

GOVERNANCE, RISK & AUDIT COMMITTEE

Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 11th June 2019 in the Council Chamber, Council Offices, Holt Road, Cromer at 2.00 pm.

Members Present:

Committee:	Mr J Rest (Chairman)	Mr J Toyne
	Mr T Adams	Mr C Cushing
	Mrs J Stenton	Mr S Penfold

Other Members: Cllr A Brown and Cllr R Kershaw

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

1. APOLOGIES

Apologies were received from the Monitoring Officer who was unable to attend the meeting to present the Monitoring Officer's Report.

2. PUBLIC QUESTIONS

None received.

3. ITEMS OF URGENT BUSINESS

None.

4. DECLARATIONS OF INTEREST

None.

5. MINUTES

The Minutes from the meeting of the Governance, Risk & Audit Committee held on 26th March 2019 were approved as a correct record and signed by the Chairman.

6. GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL REPORT 2018/19

The Democratic Services & Governance Officer informed new Members that the Annual Report was a summary of work that had been completed by the Committee in the previous municipal year. Subject to Members' approval it would be recommended to Full Council for information.

RESOLVED

To recommend the Report to Council.

7. MONITORING OFFICERS' ANNUAL REPORT 2018/19

The Chief Technical Accountant introduced the Report on behalf of the Monitoring Officer and informed Members that during the period the Report covered there were no items to bring to the Committee's attention regarding maladministration or fraud.

Questions and Discussion

The Chairman informed Members that should it be required, the Monitoring Officer could be summoned to attend meetings if necessary.

RESOLVED

To note the Report.

8. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 5 MARCH 2019 TO 24 APRIL 2019

The Internal Audit Manager (FH) introduced the Report and reminded Members that she had referred to the document at the Audit Committee training that took place prior to the meeting.

Questions and Discussion

The Internal Audit Manager (FH) reported that positive assurances had been given for all reports that had been completed for the period. These included; Accounts Payable, Key Controls, Environmental Health, Corporate Governance GDPR, and HR & Payroll.

Cllr J Toye referred to the executive summary and asked for details on the important action for raising and authorising purchase orders. The internal Audit Manager (FH) replied that this was covered on p32, and was the result of an issue that had been identified in order to improve services, and included actions such as independently verifying new supplier details to avoid fraudulent activity. In addition, the purchase order limits had been raised through the estates system interface with efinancials.

Cllr T Adams referred to issues identified on licensing, and asked how many of the four recommendations had been completed. The Internal Audit Manager (FH) replied that she could provide an update at the next meeting if these items were not included in Follow-up on Internal Audit Recommendations Report. Cllr T Adams then asked whether there had been any consideration of expanding the My View services to Members. The Democratic Services and Governance Officer replied that this was under consideration, however it was anticipated that the service could be replaced in the near future with a view to make service improvements that included Members' access.

RESOLVED

To note the outcomes of the assurance audit completed between 5th March and 24th April 2019.

9. FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 23 NOVEMBER 2018 TO 31 MARCH 2019

The Internal Audit Manager (FH) explained that the Report provided an overview of the progress made in implementing agreed audit recommendations.

Questions and Discussion

The Internal Audit Manager (FH) informed Members that of the 50 recommendations raised in 2017/18, 40 had now been implemented and 10 remained outstanding. She added that the 2018/19 recommendations were not yet due. Members were informed that any outstanding historical recommendations were outlined in appendix 2, with DTP recommendations for example, unable to be progressed until new systems had been introduced.

Cllr C Cushing referred to the car parking recommendation on p7, and asked if there had been any progress. The Internal Audit Manager (FH) replied that she could confirm that the Audit Team had been to KLWNBC, and had been assured that the missing information would now be supplied to NNDC. She added that she would remove the item as an outstanding recommendation once the information had been received. It was confirmed following a question from Cllr J Toye on the timeframe, that implementation of the recommendation was imminent. The Chairman asked whether it would also be possible to get retrospective information on PCN income, for at least the past six months. The Internal Audit Manager (FH) confirmed that she expected that this would be possible, and that she would seek to determine this. It was confirmed following a question from Cllr S Penfold, that NNDC did receive information regarding car park figures, though it was noted that there had been minor discrepancies in the past between the reported numbers and revenue. Cllr J Stenton asked if there was a delay in receiving car parking revenue, to which the Chief Technical Accountant answered was approximately one month. The Chairman asked whether it would be possible to call-in the operator to answer questions on the service, to which the Internal Audit Manager (FH) replied that the service would be included in a report for the next quarter, and that she may be able to answer any questions prior to calling in the operator. The Chairman then stated that the car parking contract should be up for renewal at some point during this Council's term, and the aforementioned concerns should be given consideration.

Cllr T Adams referred to the Section 106 agreements register, and asked if there was an accurate list of all related risks, and whether the Council was missing out on any developer obligations, or if there was an issue with the records. The Internal Audit Manager (FH) confirmed that this was still an issue, and that work needed to be done to ensure that all S106 agreements were being correctly recorded and monitored. She added that an audit of this area was due for reporting in September. The Chairman asked if the S106 funding was kept as a specific fund, to which the Internal Audit Manager (FH) replied that she would seek clarification during the audit.

