

GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 3 June 2025 at the Council Chamber - Council Offices at 2.00 pm

Committee

Members Present:

Platten
Cllr C Cushing
Cllr V Holliday

Cllr J Boyle (Vice-Chairman)
Cllr A Fletcher

Members also attending:

Officers in Attendance:

Chief Executive, Director for Communities and Assistant Director for Finance, Assets, Legal & Monitoring Officer

1 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr Butikofer and Cllr Penfold

2 SUBSTITUTES

None. Cllr Cushing commented that for the last few meetings, some members had made apologies and not found a substitute. He said that for a small committee that met quarterly, it was important that members who were unable to attend found a substitute.

3 PUBLIC QUESTIONS

None

4 DECLARATIONS OF INTEREST

None

5 ITEMS OF URGENT BUSINESS

None

6 MINUTES

Cllr Cushing proposed and Cllr Fletcher seconded the approval of the minutes of the meeting of 25th March 2025 which **was RESOLVED** unanimously.

7 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The Chair, Cllr Cushing and Cllr Holliday noted a number of items on the action list where updates or further information had not been provided to the Committee. In

addition the Independent Person identified that it would be useful for the Committee if realistic timings and deadlines could be identified against actions.

The CE undertook to investigate why actions had not been delivered and provided the Committee with information on the organisational pressures given the political and legislative changes since the new government in July 2025. Whilst the Cabinet had reduced the Corporate objectives this year, he identified to the Committee the need for work programmes to be prioritised effectively. He explained that the Performance and Productivity Board was intended to be an additional internal control to ensure that Internal Audit recommendations were effectively owned and delivered with management action.

8 NORTH NORFOLK DISTRICT COUNCIL PROVISIONAL AUDIT PLANNING REPORT, YEAR ENDING 31 MARCH 2025

The External Auditor (EA) outlined the summary audit plan for the 2024/ 25 financial year. They summarised the context contained within pages 19 and 20 of the report which explained that whilst central government had introduced the local audit strategy, much of it was not yet implemented. Pages 21 and 22 detailed the high level audit risks where particular attention would be paid given the greater risk of error or mistake. The EA drew particular attention to page 22 where two less familiar risks were identified -the general ledger system change and IFS 16 accounting standard which was now implemented for local government.

The Committee was asked to note the timeline for this audit as detailed on page 47 with the statutory back stop date when a set of accounts had to be signed off being 27th February 2026. The Committee's attention was also brought to Appendix B which laid out the relevant scale fees.

The External Audit Manager (EAM) updated the Committee with actions completed to date, including the planning phase to determine risks and the scope and strategy of the audit. No further areas of risk were identified during that work. Other work included activity around the significant class of transactions brackets (for example accounts receivable/ payable) and the Value for Money (VFM) assessment.

Cllr Fletcher requested more information regarding the audit 'system leader' referred to on page 19. The EA replied that currently there were numerous stakeholders involved and that moving forward, the Government's plan was that a local audit office would be established which would assist in simplifying matters.

Cllr Cushing asked for clarification, as he believed that given the information provided, the audit opinion 2024/ 25 would not be disclaimed. The EA stated that the opinion would still be disclaimed. It was explained to the Committee that it would take three to four years to unwind the disclaimer on the accounts and rebuild assurance. The disclaimer would refer to historic opening balances where full assurance had not been obtained.

The Independent Person (IP), Mr V Platten, ask for confirmation that there were sufficient resources in place to support the audit process. The Assistant Director for Finance & Assets (ADFA) confirmed that there were experienced staff in place, and he was confident that they could support the audit.

Cllr Holliday asked whether treasury management was included within this plan and if not, where this process was audited. The EA confirmed that treasury management was not directly audited by them but the VFM analysis would look at it on a high-

level basis to look for any significant weakness in process. The CE explained that a treasury management report was part of the next cycle of meetings and particularly the July Cabinet meeting.

Cllr Holliday asked for an explanation as to how it had been assessed [on page 21] that there was no change in risks or focus for the audit, given that the audit work had not been undertaken. The EA confirmed that this assessment was made and informed by the scope and strategy work that had been undertaken at this stage.

