

## **GOVERNANCE, RISK AND AUDIT COMMITTEE**

**Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 10 September 2024 at the Committee Room, Council Offices, Holt Road, Cromer, NR27 9EN at 2.00 pm**

### **Committee**

#### **Members Present:**

Cllr S Bütikofer (Chair)	Cllr J Boyle (Vice-Chairman)
Cllr C Cushing	Cllr L Vickers
Cllr A Fletcher	

#### **Members also attending:**

#### **Officers in Attendance:**

Chief Executive, Director for Communities, Director for Resources / S151 Officer and Assistant Director for Finance, Assets, Legal & Monitoring Officer, Internal Auditor and External Auditor

### **83 TO RECEIVE APOLOGIES FOR ABSENCE**

Councillor S Penfold submitted his apology for absence.

### **84 SUBSTITUTES**

None

### **85 PUBLIC QUESTIONS**

None

### **86 ITEMS OF URGENT BUSINESS**

None

### **87 DECLARATIONS OF INTEREST**

None

### **88 MINUTES**

Resolved - the Committee agreed that the minutes be approved as a correct record.

### **89 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**

Councillor Butikofer asked the Committee if it was now happy following further information from the External auditor to agree the materiality and reporting levels for the 2023/24 External Audit. The Committee agreed that it was,

Councillor Butikofer asked why there was no report on why the Council was not consistently achieving its target timescale for 15 days for responding to complaints and what remedial work was being undertaken and on whether the outstanding statement from Flagship Housing for 25 Reeves Court, North Walsham had been obtained.

The Director for Communities (DfC) advised that three officer Oversight Boards had been established and one of those was the Performance and Productivity Board that in its remit was to look at complaints to the Council. It would consider the progress being made on those complaints.

The DfC added that the computer software was now not being supported by its developers so work was being undertaken to incorporate it with other council back-office systems that should make it easier for complaints management to be dealt with.

A more detailed report will come to the next committee meeting.

Councillor Butikofer in respect of Minute 77 whether there was more information that could be provided on CR037 cost and resources issues from prosecutions, enforcement action and litigation.

The Assistant Director Legal & Governance (ADLG) stated that a short report detailing the reasons could be provided if that was useful.

Councillor Butikofer commented in respect of more information be provided on CR035 failure to deliver the Local Plan that Councillor Brown, the Portfolio Holder has provided an update on this, and Councillor Butikofer would ensure that this was sent to all members of the committee for their information.

**Resolved – the committee agreed its understanding of and agreement to the materiality and reporting levels for the 2023/24 External Audit**

## **90 LOCAL AUDIT BACKLOG IN ENGLAND**

The External Auditor from Ernst and Young advised that following last year's Government decision that the 21/22 and 22/23 financial years would be disclaimed under statute.

Following the general election the new government has brought forward the backstop dates including a date of 13 December 2024 for financial years up to and including 2022/23 and Ernst and Young were reprioritising their work to reflect these changes.

They were also seeking to complete as many of the 2023/24 Audits as possible although North Norfolk's 23/24 accounts were yet to be published.

The External Auditor added that when the council did publish the accounts it would make an assessment of the resources available to assess whether it could complete the Audit by the backstop date of 28 February 2025. There was a high likelihood that the 2023/24 will also be disclaimed under statute and that 2024/25 would be a reset to keep the audits back on track.

Councillor Cushing asked what level of risk there was for the accounts that were disclaimed. The External Auditor replied that if a risk from previous years showed up

in 2023/24 and was expected into 2024/25 they would look for assurance and 2024/25 would be the first year to unpick it.

Councillor Cushing asked when the 2022/23 and 24/25 accounts would be available. The Director of Resources advised that the first accounts should be available mid-October.

**Resolved – that the update be noted.**

## **91 UPDATE OF OUTSTANDING AUDIT RECOMMENDATIONS**

Councillor Butikofer welcomed the report as it did show progress and commented that some recommendations had already been implemented but the status had not been updated. It was important to keep the information up to date.

Councillor Cushing queried the progress of the new finance system in NN2302 Key Controls and Assurance. Councillor Butikofer replied that the system is up and running and working.

The Director of Resources (DoR) advised that it was a good system but needed some work to develop it and add additional functionality to make it as effective as possible. The system was chosen following a competitive tendering process and chosen as most able to meet the council's needs.

