

GOVERNANCE, RISK & AUDIT COMMITTEE

Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 05 December 2017 in the Committee Room, Council Offices, Holt Road, Cromer at 2.00 pm.

Members Present:

Committee:	Mr D Baker	Mr M Knowles
	Mr V FitzPatrick (Chairman)	Mr J Rest
	Ms V Gay	Mr D Young

Other

Members: Mrs A Fitch-Tillett

Officers in

Attendance: The External Audit Manager, the Head of Internal Audit, the Chief Technical Accountant and the Democratic Services Officer.

The Chairman welcomed Mr J Rest to the Committee. This was followed by a round of introductions.

29. APOLOGIES

None received.

30. PUBLIC QUESTIONS

None received.

31. ITEMS OF URGENT BUSINESS

None

32. DECLARATIONS OF INTEREST

None

33. MINUTES

The Minutes of the meeting of the Governance, Risk & Audit Committee held on 05 September 2017 were approved as a correct record after the following amendments:

- a) Item 20: Audit Results Report, Questions and Discussion (h): should read: "The Chairman, referring to the fact that there were no matters to report on the information presented in the Annual Governance Statement, congratulated the Head of Finance & Assets and his team. This was endorsed by the Governance, Risk and Audit Committee".
- b) Item 25: Progress Report on Internal Audit Activity 01 April to 01 August 2017: the penultimate paragraph should read "The Chairman said that he was pleased to see that there were no urgent recommendations".

34. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

- a) Update on the Committee for Full Council: the Democratic Services Officer had offered to write a report giving a flavour of the Committee's work. Input would be invited from the Head of Finance and Asset Management and the Head of Internal Audit. The report would come to the Committee for approval in March, and to the Annual meeting of Full Council. The concept of providing an update to Full Council had arisen from the self-assessment. In the past, an Annual Report had been produced, but this had lapsed in recent years.
- b) Additional meeting: at the September meeting it had been agreed to schedule an additional meeting for July so that the Committee could sign off the Financial Statements to meet the deadline. A definite date had not yet been set but the draft calendar of meetings was being produced. The Terms of Reference had been updated to reflect that the Governance, Risk and Audit Committee could sign off the Statements. This was at item 11 of today's agenda. The Constitution would have to be changed accordingly and this would go to Full Council.

35. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

Changes to the Work Programme:

- a) The Anti-money laundering policy had been moved to March 2018.
- b) A request was made that the Annual Audit Letter be moved from December 2018 to September 2018.
- c) An extra meeting had been scheduled for July 2018 to sign off the Financial Statements.

36. ERNST & YOUNG ANNUAL AUDIT LETTER

The Letter was presented by Alison Riglar, who had taken over as Audit Manager for North Norfolk District Council. The Chairman commended the Letter for being a good and comprehensive report. He thanked Ernst Young for producing it and the Staff at NNDC for their assistance. An unqualified opinion had been issued for the Financial Statements, so the Council was in a very good position.

The Audit Manager explained that the Letter was a public document summarizing the key findings of the audit. Much of the content had already been seen by Members. There had been no significant issues. Grant and Certification work had been completed by the deadline of 30 November.

Questions and Discussion

- a) Pensions, valuations and disclosures: in response to a question from Mr D Young, the Audit Manager explained that this was standard wording and that no additional payments to the pensions scheme had been made.
- b) Audit fees: in response to a question from Mr M Knowles, the Audit Manager explained that there were two Audit Fees – one for Code Work and one for Certification of Claims and Returns.
- c) Removal of non-material disclosure notes: Mr D Young asked why the notes were there and expressed concern that removing them would result in loss of detail to the Committee. The Chief Technical Accountant explained that notes would only be removed if they weren't useful, but not if loss of essential detail would result. Mr Young agreed that a cut-down version would be useful as long as no detail was lost to the Committee. In response to a question from Mrs A

Fitch-Tillett, the Chief Technical Accountant said that specific disclosures would have to be discussed with the Auditor.

