

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

**Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 4 August 2020 at the remotely via Zoom at 2.00 pm**

**Committee** Mr J Rest (Chairman)  
**Members Present:** Mr S Penfold (Vice-Chairman)  
Mr C Cushing  
Mrs J Stenton  
Mr J Toye  
Mr H Blathwayt (substitute)

**Members Present:** Mr N Dixon (Observer)  
Mrs A Fitch-Tillett (Observer)  
Mrs P Grove-Jones (Observer)

**Officers in Attendance:** Democratic Services and Governance Officer (Scrutiny) (DS&GOS), Internal Audit Manager (IAM), Chief Technical Accountant (CTA), Head of Legal & Monitoring Officer (HLS), Head of Finance and Asset Management/Section 151 Officer (HFAM), Chief Executive (CE), Democratic Services Manager (DSM) and Head of Business Transformation & IT (HIT)

### **14 TO RECEIVE APOLOGIES FOR ABSENCE**

Apologies were received from Cllr T Adams.

### **15 SUBSTITUTES**

Cllr H Blathwayt for Cllr T Adams.

### **16 PUBLIC QUESTIONS**

None received.

### **17 ITEMS OF URGENT BUSINESS**

None received.

### **18 DECLARATIONS OF INTEREST**

None declared.

### **19 MINUTES**

The minutes of the meeting held on 16<sup>th</sup> June 2020 were approved as a correct record and sign by the Chairman.

### **20 MONITORING OFFICER'S REPORT 2019/20**

The MO introduced the report and informed Members that it covered the lawfulness of the Council's decision making, and its adherence to the governance framework. It

was reported that there had been no findings of maladministration, and that the register of gifts and hospitality was also included for review. The MO stated that the report also covered complaints of misconduct, which had remained stable, with the majority of these complaints relating to Town and Parish Councils as a result of unclear governance arrangements and processes. In such cases, an assessment framework was applied to determine how to progress complaints, and it was often the case no breaches were found. It was reported that no cases had been referred for further investigation at district level, and there had been no breaches of the Council's own protocols. The MO informed Members that preventative training was provided to avoid breaches at both district and parish level, and that the Standards Committee had met and discussed initial proposals for changes to the Model Member Code of Conduct, with a briefing for Members planned in the coming weeks. It was noted that there was a separate code of conduct for officers, and that the Employment and Appeals Committee were available to consider any disciplinary action when required. In terms of probity, the MO reported that she had been consulted on most policy proposals, the Council's accounts and any matters of legal concern, in order to provide advice alongside the Section 151 Officer. It was noted that there had been a review of the Council's project management framework, and further action had been recommended for improvements in this area, in addition to the significant improvements to the risk management framework that had already been made. The MO noted that any exemptions to standing orders were listed in appendix 2.

#### Questions and Discussion

In reference to reports of misconduct, the Chairman asked whether these cases should be referred to as alleged misconduct, to which the MO replied that she would be happy to review and rephrase the wording. The Chairman then stated that 27 complaints had been received for Parish and Town Councils, and asked if this was due to a lack of training. The MO replied that this could be a cultural issue, but with most Parish and Town Councils only having one officer, it could also result from a lack of HR support. She added that it was difficult for some Councillors to separate criticism of processes from individuals, which often led to confrontation, but the LGA were in the process of reviewing the Members code of conduct to improve civility in public debate.

The Chairman referred to key issues raised on p14, and asked whether any of the issues would be missed due to the current circumstances of Covid-19. The MO replied that some of these issues, such as reviewing the Anti-Fraud, Corruption and Bribery Policy were already in progress and it was hoped that they would be completed soon.

#### **RESOLVED**

#### **To note the report.**

### **21 COUNTER FRAUD, CORRUPTION AND BRIBERY POLICY**

The IAM introduced the report and informed Members that the policy had now been reviewed and updated, with changes outlined in the report. She added that there had not been many significant changes, besides changing job titles and references to the latest GDPR legislation.

#### Questions and Discussion

The Chairman stated that he was happy with the report and policy included. It was proposed to recommend the policy to Cabinet for approval by Cllr J Rest and seconded by Cllr J Toye.