Councillor Cushing asked in respect t of the car parking contract with Kings Lynn and West Norfolk Council when that contract was up for review. The Chief Executive stated that it ended in March and there had been a strategic review. A report was coming to Cabinet in November on the options available.

Councillor Butikofer asked about the progress on ICT Disaster Recovery. The DoR advised that the Council was one of a few who had done a live test to assess what would happen and it was a successful exercise that addressed the issues that were encountered.

The DfC stated that one of the terms of reference for the new Performance and Productivity Board was the oversight of Audit recommendations to ensure the timely completion of the work that was needed. This would be done on a monthly basis and to meet before the GRAC met to ensure that an update position was presented to the committee.

The Chief Executive (CEX) advised that there were to be two other boards which would cover decarbonisation and major projects.

Councillor Butikofer asked what did that mean for the Corporate Delivery Unit. The CEX stated that it was not clear whether the unit had worked for the council and are taking a different approach to project management and implementation that would include the new major projects board and corporate learning.

Councillor Vickers asked what role there was for Councillors with the boards,. The CEX advised that they were management structures but there would be opportunities to ask questions at Cabinet, Overview and Scrutiny Committee as well as this committee.

Councillor Butikofer asked who would be responsible for the project plan. The CEX confirmed that it would be the responsibility of the new board and that the plans for

major projects needed to be dynamic.

Councillor Cushing asked about the process for delivering major projects. The CEX stated that externally facing projects had gatekeepers, the council bid for external funding, drew up a project plan but couldn't move to the next stage until the funding is confirmed. Once it was then there would be a competitive tendering process and then implementation and the monitoring of the expenditure.

Councillor Butikofer questioned whether all of the oversight boards were going to report back to committee. The CEX advised that the expectation that they would report back but only by exception. The Performance and Productivity Board might have some detailed information, but it was expected that the other two boards would have very little information for the committee.

Following Councillor Cushing's question, the CEX confirmed that the terms of Reference for the Oversight Boards would be sent to the members of the committee for their information.

**Resolved - that the latest position on the outstanding Audit recommendations as at 10 September 2024 be noted.**

## **92 INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT**

Councillor Butikofer commented that there was currently only one audit that was on track. The Internal Auditor advised that there had been resource shortages with the contractor, but these were now resolved. Some planning had been undertaken on audits and there were now some dates in place for the audits to start. There was still some time to get it on track.

Councillor Cushing asked if the priority of the audits had been reassessed in light of the resource considerations. The CEX advised that this was down to the resources available to the Internal Audit Contractor but discussions on a priority order should be around when was the best time to do the Audit so there weren't unintended pressures on the service involved alongside the risks involved and previous Audits.

The Internal Auditor that if the Audits weren't being completed that it might be worth seeking additional support from another contractor but that would mean additional costs to the council.

Councillor Butikofer asked why the reasons for the fieldwork for the Cyber Security Audit were currently unknown. The Internal Auditor explained that it had been difficult to get updates on the progress of the work, but it was one of Audits affected by the resources issue that should be being resolved.

Councillor Fletcher asked about the progress on the urgent recommendations for the Business Continuity Audit. The Director of Resources stated that they were in progress and the plans were expected to be updated. The Internal Auditor advised that there would be a follow up audit in September/October time.

**Resolved – the progress on delivering the 2024/25 Internal Audit Plan and outstanding recommendations be noted.**

## **93 CORPORATE RISK REGISTER**

Councillor Butikofer asked about the two risks for the Cromer and Mundesley

Coastal Management Schemes and whether these were under control and could be scored as a lower risk. The CEX advised that the Cromer scheme was in progress but had experienced some delays and have had to add in a scheme of protection for the coastline at Overstrand which added to the risk.

Councillor Fletcher asked about the Rocket House, Cromer and the unknown damage due to the weather. Councillor Boyle commented that it was too early to say as it depended on the upcoming weather.

Councillor Boyle asked about the increase in risk of the Fakenham Leisure and Sports Hub project. The DfC commented that the delay in getting the scheme approved meant that the original deadline was unachievable. The Council was waiting for a decision from the new government however the government had funded the council for its expenditure up to July of £650k.

Councillor Cushing asked about the effect of the Government's announcements about increasing housing targets on the Council's risk for housing delivery. The CEX advised that the Council's Local Plan had been based on a sound evidence base and based on the then existing housing targets. The Council received the response to the Inspector's report on 22 July and would need to take a view on the effect of the new housing numbers.

