the report by the Executive Director Finance (Interim) providing an update of the Corporate Risk Register and other related matters following the latest quarterly review conducted during the third quarter of 2014/15. The update included details of twenty-one risks proposed for inclusion within the Corporate Risk Register.

6.2 During the discussion, the following points were noted;

- The Risk Register was owned by the Chief Officer Group. All risks were allocated to a Chief Officer and were reviewed regularly at Chief Officer Group meetings.
- Regarding risk RM13906 – Looked after Children overspends, the Committee was reassured that Children's Services department was closely monitoring the risk and was taking appropriate measures to mitigate them. The Committee was also reassured that the number of looked after children was slowly reducing. Children's Services was reviewing their Management structure and was in the process of appointing staff to tier 4 of the structure.
- As part of the work being undertaken in setting the budget, investigations were being carried out into how to prevent children from entering the care system and £5k had been allocated from the Children's Services budget to carry out some work in this respect.
- Risk RM14205 - Traded Services. The Executive Director of Finance (Interim) agreed to circulate a report to the Committee about the traded services contract, which had been in place for approximately one year.
- Regarding risk RM0201 – Failure to implement Norwich Northern Distributor Route (NDR), Members were informed that a decision was still awaited from the Secretary of State regarding planning permission and the risk would remain on the register until this decision had been reached.
- Regarding Risk RM14079 – Failure to meet the long term needs of older people, it was explained that the unknown nature of future events had led to this being categorised as such a long-term risk.
- The Risk 0207 – Failure to meet the needs of older people was the shorter term risk and related to meeting the needs of funding the services for elderly people and the increased demand on services.
- Regarding risk RM14097 – Shortage of personnel for a variety of reasons, Members were reassured that many staff were able to cover more than one role and the threat and risk was around those staff leaving the County Council. There was a need for departments to ensure that they had multi-skilled staff to carry out a variety of different roles. Members were reassured that business continuity plans included resilience arrangements in the event that multi-skilled staff left the County Council.
- Regarding risk RM14098 – Incident at key NCC premises or adjacent causing loss of access or service disruption, the Committee was reassured that all departments had Business Continuity Plans in place and these were reviewed regularly. The business continuity plans included a list of offices staff would be able to work from in the event of an incident. The Executive Director of Finance (Interim) would let the Committee have details of the Business Continuity Plans for all departments.

- The Committee **agreed** to ask the Communities Committee to consider adding “Review of Business Continuity Plans” to their forward work programme and to review these regularly to ensure it was comfortable with the arrangements that were in place.
- 6.3 The Committee **NOTED** the changes to the risk register and **agreed** to ask the Communities Committee to review Business Continuity Plans to ensure the current arrangements were adequate.

## **7 A Half-Yearly Update of the Audit Committee**

- 7.1 The Committee received the report from the Chairman summarising the work of the Committee in the half year ended 30 September 2014, confirming that its function was consistent with best practice and demonstrated the impact of its work and how it added value.
- 7.2 **RESOLVED** to **note** that the Committee:

- was independent of the executive function, reported directly to full Council and had terms of reference that were consistent with CIPFA's guidance and best practice.
- Provided effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public;
- Could demonstrate the impact and value of its work, and
- Was monitoring the Secretary of State's plans for the Future of Local Public Audit.

## **8 Internal Audit Strategy, Approach, Strategic Plan 2015-18 and Internal Audit Plan for 2015-16.**

- 8.1 The Committee received the report from the Executive Director of Finance (Interim) asking it to approve an Internal Audit Plan of work to fulfil the regulatory function.
- 8.2 In response to a question from the Committee, The Chief Internal Auditor confirmed that all areas of the Council were covered in the audit plan, which had been drafted following discussions with Members, Chief Officers, Financial Business Partners and included any known risks.
- 8.3 **RESOLVED** to approve
- the Internal Audit Strategy as set out at Appendix A of the report,
  - the Approach (Appendix B),
  - the Three Year Strategic Audit Planned Days to support the Audit Opinion (Appendix C),
  - the Summary Internal Audit Plan for work supporting the Strategy 2015-16 (Appendix D), and
  - the Detailed Internal Audit Plan for 2015-16 (Appendix E).