The Chair asked for clarification on the materiality detailed at Page 23 of the report. The EA explained the three levels to the Committee, with planning materiality being the highest level which would impact on the audit report, performance materiality would be the threshold by which all testing was directed and the audit materiality being the level where the issue would be reported.

The Chair asked questions relating to climate change and pension values and assets given the impact of LGR and the long-term position of NNDC. The EA acknowledged the concern but confirmed that the National Audit Office (NAO) governed the approach they took. In response to a further question regarding the large increase in fees (page 54) the EA replied that they reflected the start of a new contract for a 5 year period.

Following a question from the Chair, the EA explained to the Committee that the required timeline meant that they would issue the Value for Money (VFM) assessment prior to the completion of the full financial audit.

The Committee **noted** the Report.

9 INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT

The Head of Internal Audit (HIA) presented the report, informing the Committee that this was the last report for 2024/25 with all audits completed and a total of 20 outstanding recommendations.

Cllr Holliday sought clarification on whether 20 outstanding recommendations amounted to a significant number. The HIA advised that this represented good progress from previous reports and benchmarked favourably.

DSD updated the Committee on the work of the Performance and Productivity Oversight Board (PPOB) and agreed to provide the Committee with an update on the oldest 2 outstanding recommendations and, following a question from Cllr Cushing, would similarly obtain and share an update on NN2202 relating to the provision of car parking services provide by Kings Lynn & West Norfolk Borough Council (KLWNBC).

The IP suggested that identifying levels of confidence over delivery of recommendations in the identified timescale may allow better targeting of interventions from the Committee. The DSD and HIA provided details as to how officers could challenge the standard timescales for recommendations, negotiate appropriate and achievable delivery dates and how they would be held accountable for delivery.

Cllr Holliday noted that the cyber security audit referenced on page 71 noted a relatively high level of assurance despite 17 recommendations and sought confirmation that this was correct. The HIA noted that there was a robust framework

which was used for the Audit and was comfortable with the assurance level given.

The IP and Cllr Cushing asked for confirmation that the outstanding recommendations on the waste management audit could be delivered by the timescales quoted, given they seemed significant. They also sought assurance on how lessons would be learnt on these issues and then embedded moving forward. The DSD gave an overview of the historic challenges of the garden waste collection service, noting that its popularity had increased, and that information and data was held on 3 different systems including with 2 external parties. He expressed confidence that, given a staff vacancy had now been filled, the majority of the recommendations would be completed by the end of July 2025. The CE noted the importance of dealing with any discrepancy within accounts but did not believe the scale was of significant concern.

Cllr Brown as an Observer on the Committee and Portfolio Holder for Planning welcomed the audit on the Section 106 processes, he noted it would be challenging to find resources to support further development as they would need to be reassigned from elsewhere. He commented that better communication between developers and planners was important, Cllr Fletcher suggested that communication with parish councils was key, whilst acknowledging that parish councils may need to be more proactive communicating their needs. Cllr Cushing expressed concern regarding the reference to some information still being retained on spreadsheets. The CE explained that most of the processes were within the planning system but that currently did not include an interface with the Council's finance system and accepted that there was a need to move away from spreadsheets in this area.

Following a question from Cllr Fletcher, the CE provided the Committee with further information on the services provided by Kings Lynn & West Norfolk Borough Council (KLWNBC) relating to the issuing of car parking penalty charges. He confirmed that the obligations of the parties had been more clearly defined in the recent redrafting of a service level agreement (SLA), and, at that time, alternative options had been considered but that continuing to use KLWNBC as service provider was the preferred option. Further discussions would take place to consider whether the most appropriate internal owner of the arrangement was the Council's property services team or the finance team. The IP asked for clarification on whether NNDC was receiving the financial amounts due to it, the CE reassured the Committee that additional clarity over financial transactions was part of the new SLA.

Cllr Holiday noted the longstanding and outstanding issue surrounding the environmental health system on page 93. The DSD explained that this related to an issue with the interface between the Council's environmental health system and its finance system which had required workarounds, adding that work was being undertaken following system updates to ascertain whether this interface could now be automated.