Councillor Butikofer commented that the Portfolio Holder for Planning had provided a briefing on this issue and would send it round to the members of the committee for their information.

Councillor Bütikofer asked about the risk for Fakenham new roundabout. The CEX stated that the County Council was expected to make a announcement about it in the near future.

**Resolved – that the current position of the Council's Risk Register be noted.**

## **94 ANNUAL GOVERNANCE STATEMENT 23/24 & LOCAL CODE OF CORPORATE GOVERNANCE**

Councillor Butikofer asked about the governance arrangements for the Planning Improvement Plan. The DoR advised that they would be reviewed to ensure that the Council was getting value for money.

Councillor Bütikofer suggested that the wording could be improved in paragraphs 3.5.3, 3.8 and Councillor Fletcher on page 83 regarding the Planning Improvement Plan.

Councillor Butikofer asked when Councillors had last received training on risk. The CEX advised that it would have been during the induction training for all Councillors last year.

Councillor Butikofer queried the statement in paragraph 4.3.3. regarding reviewing any high-level audit recommendations that remained outstanding. The CEX said the 2019/20 audit recommendation related to Section 106 Planning Obligations and a new module needed to be installed into the system to allow historic obligations to be tracked. CLT did consider it and there had been resource implications for the Planning Department.

**Resolved – that approve the Annual Governance Statement along with the**

**updated Local Code of Corporate Governance be approved.**

**95 CHANGES TO LAND CHARGES**

Councillor Boyle commented that it looked like the Council was losing a third of its income whilst retaining elements of the land charges searches would make it difficult to assess the resources that would be needed. The DoR advised that the Council would collect what information is required to do so but would seek to keep its costs to a minimum.

Councillor Fletcher asked if this would require the fees that the Council charged to increase. The DoR stated that the Council had to maintain the land register and the council will look at the fees on an annual basis to ensure the right charges are being sought.

**Resolved – that the report be noted.**

**96 PROCUREMENT EXEMPTIONS REGISTER**

The Assistant Director Legal and Governance introduced the report and informed Members that there had been two exemptions between 10 June 2024 and 19 August 2024 which were outlined in the report.

Resolved – that the procurement exemptions be noted.

**97 TRAINING NEEDS ASSESSMENT**

Councillor Cushing commented that some general Audit training would be helpful.

Councillor Butikofer advised that there was some good Audit training on the LGA Portal that Councillors could access and complete online.

The Director of Resources undertook to take some research into possible training courses that would be useful for the Committee members. The External Auditor advised that Ernst and Young had done presentations to Councils on the External Auditor's perspective and that content could be shared with the council.

**Resolved - that the collated results of the knowledge and skills self-assessment questionnaires and the results of the Committee's feedback survey are noted.**

**98 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

The ADLG advised that applications had been received for an independent Committee member and interviews had been provisionally agreed for 26 September 2024. The interview panel would consist of Councillors Butikofer and Cushing and officers.

Councillor Cushing raised a number of issues that could be explored at future meetings of the committee. Governance was one of those and considering how the Cabinet and Full Council reached its decisions and the level of evidence that was presented to those bodies when looking at substantial financial decisions would be useful.

Councillor Butikofer commented that it in a Cabinet led model Cabinet members

would ask detailed questions and want to see different options. There was also the issue of confidentiality and what type of information could be shared in public sessions.

Councillor Vickers commented that it was about how much information was shared to help the council reach a decision by understanding how it was reached and what options had been considered.

Councillor Boyle added that some items that went before Cabinet were confidential but should be confident in making the right decision, but the difficulty came in sharing some of that information.

The DofC advised that it was important to understand the role of responsibilities of each of the committees so that the officers get the right reporting lines, and the Councillors are informed as much as possible.

The Committee agreed that it needed further discussion and should come back to the next committee meeting.

Councillor Cushing queried about the need to look at key operational risks. The DoR stated that they were reviewed as they could regularly changed so it needed to be a fluid assessment. The CEX added that financial viability and the ability to recruit and retain staff were especially important.

**Resolved - that the issue of the wider governance and decision making at the council be considered at the next meeting.**

## **99 EXCLUSION OF THE PRESS AND PUBLIC**

The meeting ended at 4.20 pm.

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Chairman