RESOLVED

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

10. GOVERNANCE, RISK AND AUDIT COMMITTEE – SELF ASSESSMENT

The Internal Audit Manager (FH) explained that the annual self-assessment was completed at the final meeting last year in line with CIPFA best practice guidelines and covered the work of the Committee over the previous municipal year.

Questions and Discussion

The Internal Audit Manager (FH) informed Members that some areas had been highlighted for improvement, which the new Committee could discuss and move forward, though overall the assessment had been positive.

Cllr J Toye suggested that it could be useful for new Members to see the Committee's Terms of Reference. The Internal Audit Manager (FH) informed Members that the Committee recently reviewed Terms of Reference, which covered the key points required from the CIPFA best practice, and the Democratic Services and Governance Officer stated he would circulate them to the new Members.

The Internal Audit Manager referred to points 14 and 15 of the self-assessment questions, and suggested that it was helpful for Members to request statement of accounts training to allow them to navigate the papers provided by officers. The Chairman stated that the S151 Officer could provide additional training if necessary. The Internal Audit Manager (FH) offered to provide risk management training if members would find this useful.

RESOLVED

To note the self-assessment Report.

11. ANNUAL REPORT AND OPINION 2018/19

The Internal Audit Manager (FH) informed Members that this was a macro level opinion that had been written and approved by the Head of Internal Audit (EH). She reported that the opinion itself was 'reasonable', which was a positive assurance grading. She added that with many reasonable assurances and six substantial assurances, the Council's governance, risk management and control framework was in very good standing.

On section 5, the Internal Audit Manager (FH) stated that an external assessment of the Internal Audit Team is undertaken every five years, with a positive assurance given in 2017. Both recommendations regarding deep dive exercises and maintaining the risk register were now complete.

On point 5.2, it was reported that there were 11 performance measures in total, and only one had not been achieved due to a report not being completed within target. The Internal Audit Manager (FH) reassured Members that this was an isolated incident for 2018/19.

Cllr C Cushing referred the assurance statement on p87, and asked for further details on the limited report on IT asset disposal from 2016/17. The Internal Audit Manager (FH) replied that during audit planning the area was not considered to be a significant risk as all recommendations had now been verified as complete.

RESOLVED

To note the Annual Report and Opinion 2018/19.

12. DRAFT STATEMENT OF ACCOUNTS 2018/19

The Chief Technical Accountant introduced the Report and informed Members that the draft accounts had to be completed by 31st May.

Questions and Discussion

The Chief Technical Accountant informed Members that there had been some significant changes from the previous year, due to changes to the accounting practices required by

CIPFA. It was noted that there was a small risk around investments, as the external auditors EY were yet to determine how they expected investments to be accounted for, and that they would review the accounts in July.

Members were informed that the final statement of accounts had to be published by 31st July, therefore the next meeting on 23rd July would primarily be to approve the document.

In response to a question from the Chairman, the Chief Technical Accountant informed Members that the cost of the external auditors had been reduced from £54k in 2017/18 to £45k in 2018/19. It was suggested that this figure had reduced through economy of scale. The Chief Technical Accountant then stated that concerns had been raised regarding value for money, and noted that whilst a number of other authorities' audits had been delayed, NNDC had not yet been notified of any issue. The Chairman replied that a 20% reduction in the external auditors' fees was significant, and questioned why there was such a substantial reduction. He then stated that the Committee must ensure that it was happy with the work of EY, and that it was a significant concern. The Chief Technical Accountant stated that it would be useful to bring up the cost reduction at the July meeting. Cllr C Cushing how asked the Council would know if it was not getting value for money from the external auditor. The Chief Technical Accountant replied that it was important to review whether the scope of EY's work was reducing. She added that the audit plan issued in March had identified areas of focus, but that she was not convinced that this would adequately cover all issues.

RESOLVED

To note the Draft Statement of Accounts.

13. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2018/19

The Chief Technical Accountant introduced the Report and noted that there were two separate items. The Local Code of Corporate Governance was issued to determine how the Council would will seek to achieve good corporate governance. The Annual Governance Statement 2018/19 was intended to provide assurances as to the in-year operation of the risk and governance arrangements adopted by the Council.

Questions and Discussion

The Chief Technical Account referred Members to section five of the AGS to review the actions that had been identified for the coming year. It was noted that appendix 1 – the Local Code of Corporate Governance provided a breakdown of the requirements of the Council and how the organisation sought to meet them. The Chief Technical Accountant informed Members that there had been some updates to the document for 2018/19 that centred around GDPR and the change in control, but were both minor.

Cllr S Penfold proposed that the documents be approved, and was seconded by Cllr J Toye.

RESOLVED

To approve the Annual Governance Statement and Updated Local Code of Corporate Governance.

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

The Democratic Services and Governance Officer informed Members that following a review of working arrangements for the Risk Management Board, which had arisen as a result of the GRAC recommendation for the Chairman to attend meetings, the work of the RMB would now be absorbed into the remit of the Committee.

There were no outstanding items on the action list.

15. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Democratic Services and Governance Officer noted that the next meeting in July was a special meeting arranged in order to meet the accounts sign-off deadline. He added that RMB Reports would be added to the Work Programme accordingly.

RESOLVED

To note the GRAC Work Programme.

16. EXCLUSIONS OF THE PRESS AND PUBLIC

None.

The meeting ended at 2.58 pm

Chairman