Cllr Cushing asked for clarification regarding the recommendation relating to land charges on page 94 as the timescale for completion had slipped and the new deadline was close. He questioned how this would be achieved. The DSD undertook to obtain further information on this for the Committee.

The DSD provided the Committee with an update on the private sector housing and HMO's audit, confirming that 3 recommendations had been completed and signed off with a draft policy soon to go to the Corporate Leadership Team (CLT).

The Committee RESOLVED to receive and note the completion of the 2024/25

Internal Audit Plan and the progress of the outstanding recommendations.

10 ANNUAL REPORT/OPINION & REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The HIA introduced the report and confirmed that, having considered the audit work for 2024/25 for the Council, she was able to provide 'Reasonable / Limited Assurance' in relation to the framework of risk management, governance, and internal control.

The opinion was based on the 15 audits undertaken in the year, the number of outstanding recommendations and the improvement in the completion of outstanding recommendations.

The overall performance for the main contractor performing internal audit for the Council was 'red'. This could move to 'amber' as the last reports were finalised across the Consortium (given that KPIs are measured consortium wide.)

The HIA also reported to the Committee that the service was compliant with internal audit standards as per the external quality assessment in October 2022 and a review of compliance with the new Global internal audit standards was still progressing.

The HIA then provided the Committee with a brief overview of the urgent and important recommendations on audits assessed to be 'limited'. The recommendations fell into 2 categories, relating to suitable design or timely accurate data and information.

Cllr Holliday asked for confirmation of her understanding that the assurance picture was declining over time given the increase in the number of limited audits. The HIA confirmed that this was the case but noted that this meant that areas of weakness were being identified and given a chance to improve and therefore this trend was not necessarily a bad thing. The CE noted that none of the recommendations suggested any significant risks or failure in relation to procurement, fraud or health & safety and that whilst he would not want the trend to continue any further he was satisfied that the audits and recommendations presented an opportunity to learn and improve.

The CE then updated the Committee on recent discussions surrounding the status of recommendations in the Environmental Charter audit which had moved from urgent to important given that they referred to matters of policy rather than service delivery.

The IP asked whether Internal Audit was tracking whether the delivery of the recommendations was leading to changes in systems that they were intended to address. The HIA advised the Committee that the intention was to amend KPI's over time to move away from just focussing on contractor performance to consider the added value of Internal Audit.

The Committee RESOLVED to

- Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.

- Note that a reasonable / limited audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2025.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2024/25.
- Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).

11 TREASURY MANAGEMENT CODE OF PRACTICE

The Chair asked if the Council was compliant with the Code of Practice. The ADFA confirmed that the report detailed and demonstrated compliance with the Code in the council's day to day operations he also reassured the Committee that the Council only borrowed funds from government sources or other councils.

Cllr Fletcher proposed and Cllr Cushing seconded the recommendation.

IT WAS RESOLVED Unanimously to recommend that Full Council adopts the updated Treasury Management Code of Practice

12 TREASURY OUTTURN REPORT 2024/25

Members noted that it was difficult to identify issues to note from the report and asked that in future the report contained more information to allow them to identify and add greater value to the discussion.

Cllr Fletcher proposed and Cllr Holliday seconded the recommendation

It was RESOLVED unanimously to recommended that Full Council approve the Treasury Management Outturn Report 2024/2025.

13 CORPORATE RISK REGISTER

The DSD provided the Committee with an update, explaining that the process of managing overall corporate risks had been changed with a new management information system which should make it more intuitive and therefore easier for Officers to record and manage risks. He confirmed that CLT regularly reviewed the corporate risk register and further reviews were undertaken by the Performance and Productivity Oversight Board.

Cllr Cushing expressed disappointment that the Committee had not seen the corporate risk register and members discussed the need for the committee to have oversight of the document to allow it to fulfil its oversight role.

It was agreed that the Committee members would be provided with a copy of the corporate risk register and members would consider whether they wished to discuss it prior to the next scheduled meeting.

14 PROCUREMENT EXEMPTIONS

The Committee noted the report.

15 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The IP suggested that the Corporate Risk register be added as a substantive item on the agenda for the meeting in September. The Committee supported this request.

The meeting ended at 5.00 pm.

Chairman