## **RESOLVED**

**To recommend the updated Counter-Fraud, Corruption and Bribery Policy to Cabinet for approval.**

## **22 REVISED INTERNAL AUDIT PLAN 2020/21**

The IAM introduced the report and informed Members that the original Internal Audit Plan had been scheduled for approval at the March meeting, however due to Covid-19 the meeting was cancelled and the plans had required significant adjustment. It was noted that the time available to complete the year's audit work was limited, hence the report included a revised plan to provide assurance of the governance, risk management and control framework of the Council. It was hoped that the revision would allow officers time to focus on recovery, whilst preparing the Council for a more thorough plan in 2021/22. The IAM stated that new risks had arisen as a result of the pandemic, such as working from home which placed increased pressure on HR, new business grants which would have to be closely monitored, and increased demand for IT. It was reported that the plan's assurance had been split into five key themes, which included assurance mapping, key controls, response and recovery, partnerships and essential assurance. The full plan was listed in appendix 1, which included eleven reviews over 129 days, with a full description of each review in appendix 2.

### Questions and Discussion

Cllr C Cushing referred to appendix 1 and noted that the review of the project management framework had been moved to next year with reduced detail. He questioned why this was not being treated as a more urgent requirement for the current year, given the organisation's inherent weakness in project management. The IAM replied that the following year was only a rough guide at present, and this could be bolstered if required.

The Chairman sought clarification on the furloughing of TIAA staff, and asked if they had now returned to work. The IAM replied that they had returned on July 1<sup>st</sup> and were ready to start work as soon as possible. The Chairman referred to a questionnaire under the first assurance key theme, and asked who this would be completed by, to which the IAM replied that it would be undertaken by the auditor and would be sent to all service areas to address all key risks identified, with answers fed into key controls to ensure the correct risks were covered.

Cllr H Blathwayt referred to the £52m in business grants, and asked who was responsible for ensuring the advocacy and distribution. The IAM replied that this was still to be confirmed as the Government were yet to provide guidance on the matter, and added that auditors were currently looking to CIPFA for guidance. It was noted that there was an associated risk with the grants, and it was hoped that future guidance would resolve these issues. The CE stated that BASE had issued some guidance, and that the last date for grant approvals was the 28<sup>th</sup> August, with any unpaid funds required to be returned to Central Government by 30<sup>th</sup> September. He added that during this time there were a number of assurance statements that the Council was required to complete that would be subject to audit. The CTA stated that BASE had supplied a fraud risk assessment template for the discretionary grant

funding scheme which aided the Council's own risk assessment.

Cllr J Toye proposed to take the recommendations en bloc and Cllr S Penfold seconded the proposal.

## **RESOLVED**

**To note and approve:**

- 1. The approach to providing assurance for 2020/21 due to the Coronavirus Pandemic.**
- 2. The revised Strategic Internal Audit plan 2020/21-2022/23.**
- 3. The revised Annual Internal Audit Plan 2020/21.**

## **23 EGMERE PROJECT AUDIT REPORT**

The Chairman informed Members that he had requested that the report be included on the agenda as it had not yet been provided in full for review by the Committee. The IAM added that both the Egmore and Splash project audits had been completed at the request of the Committee, alongside planned work to review the project management framework. It was noted that the conclusion of both audits suggested that a new project management framework was needed to improve project management at the Council.

### Questions and Discussion

Cllr N Dixon stated that it was important to learn lessons from the past and ensure that they were used to develop policy in the future, as had been the case with improvements made to the corporate risk register. He added that he had previously noted the weaknesses in project planning and management, then referred to p54 of the report which included a suggestion for project boards to include officers with the requisite skills from the outset, where appropriate. In order to achieve this, Cllr N Dixon suggested that the Council should consider developing a long-term relationship with an external business consultancy that could provide independent advice on matters of project management, due diligence and project viability.

Cllr C Cushing stated that in relation to revising the project management framework, most frameworks still relied on Prince2 which specified the need for project management boards with sponsors, which could be fulfilled by the relevant Cabinet portfolio holder. It was noted that under new arrangements the project board for Splash had been disbanded, which Cllr C Cushing suggested was extremely alarming. Cllr A Fitch-Tillett noted her agreement with the points raised by Cllr Cushing, and stated that this was the approach used for coastal management projects, which always used projects boards. She added that expertise was also sought from neighbouring authorities for projects such as the Bacton Sandscaping Scheme.

