

GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 6 December 2022 at the Council Chamber - Council Offices at 2.00 pm

Committee

Members Present:

Mr J Rest (Chairman)
Mr C Cushing
Mr P Fisher

Mr S Penfold (Vice-Chairman)
Mr H Blathwayt

Other Members

Present:

Mr N Lloyd (Observer)
Mr A Brown (Observer)

Mr E Seward (Observer)

Officers in

Attendance:

Democratic Services and Governance Officer - Scrutiny (DSGOS), Head of Internal Audit (HIA), Assistant Director for Environment & Leisure (ADEL), Democratic Services Manager (DSM), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO), Assistant Director for Planning (ADP), Resilience Manager (RM) and Director for Resources / S151 Officer (DFR), External Auditor (EA).

54 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr P Butikofer.

55 SUBSTITUTES

None.

56 PUBLIC QUESTIONS

None received.

57 ITEMS OF URGENT BUSINESS

None received.

58 DECLARATIONS OF INTEREST

None declared.

59 MINUTES

Minutes of the meeting held on 27th September 2022 were approved as a correct record and signed by the Chairman.

60 APPROVAL AND SIGNING OF THE ANNUAL ACCOUNTS FOR 2020/21

The DFR introduced the report and informed Members that it provided an update on progress with the audit reported to be ongoing but nearing completion. She added that it was hoped that the accounts could be signed-off by the end of the calendar

year, so long as no further issues were raised. It was noted that the report sought delegated authority for the Chairman and S151 Officer to sign-off the accounts, though the Committee could still request to review them, if necessary.

Questions and Discussion

The recommendation was proposed by Cllr H Blathwayt and seconded by Cllr C Cushing.

RESOLVED

It is recommended that the Committee note the contents of the report and approve that the Chair of the Committee is given the delegated authority to sign the Accounts in consultation with the Section 151 Officer.

61 EXTERNAL AUDIT RESULTS REPORT 2020/21

The EA introduced the report and informed Members that whilst a results report was the intention, it was in some respects a progress report as the accounts were yet to be agreed. He added that whilst the audit had been planned to conclude in time for the agenda, fifteen outstanding questions remained across the areas outlined on p24, relating to several key risk areas. It was noted that completed audits included infrastructure assets and pension liability, and it was hoped that remaining audits could be completed in advance of the Christmas break. The EA reported that the delays had required additional audit resource and as a result, this would have an impact on the delivery of other audits if not completed prior to the year end. He added that despite this there were no uncorrected audit differences, following the correction of three identified, which included the misclassification of land around the Sheringham Splash site, a reduction in pension fund liability, and increases in bad debt provision. On value for money, it was noted that no significant weaknesses had been found, though the position would continue to be reviewed until the audit opinion was delivered.

Questions and Discussion

- i. Cllr S Penfold asked whether there would be any issues if the 2020/21 audit could not be completed within the calendar year. The EA replied that EY's order book was full until August, so either a future audit would have to be deferred to clear the backlog, or the conclusion of the audit would have to wait until after August. Cllr S Penfold asked whether the EA was confident that the audit could be completed within the short timeframe remaining, to which the EA replied that this would be a question for the DFR, given that fifteen questions remained outstanding. The DFR confirmed that she would have the audit completed by the end of the calendar year, unless there were any further significant findings.
- ii. Cllr C Cushing noted that most of the audit delay appeared to be on the NNDC side, and asked whether the Council would incur costs as a result of the delay, then asked the DFR what assurances could be given that the same delays would not reoccur. The EA replied that one hundred percent of the allocated audit time had now been used, though it was only eighty percent complete, meaning that there would be at least a twenty percent overrun to achieve completion. He added that he would not be able to give an accurate figure for completion, but it was expected to be approximately twenty percent of the final fee stated in the report. Cllr E Seward stated that

the Council was not in an ideal position to incur further costs, but it was important that the audit be completed. The DFR stated that the Finance Team were down on the number of permanent staff which had impacted audit work, but interviews had been held for an interim position to increase the available resource. She added that she took responsibility for completing the audit in advance of the year end and would endeavour to complete as many outstanding actions herself as possible, or otherwise delegate to the necessary officers.

- iii. It was confirmed following a request from the Chairman that the outstanding audit work had been clearly identified within the report.

REOLVED

To review and note the EY External Audit Results Report for 2020/21.

