FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Friday 24 November 2017 at 9.30 am.

Committee Members Present: Councillors: P Hardy (Chairman), L Dale, T Lewis, T Palmer, R Savage and G Wheatley

Apologies: Councillor: W Kemp

Cabinet Member in Attendance: Councillor: B Stone and Y Bendle

Officers in Attendance: The Head of Internal Audit (E Hodds), the Accountancy Manager (M Fernandez-Graham), the Support and Innovation Manager (K Woodhouse), and the Senior Accountant (J Brown)

Also in Attendance: Guy Harbord – Wilks Head and Eve Kevin Suter and Mark Russell - Ernst & Young (EY)

159 MINUTES

The minutes of the meeting held on 28 July 2017 were confirmed as a correct record and signed by the Chairman.
160 PRESENTATION BY EXTERNAL VALUERS

Guy Harbord, Wilks Head and Eve, provided the Committee with a presentation which sought to give guidance on the processes and best practices for asset valuation, following a request from members at the last meeting of the Finance, Resources, Audit and Government Committee in July 2017.

Members were advised of the ways in which various assets belonging to the Council were valued, depending on which category of asset they were classed. Mr Harbord provided specific examples of how some of the Council’s assets, such as South Norfolk House and Wymondham Leisure Centre were valued each year and advised members that the valuations made were based on an accounting view to provide a ‘true and fair view’ of the Council’s financial position, and would not necessarily be the same as the assets would be appraised on the open market.

In response to a member’s question regarding the way in which recreational spaces were valued for accounting purposes, Mr Harbord advised that, although these assets often incurred maintenance charges, they did contain a value in the services and amenity they provided. He clarified the importance that these spaces were valued on their actual use rather than inflated by their possible use.

After a brief discussion, the Chairman thanked Mr Harbord for his informative presentation.

161 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Head of Internal Audit presented the Progress Report on Internal Audit Activity during the period between 1 April and 14 November 2017, summarising the six completed audits undertaken. Members noted that 58% of the Audit Plan had been completed and that all six areas covered had been awarded a reasonable assurance. It was confirmed that 25 recommendations had been raised as a result of the audits, all of which had been agreed by management.

The Chairman questioned one of the recommendations contained in the report, regarding the processing of applications, and was advised that it had been deemed best practice to scan and save copies of means calculations generated for Disabled Facilities Grants (DFG) so that the Council retained evidence of discussions held to enable officers to refer back, if required, in the future. Members noted that the recommendation, ‘that management information required by the accountancy team was received in a timely manner to enable the quarterly reconciliations to be carried out’, was a repeat of a recommendation made in the audit review of 2015/16, but were reassured that, although this had lapsed, the issue had been re-raised to ensure it was properly embedded.
Following a brief discussion around the Council’s system for cash receipting, it was

RESOLVED: To note the outcomes of the six completed audits in the period covered by the report, and the position of the Internal Audit Plan for 2017/18.

162 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit presented the Committee with her report which detailed the progress made in relation to the Council’s implementation of the agreed audit recommendations falling due by 31 October 2017.

Members were advised that the current position, compared to the previous year, was good and that South Norfolk held one of the best response rates in the consortium. In response to a member’s question regarding the one outstanding historic recommendation, from the audit of disaster recovery, the Committee was advised that, following a further audit, disaster recovery was in the process of being moved away from the Council’s main offices and into Wymondham Leisure Centre. Officers advised that, although there had been unavoidable delays caused by third parties, the systems were due to be fully tested in January 2018.

In response to concerns raised by a member regarding whether the target dates set by Internal Audit were always achievable, the Head of Internal Audit advised the Committee that she was satisfied that there were no priority 1 issues outstanding and that all issues were assessed on balance. Members were further reassured that, should Internal Audit have any concerns, they would request that interim measures be put in place to mitigate any issues in the short term.

Following a brief discussion during which a few points detailed in the report were clarified, it was

RESOLVED: To note the position in relation to the completion of agreed audit recommendations as at 31 October 2017.

163 ANNUAL AUDIT LETTER

Kevin Suter from Ernst & Young presented the Annual Audit Letter, explaining that it was a summary of all audit work carried out during the year, and he advised members that an unqualified audit opinion had been awarded. Members were pleased to note
that the Council was in a good position to meet the requirements of the Accounts and Audit Regulations 2015 and prepare its draft accounts by 31 May 2018 with the publication of its audited accounts by 31 July 2018, and that the final audit fee for 2016/17 had been reduced to £55,990.

The Committee were advised that, due to a promotion, Mark Russell would no longer be working on the Council’s audit and members thanked him, and Kevin Suter, for their work. It was then:

**RESOLVED:** To note the Annual Audit Letter and the revised fee for 2016/17, as detailed above.

**165 REVIEW OF THE LOCAL GOVERNMENT OMBUDSMAN REPORT 2017**

The Support and Innovation Manager presented her report which sought to advise members of the Council’s approach to dealing with complaints, including those which had been referred to the Local Government Ombudsman (LGO) in 2017.

Members were pleased to note that none of the cases referred to the LGO for South Norfolk were upheld and that the numbers of complaints to the LGO were relatively small, compared with those of other district councils in the area. Officers clarified that some complaints received were due to the misunderstanding of planning laws and that complaints were sometimes made because of disagreements with planning decisions rather than aggrievements with the Council’s services. Members were pleased to learn that officers took complaints seriously and were keen to learn from complaints, where possible. It was then:

**RESOLVED:** To note the contents of the report.

**166 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

Members noted the Finance, Resources, Audit & Governance Committee’s Work Programme. The Head of Internal Audit advised that her role was changing and that there would be a temporary officer in place until a permanent solution was found.

The meeting concluded at 10.35 am

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Chairman