

## **GOVERNANCE, RISK & AUDIT COMMITTEE**

**Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 4th December 2018 in the Committee Room, Council Offices, Holt Road, Cromer at 2.00 pm.**

### **Members Present:**

<b>Committee:</b>	Mr J Rest (Chairman)	Mr M Knowles
	Mr V FitzPatrick	Mr N Pearce
	Ms V Gay	Mr P Rice

### **Other Members:**

**Officers in Attendance:** The Chief Technical Accountant, the Democratic Services Manager and the Internal Audit Manager (FH).

### **37. APOLOGIES**

None.

### **38. PUBLIC QUESTIONS**

None received.

### **39. ITEMS OF URGENT BUSINESS**

None.

### **40. DECLARATIONS OF INTEREST**

None.

### **41. MINUTES**

The Minutes from the meeting of the Governance, Risk & Audit Committee held on 11<sup>th</sup> September 2018 were approved as a correct record and signed by the Chairman.

Cllr V Gay referred to the Business Rates Reserve and asked how the processing of appeals was progressing. The Chief Technical Accountant replied that it was still taking some time but work was continuing.

### **42. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

The Internal Audit Manager (FH) introduced this item. She explained that the report examined the progress made between 4<sup>th</sup> September and 23 November 2018 in relation to the delivery of the Annual Internal Audit Plan for 2018/19. She drew the Committee's attention to the three final reports that had been issued during this period, highlighting

the substantial assurance on the audit of Elections and Electoral Registration arrangements. In response to a query from the Chairman as to whether a 'substantial' rating was unusual, she confirmed that it was.

The Internal Audit Manager then outlined some of the work undertaken during Q3 – including Digital Transformation – benefits realisation. Cllr Gay asked whether the draft report was still due to be published on 5<sup>th</sup> December. The Internal Audit Manager replied that the first draft version of the report was due shortly. This would then be issued to the relevant managers for comment before a final version was produced.

## **RESOLVED**

**To note the outcomes of the assurance audit completed between 4<sup>th</sup> September 2018 and 23 November 2018.**

### **43. FOLLOW-UP ON INTERNAL AUDIT RECOMMENDATIONS**

The Internal Audit Manager (FH) introduced the Report and explained that it provided an overview of progress made in implementing agreed audit recommendations due for completion between 1 April 2018 and 23 November 2018. She said that in 2017/18 internal audit raised 50 recommendations, 12 of which were outstanding. All of the recommendations raised in 2016/17 had now been confirmed as complete. She concluded by saying that to date in 2018/19, Internal Audit had raised 18 recommendations, of which 5 were closed, 12 were not yet due, leaving 1 outstanding. Appendix 2 summarised manager's responses as to why the recommendations were outstanding. The Internal Audit Manager drew Members' attention to NN1112 (Development Management, Building Control and Land Charge) which was being addressed by the new Head of Planning. Until new software was in place the issue could not be resolved.

Members were invited to ask questions:

1. Cllr V Gay said that she could not recall a discussion regarding the issue of outstanding s106 agreements. The recommendation had been outstanding since 2011 and she felt that it could have been resolved before now without the introduction of new systems. The Internal Audit Manager replied that the use of new software could reduce the risk and extract data effectively. Cllr M Knowles added that the previous Head of Planning had attended the Committee a while ago and acknowledged that the system could operate better.
2. The Chairman referred to NN1716 – IT hardware asset disposal and queried why the assurance level was 'limited' when all of the recommendations appeared to be completed and verified. Cllr Gay asked what the risks were associated with this audit. The Internal Audit Manager replied that the risks related to data loss.
3. Cllr P Rice referred to NN1811 Car Parking and queried why the Borough Council of Kings Lynn and West Norfolk (BCKLWN) were withholding information. The Internal Audit Manager replied that there had been several attempts to gain the information and they would continue to try.
4. Cllr V FitzPatrick said that it would be useful for the committee to see an analysis of each of the Council's car parks – which were costing money, those generating income and a breakdown of fees. The Chief Technical Accountant said that it would be helpful to include penalty charge notice income too. The Internal Audit Manager said they were currently planning for 2019/20 and she would draft something for inclusion at the next meeting of the committee.

## **RESOLVED**

**To note management action taken to date regarding the delivery of audit recommendations.**

### **44. ANTI-MONEY LAUNDERING POLICY**

The Chief Technical Accountant introduced this item. She explained that the Anti-Money Laundering Policy had been reviewed following the issuing of new regulations. It was now a stand-alone document having previously been included within the general Counter-fraud Policy. There had been input from South Norfolk District Council to reflect best practice.

#### Questions and Discussion

1. Cllr V FitzPatrick said that the policy should be monitored by more than one individual to ensure there was no possibility of slippage. Cllr M Knowles added that it was important to have a nominated officer to report to.
2. The Chairman queried why all costings were listed in euros. The Chief Technical Accountant replied that this reflected the regulations which were in euros. It also ensured that fluctuations in currency conversion were avoided.
3. Cllr P Rice asked whether training on the new policy would be provided for all staff. The Chief Technical Accountant confirmed that it would, with training initially being provided to the extended managers group before being offered to other staff.
4. Cllr V Gay said that she felt it should be handled sensitively as even low levels could impact on local procurement. The Chief Technical Accountant replied that ongoing business relationships would not be affected. For any new relationships due diligence would be done.

## **RESOLVED**

**To agree the Anti-Money Laundering Policy**

### **45. CIVIL CONTINGENCIES UPDATE**

The Chief Technical Accountant explained that a new Resilience Manager had started working at the Council recently and had compiled the report which provided an overview of business continuity incidents together with an update on the Council's business continuity plans.

#### Questions and Discussion

1. Cllr M Knowles referred to page 48 and the red and amber items. He queried whether these related to the business continuity incidents or business continuity plans. The Chief Technical Accountant replied that they related to incidents rather than plans.
2. Cllr V FitzPatrick sought clarification on the reference to 'black' pages. It was agreed that a written response would be provided. He also commented that it was not helpful to have embedded documents in a printed agenda.

**46. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE & ACTION LIST**

The Action List was included in the agenda for review by the Committee.

The Chairman queried whether all of the actions arising from the previous meeting were captured in the summary. The Democratic Services Manager said that she would check as it should list actions rather than decisions.

**47. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

The Work Programme was included in the agenda for review by the Committee.

Cllr V Gay asked whether the self-assessment would still be going ahead in March 2019. The Internal Audit Manager confirmed that it would with feedback ready for the June meeting of the committee.

**RESOLVED**

**To note the GRAC Work Programme.**

**48. ANY OTHER BUSINESS**

The Chairman asked whether the Council had been involved in providing funding or loans to Northamptonshire County Council. The Chief Technical Accountant confirmed that this was definitely not the case. She said that the Council did lend to other local authorities but restrictions could be put in place on who to lend to and Northamptonshire CC was on the restricted list. She added that generally local authorities were quite cash rich and if a loan was defaulted on the lending authority could charge council tax to the other authority.

The Chairman asked for an update on the current financial position of the Council's waste contractor, Kier. The Chief Technical Accountant replied that things were moving quickly, with a meeting taking place with the Council's treasury advisers, Arlingclose, that afternoon. Negotiations were continuing and due diligence would be carried out before the contract for the one year extension was signed off.

The Chairman asked about the potential council tax increase for the Police. The Chief Technical Accountant replied that it would be confirmed shortly but was likely to be £24.00

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None.

The meeting ended at 3.06 pm

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Chairman