62 ANNUAL AUDIT LETTER

The EA introduced the item and informed Members that it related to the 2019/20 audit, and contained no new audit messages beyond the final audit fee, which took into account additional works requested by the Council, or those required to resolve audit differences. He added that the audit fees were subject to determination by the Public Sector Audit Appointments via their normal process.

RESOLVED

To review and note the report.

63 PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 17 SEPTEMBER TO 25 NOVEMBER 2022

The HIA introduced the item and informed Members that the report contained an exempt appendix with controls related to two audits that were considered to have a commercial nature. She added that there had also been some significant changes to the agreed audit plan, such as NN2304 on risk management that had been deferred into the next financial year to allow the new DFR time to familiarise themselves with the organisation. It was noted that finance system was also new to officers, which meant that it was not an ideal time to undertake financial audits. The HIA reported that 67 days of programmed work had been completed, and the Team were on-track to provide an audit opinion as expected. She added that the Pier Pavilion audit had been given a limited assurance grading, with four urgent and three important recommendations. It was noted that the recommendations related mostly to finalising the contract and adding necessary appendices. The HIA reported that the Building Control audit had been given a reasonable assurance grading, with one important recommendation to ensure that certificates were signed-off under delegation in accordance with the constitution. She added that the Legal Services audit had been given a substantial assurance grading with no recommendations. It was noted that overdue audit recommendations were highlighted in the second half of the report, with the number of revisions listed. The HIA noted that updates had been provided by responsible officers, and the ADP was in attendance to provide an update on implementation of S106 recommendations.

Questions and Discussion

- i. Cllr S Penfold referred to outstanding audit recommendations and asked

whether it was possible to provide further clarification on the progress of implementation. The HIA replied that the original due dates and revisions were listed, but evidence was required to formally sign-off recommendations as complete, therefore it was difficult to estimate progress. She added that this information should be sought from the officers responsible for implementing recommendations.

- ii. The ADP reported that the S106 software had gone live, which was an important milestone related to two audit reviews which dated back as far as nine years. He added that officers would now look to deliver a Member Briefing to demonstrate the software and how it would be used, and though an officer was not yet in place to support the system, interviews were scheduled for 19th December. It was noted that the second recommendation related to spending deadlines for S106 agreements, and this would be addressed by the S106 Monitoring Officer, once in post. The ADP stated that recommendation four related to the notification of Parish and Town Councils of available funds, and whilst the software did allow them to search for existing S106 agreements, full support could not be offered until the Monitoring Officer post was filled. He added that meetings would be held with Parish and Town Councils in the new year to introduce them to the service and offer support. It was noted that the final recommendation sought to ensure that S106 expenditure was agreed in a clear and transparent manner, with the new software allowing transparent decision-making, monitoring and recording of decisions.
- iii. It was confirmed following a question from Cllr A Brown that the S106 Monitoring Officer post would be permanent.
- iv. It was confirmed following a question from Cllr C Cushing that the number of active S106 agreements by ward could be provided to Members for consideration. Cllr C Cushing asked whether it was possible to provide an approximate number of S106 agreements in place and the level of funding available. The ADP replied that this information would be readily available via the software package, and the funding available was a significant sum, of which a large portion was intended for the delivery of affordable homes. It was noted that part of the delay in delivering the software had been the requirement to put in place new Planning software, which the S106 software would then draw information from.
- v. The Chairman asked whether it was possible to receive a link to access the S106 monitoring software, which the ADP confirmed he would share after the meeting.
- vi. Cllr A Brown asked whether any public communications or announcements had been made on the availability of the software, as he was aware that there were several Parishes and members of the public seeking to access this information. The ADP replied that whilst an S106 Monitoring Officer was not in post, the decision had been made to delay an announcement, given that a significant number of enquiries could be expected once an announcement was made, and there was not adequate resource to respond at the current time. He added that an announcement would be made as soon as possible once the post was filled.
- vii. The HIA stated that the Internal Audit service had undergone an external quality assessment undertaken by the Chartered Institute of Internal

Auditors, and was pleased to report that the assessment had gone well with only a small amount of work required on assurance mapping. She added that full details would be provided as part of the annual opinion report presented to the Committee in June.

viii. Cllr C Cushing referred to the exempt agenda and noted a limited assurance grading with a number of actions that was cause for concern, and asked what plans were in place to address these actions. The HIA replied that ordinarily there was a one month window to complete actions, and whilst the actions may take longer to complete, they were being treated as a priority. She added that responsible officers had been assigned to actions, and the Committee would be informed of any actions that remained outstanding at the next meeting.

ix. Cllr S Penfold asked whether there was any means by which progress could be tracked across the implementation of all audit recommendations. The HIA replied that the table on p110 provided an overview of progress, but suggested that if Members had any particular concerns that could request a further update from officers.