## **9 Review of the Internal Audit Terms of Reference and Code of Ethics**

9.1 The Committee received a report by the Executive Director of Finance (Interim) setting out the relevant Terms of Reference for the Internal Audit Function and a Code of Ethics to meet regulations and best practice. The Committee was recommended to consider and approve the amended Internal Audit Terms of Reference and the amended Code of Ethics.

9.2 The Committee **RESOLVED** to approve

- the amended Internal Audit Terms of Reference as set out in Appendix A of the report, and
- the amended Code of Ethics as set out in Appendix B of the report.

## **10 Anti-Fraud and Corruption Update**

10.1 The Committee received the report by the Practice Director Norfolk Public Law (NPLaw) providing an update for the Committee on the Council's Anti-Fraud and Corruption activity for the period from June to December 2014.

10.2 The following points were noted during the discussion:

- The Chief Internal Auditor explained that, although a strong application had been made for a share of the £60m fund from the DCLG to help finance some of the work previously carried out by Investigators for benefit fraud, Norfolk County Council had been unsuccessful in securing any funding.

The DCLG had set up the fund to help finance some of the non-benefits work which had previously been carried out by the Investigators for benefit fraud. The Investigators for benefit fraud had been brought under one umbrella following which it had been recognised that they had also carried out other anti-fraud work in some Councils.

In order for a bid to be successful, applicants needed to include details about how the service would be able to recover any investment made. The Chief Internal Auditor said that it had been hard to make a case to demonstrate this due to Norfolk County Council having a low fraud base.

- Mr I Mackie proposed, seconded by Mr T Adams the following amendment to the recommendation in the report:

The Audit Committee ~~to consider and commend~~ to strongly recommend to Chief Officers that ~~some~~ 'Fraud Awareness' training be made a mandatory requirement for **all** employees.

The amendment was unanimously **agreed**.

10.3 **RESOLVED:**

- The mandatory information would be published as required by the due deadline (February 2015) for the DCLG Transparency Code 2014 – Anti-Fraud Section requirements (as set out in Appendix A of the report). The information 'recommended' for publication in that Code would be investigated and reported to the next meeting.

- A statement regarding the adherence to the Code would be included in the Council's Annual Governance Statement, as required by the CIPFA Code of Practice on Managing the Risk of Fraud.
- A report would be made to the next meeting of the Audit Committee regarding the National Audit Office Whistleblowing Report – November 2014 and their earlier report 'Making a Whistleblowing Policy Work' – 18 March 2014.
- Actions arising from the CIPFA Anti-Fraud Benchmarking Report 2014 had been included in the Action Plan (as set out in Appendix D of the report).

**To note:**

- The questions posed in the Audit Commission Fraud Briefing 2014 (Appendices B1 and B2).
- The questions posed in the Audit Commission Protecting the Public Purse Report 2014 (Appendix C).
- The questions posed in the Audit Commission Fighting Fraud Checklist for Governance 2014 (Appendix E).
- The Government's UK Anti-Corruption Plan (para 2.15 of the report) which had no direct actions for Local Councils and direction was awaited from DCLG in due course.
- The NFI Progress report, at paragraphs 2.16 – 2.18 of the report.
- The Anti-Fraud and Corruption Strategy 2014 remained fit for purpose.
- The work to date by Norfolk Audit Services, that there had been adequate progress and the plan for future work as set out in Appendix D of the report.

**Agreed:**

- To strongly recommend to Chief Officers that 'Fraud Awareness' training be made a mandatory requirement for all employees.

## **11 Audit Committee Work Programme**

- 11.1 The Committee received and **noted** the report by the Executive Director of Finance (Interim) setting out the programme of work for the Committee.

The meeting ended at 3pm

**CHAIRMAN**



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