The MO stated that previous projects boards had been run on a hybrid basis with no formal minutes and complex decision making processes, which had not provided adequate governance arrangements. As a result, she stated it would be her advice as Monitoring Officer not to return to the previous project board arrangements, but noted that she could be supportive if a different style of project board was sought.

In response to a request from the Chairman, the CE stated that there was some valuable lessons that could be taken from the projects being discussed, and suggested that it might be helpful to discuss proposals with Cabinet and SLT and bring it back to the Committee. He added that at other authorities across the County, business partner arrangements had caused issues. The CE noted that the Bacton Sandscaping Scheme had shown that a project board approach with increased stakeholder engagement and partnering arrangements could work, though in order to achieve this on other projects it would require careful consideration and planning.

Members discussed a potential recommendation to SLT to request that they consider developing improved project board arrangements, which could be reported back to the Committee at a later date. Cllr N Dixon stated that it was crucial to recognize that many business linked projects were often unsuccessful, and this had to be taken into account when considering new arrangements. Cllr P Grove-Jones added that businesses often sought to take advantage of local authorities, and any project board proposals had to ensure the Council was protected against this.

It was proposed by Cllr C Cushing and seconded by Cllr J Stenton that the Committee request SLT consider new project board arrangements, with the exact wording of the recommendation to be agreed subsequent to the meeting.

#### **RESOLVED**

- 1. To receive and note the Egmere Project Audit Report.**
- 2. To recommend to SLT/Cabinet that consideration is given to appointing project boards at the initiation of all NNDC projects, to be chaired by a sponsor who should be the Cabinet member whose portfolio is most impacted by the outcomes of the project. Other Project Board members should be key stakeholders impacted by the changes or who have specialist knowledge that will contribute to the governance of the project. For projects with significant risk exposure this should include an independent professional person providing business case and project viability advice.**

#### **24 SHERINGHAM LEISURE CENTRE PROJECT AUDIT REPORT**

The IAM introduced the report and informed Members that the action points again included improvements to the project management framework in a way that was appropriate for the Council.

##### Questions and Discussion

The Chairman noted that much of the discussion from the previous item was equally applicable, as was the recommendation for the consideration of improved project boards.

#### **RESOLVED**

**To receive and note the Sheringham Leisure Centre Audit Report.**

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

The DS&GOS informed Members that the annual sign-off of accounts had been expected for the meeting, though due to ongoing delays with the external auditor, an update would be provided. The HFAM stated that there were capacity issues with the external auditors, and as the accounts had still not been signed off, there was a requirement for an ongoing concern note to state that the Council was able to continue operating for the next financial year. He added that due to current circumstances, the impact of Covid-19 now had to be considered as part of the sign-off, and evidence had been supplied to the auditors for this. It was expected that the accounts sign-off would take place at the September meeting.

Cllr N Dixon stated that the delays had begun to raise questions about the value of the external audit service. He questioned whether the external auditors needed to be asked to explain the delays. Cllr H Blathwayt noted that this was not a problem exclusive to NNDC, as many other local authorities had suffered similar delays caused by EY.

## **26 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

The DS&GOS informed Members that the Annual Governance Statement and Local Code of Corporate Governance had been expected at the meeting, however these reports would now come to the September meeting subject the approval of the Leader and Chief Executive. The CE stated that he would aim to bring an item on project board proposals to the September meeting.

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

It was proposed by Cllr J Toye and seconded by Cllr J Stenton that under section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in part 1 of schedule 12A (as amended) to the Act.

### **REOLVED**

**To exclude the press and the public.**

## **28 MANAGEMENT RESPONSE TO INTERNAL INVESTIGATION - DIGITAL MAIL ROOM**

The HIT introduced the report and informed Members of the circumstances that led to the investigation. It was noted that all recommendations made by the Internal Audit Team had been accepted and implemented. It was suggested that a move to more digital transactions would further reduce any associated risks.

### Questions and Discussion

Cllr J Toye asked if a budget had been established for more regular collections, to which the HIT replied that he did not have this information to hand, though collections had been increased at no significant additional cost.

Cllr J Stenton suggested that the Council should consider moving to digital payments only.

The Chairman asked if there was any identifiable costs associated with the investigation, to which the HIT replied that it was mainly the associated staff costs.

The IAM added that she would share further details after to the meeting.

**RESOLVED**

**To receive and note the report.**

The meeting ended at 3.35 pm.

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Chairman