- d) In answer to a question from Mr D Baker, it was explained that the Audit Fees included external audit only.
- e) To a further question from Mr Baker it was explained that unadjusted errors were seen by the Committee, but that there hadn't been any this year.
- f) The Chief Technical Accountant told the Committee that the accounts would need to be closed earlier in 2018. The external audit would also undergo a change in staffing. The Finance Team would work closely with the Audit Manager and her team to ensure this made no impact. The Chairman said that the risk had been identified and the Committee was aware of it. In response to a question from Mr M Knowles the Chief Technical Accountant said that there was a "naming and shaming" system for authorities who missed the deadline. Ms V Gay asked if other authorities were facing the same pressures. The Chief Technical accountant replied that they were, but that NNDC was in a good position, having almost met the 2018 deadline date this year. Mr J Rest asked if the Committee could do anything to help. The Chief Technical Accountant said that agreeing to an extra meeting had already helped. The Committee would be informed if the deadline wasn't being met.

RESOLVED

To receive the Annual Audit Letter.

37. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY 02 AUGUST TO 22 NOVEMBER 2017

- a) The internal audit work was on track for completion by the end of February, with 61% already done.
- b) There were six final reports since the last meeting, all very positive.
- c) The Civica recommendations had been implemented. Some recommendations were still to be implemented but there were no areas for concern.
- d) There would be a change in the contractor lead at NNDC, but it was someone who had worked on the site before.
- e) The Chairman thanked the Internal Audit Team for their work, which demonstrated the effectiveness of the Audit Plan.
- f) Licensing and Environmental Health recommendations: in response to a question from Ms V Gay, it was explained that a proactive approach was being introduced. Procedures were being strengthened so that information could be gathered earlier and risk prevented.
- g) Licensing, Air Quality, Private Water Supplies and Noise Complaints: responding to a question from Mr J Rest, the Head of Internal Audit said that there were significant numbers of private water supplies in North Norfolk.
- h) Parkeon database: answering a question from Mr D Young, the Head of Internal Audit explained that issues had been caused regarding reconciling information received from King's Lynn and West Norfolk Borough Council (KLWNBC) with our own information. This applied especially to income from fixed penalty charges. The recommendations needed to be completed by year end as the issues had been ongoing. In response to a question from Ms V Gay, the Head of Internal Audit said that the Parkeon software was performing effectively but that the problem was one of communications.
- i) Car Parks, Policy and procedures: in response to a further question from Mr Young, the Head of Internal Audit said that this "needs attention" recommendation had been put in place to achieve consistency in guidelines.

- j) Mr M Knowles asked how the Car Parking Arrangements worked. The Head of Internal Audit said that KLWNBC collected the cash from the machines and paid it into NNDC's account. They received a set fee for this. When a machine was emptied it generated a report which needed to go to NNDC so that the cash could be reconciled. This was the process that had been causing a problem.
- k) Mr Young expressed concern that the Service Level Agreement between NNDC and KLWNBC had not been signed. The Head of Internal Audit said that the agreement was being followed and she had been assured it would be signed.
- l) Mr D Baker expressed concern regarding the issues raised by the audit of Car Parking Arrangements. The Head of Internal Audit agreed that they needed to be carefully monitored.
- m) Accountancy Services: responding to a question from Mr M Knowles, the Head of Internal Audit explained that "independent review" was carried out by a member of the Chief Technical Accountant's team.

RESOLVED

To note the report.

38. FOLLOW-UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

In 2017/18 internal audit had raised 25 recommendations. Of those due for implementation, 3 were outstanding. Disposal of Assets was the important one and was work in progress. All 5 Disaster Recovery recommendations had been implemented. The Chairman said that the Council was in a good position regarding outcomes.

RESOLVED

To note the report.

39. AUDIT COMMITTEE TERMS OF REFERENCE

The terms of reference of the Committee had been reviewed to ensure that best practice was followed and that the Committee had the authority to make the required decisions delegated to it.

As requested by the Committee the terms of reference now made it clear that the Committee had the authority to approve the Statement of Accounts. This was necessary to ensure that the new earlier deadline for closing the accounts could be reached and also brought the Council in line with best practice. The specific reference is as follows:

"To review and approve the annual Statement of Accounts and the Annual Governance Statement contained therein."

Ms V Gay asked a question about whistleblowing. The Head of Internal Audit explained that the role of the Governance, Risk and Audit Committee was to ensure that the correct policy and procedure were in place to enable any investigation to be conducted. It was not appropriate for specific information about individuals to come to the Committee.

RESOLVED

To note the revised Terms of Reference and to forward them to Full Council.

The meeting ended at 14.52 pm

Chairman