RESOLVED

To receive and note the internal audit progress and progress against internal audit recommendations within the period covered by the report.

64 BUSINESS CONTINUITY POLICY AND BUSINESS CONTINUITY MANAGEMENT FRAMEWORK

The RM introduced the report and informed Members that there was a requirement as part of the procurement and contract management audit to review and update the business continuity plan. She added as a result all business continuity documents would be reviewed, and the two included on the agenda were the first of these documents to come forward. It was noted that Policy had been separated from the framework, which would be simpler to understand and more comprehensive. The RM stated that the business impact analysis document and the corporate business continuity plan would follow in the new year.

Questions and Discussion

- i. The Chairman referred to p137 and noted that the Committee were compliant in monitoring the Council's business continuity management arrangements.
- ii. The recommendation was proposed by Cllr C Cushing and seconded by Cllr P Fisher.

RESOLVED

To recommend that Cabinet agree to adopt the revised Business Continuity Policy and the new Business Continuity Management Framework.

65 CIVIL CONTINGENCIES REPORT 2022

The RM stated that it had been a busy year and noted that the Council's contribution to the Norfolk Resilience Forum (NRF) would remain the same for 2023-24. She added that a number of exercises had been held, including exercise Lima which

simulated a national power outage. It was noted that there had been an accelerated level of work across the NRF in order to catch-up on necessary workstreams following Covid, which meant that there were additional requirements placed on Councils. The RM reported that a national flood exercise had been delayed as a result of the death of Queen Elizabeth II, and whilst the exercise had gone ahead, a number of objectives had not been realised, but would be addressed in two further exercises in the new year. She added that the British Red Cross had revised its support for rest centres with staff no longer provided, which made the Council more reliant on mutual aid from neighbouring authorities. It was noted that there was an intention to standardise the mutual aid process to enable neighbouring Councils to better assist each other when required. The RM stated that there had been a significant amount of work required to tackle Avian Influenza, for which NNDC had taken the lead on wild bird issues, due to the number of Broad's locations within the District. She added that this work had taken significant resource, and it was hoped that more support could be given in the future, given the scale of the outbreak. It was noted that there had also been an increase in other events requiring a response such as storms, power outages and fires, with a 28% increase in events reported to the North Norfolk Safety Advisory Group.

Questions and Discussion

- i. The Chairman referred to an events matrix on p148 and asked how this would work with the Licensing Team, to which the RM replied the matrix was tried and tested by the Safety Advisory Group, and that existing Temporary Event Notifications would align with the matrix to streamline the process.
- ii. Cllr H Blathwayt noted that a substantial part of his ward was at risk of flooding, and asked whether officers were confident that existing measures or new measures would be robust enough to cope with the expected rise in sea levels. The RM replied that the NRF and Environment Agency were looking very closely at issues related to rising sea levels and sought to plan for a 100 year timespan. She added that NNDC were not responsible for installing flood defences, but the Council would continue to warn and inform residents of the risks, as well as continue to deliver the CTAP programme. It was noted that there were concerns about the number of aging flood wardens, with several expected to retire in the near future, so efforts were being made to address recruitment, but the RM remained confident that the necessary measures were in place to mitigate and respond to flood risks. Cllr H Blathwayt asked whether resources and additional contingency was available to help visitors during any flooding that took place out of season. The RM replied that NNDC had retained larger rest centres to ensure that the Council had enough capacity for residents and visitors, though the working premise was that it was the responsibility of the accommodation owner to inform visitors of flood related risks. She added that it was generally assumed that visitors would return home during a crisis, if they were able to do so, but capacity was available.
- iii. Cllr S Penfold referred to one to one support offered to the shrine in Walsingham and asked if there was any particular reason for this. The RM replied that this was the result of previous plans not being up to the required standard, so advice had been provided. She added that neighbouring parishes were briefed on potential risks from travellers, and were equipped to respond appropriately, if required.
- iv. Cllr A Brown referred to Avian Influenza which was a growing and serious

threat to the region with potential zoonotic capabilities, and asked whether authorities regulated the health of imported game birds. The RM replied that there was Government guidance related to game birds, and their regulation was the responsibility of the Animal and Plant Health Agency (APHA) and DEFRA, not local authorities. She added that there were concerns with new strains of the virus overseas, which meant that it was important to maintain strict control measures. Cllr A Brown stated that he remained concerned about the actions taken at a national level.

RESOLVED

To note the report and the council's contributions to the Norfolk Resilience Forum and the response to incidents.

66 CORPORATE RISK REGISTER

The DFR introduced the report and informed Members that financial risks had increased as a result of inflation and the related cost of living crisis, which had placed additional pressure on the budget. She added that operational risks had also increased due to related pressure on services required to support vulnerable residents, though environmental and social risks had reduced due to changes in the required nutrient neutrality mitigation measures. It was noted that governance risks had reduced now that the statutory officer team was at full capacity, alongside a reduction in reputational risks as the waste collection changes had begun to settle.

Questions and Discussion

- i. Cllr C Cushing referred to the loss of information risk scored at sixteen with a target score of two, and asked for an explanation. The DFR replied that there were staffing issues in the IT Team which presented a risk, though the issue was being addressed. She added that she would seek to provide further information once she had clarified the issue with the IT department. Cllr C Cushing referred to the NWHS/HAZ project and the recent additional funding request, and asked whether the risk should be rated higher as a result of increased costs. The DFR replied that the risk related to scheme completion, and an increase in costs whilst unfortunate, did not mean that the scheme could not be completed.
- ii. The Chairman referred to Fakenham roundabout comments, and noted that he was unsure that Ward Members had been kept fully informed, as intended. Cllr C Cushing reiterated the comments and noted that he had not been given advance warning of the cost inflation and other issues. The Chairman stated that it was important to keep Ward Members informed and asked if this could be addressed. He added in response to a question from Cllr S Penfold that he did not receive updates from on matters from NCC Highways. Cllr E Seward noted that cost increases for the project had been significant, and efforts were underway to try to meet the funding shortfalls, but an update on progress would be appreciated. He added that he was not opposed to the Council providing additional funding to complete the project, but it could not cover the full amount required.
- iii. Cllr A Brown referred to risks relating to the emerging Local Plan and noted that whilst the report stated that it would be submitted by February, this may not be the case as it was expected that Full Council approval would be required in March.

- iv. The DSGOS noted that the Overview & Scrutiny Committee had recommended that the budget overspend be included as a separate risk on the CRR going forward, and suggested that Members may want to comment. Cllr E Seward stated that he was happy for the Committee to review this information as part of the CRR, and budget information could be expected in the coming weeks. Members of the Committee requested that the in-year budget overspend be included in the CRR as a separate risk for consideration going forward.

RESOLVED

To review and note the Corporate Risk Register.

ACTIONS

In-year budget overspend to be added to Corporate Risk Register.

67 PROCUREMENT EXEMPTIONS REGISTER 7 SEPTEMBER 2022 TO 23 NOVEMBER 2022

The MO introduced the report and informed Members that there had been two exemptions granted within the period covered by the report.

RESOLVED

To review and note the Procurement Exemptions Register.

68 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DSGOS informed Members that given that there were additional reports expected from Internal Audit in March including the Strategic Annual Audit Plans and Self-Assessment, it was expected that the follow-up and progress reports would be deferred until June. He added that several other items had been delayed such as a review of the Council's asset register, and it was hoped this would come forward in March, followed by the Counter-Fraud, Corruption and Bribery Policy in June.

RESOLVED

Top note the update.

69 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Chairman raised concerns that the Asset Register had been delayed several times, and asked whether there was any reason for the delays. Cllr S Penfold noted previous comments that some assets such as sea defences and highways had been difficult to classify, which could have contributed. The DFR replied that the Council held a property terrier, which included information about the Council's properties, and alongside this there was a financial asset register that included evaluations, any repairs required and the depreciation of assets. She stated that the asset register required a small amount of work to ensure that it matched the property terrier, but it was hoped this would be ready in time for consideration in March. Cllr E Seward noted that some assets were difficult to quantify such as small patches of land that required funding to maintain and were not particularly beneficial to the Council, which could be considered for disposal. The DSGOS noted that the asset register

was one of the few non-statutory reports reviewed by the Committee, and other reports often took precedence.

The DSGOS noted that a draft 2021-22 statement of accounts was expected in March, though this was subject to several factors that could delay the report.

RESOLVED

To note the Work Programme.

70 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 3.40 pm.

Chairman