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 7 March 2014 at 9.30 am.

Committee
Members Present:  Councillor  M Edney (Chairman)
                 Councillors  K Billig, L Dale, D Goldson, T Lewis and T Palmer

Apologies:       Councillor  L Webster

Substitute:      Councillor  R Savage

Non - Appointed: Councillors  J Fuller, G Wheatley and K Weeks
                 (all for parts of the meeting)

Officers in
Attendance:      The Head of Finance (D Lorimer) and the Internal Audit
                 Consortium Manager (E Hodds).

Also in attendance:  Mr R Murray and Ms T Meyer (Ernst & Young)

42 MINUTES

The minutes of the meeting held on 26 September 2013 were confirmed as a correct record and signed by the Chairman at that Committee.

43 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT FOR 2012/13

The Head of Finance presented the report which detailed the certification work for the Housing and Council Tax Benefit subsidy claim and the National Non-Domestic rates return for the financial year 2012/13. Mr Murray advised members that there had been an increase in the planned fee for certification work.

Members spoke of their concerns regarding the level of fees charged in proportion to the size of the discrepancies identified, enquiring whether the external auditors were obliged to investigate further where only a small error had been found. Mr Murray advised the Committee that they were required to provide assurance to the grant-paying body and that the methodology the auditors followed was very prescribed. Under the regime, once an error was discovered in the original sample group of 40, the auditors were obliged to check another 40 claims. Mrs Lorimer further advised members that in
future years, the Council Tax Support scheme would be included as part of the audit of the financial statements.

It was then

**RESOLVED:** To note the Certification of Claims and Returns Annual Report for 2012/13.

### 44 EXTERNAL AUDIT PLAN 2013/14

Mr Murray presented the Audit Plan for the 2013/14 year, advising the Committee of the key risks identified and the planned audit strategy.

Members were informed that there had been a change to the planned timetable for audit reporting and that work would begin in June 2014 in order for the report to be completed in July 2014.

In response to a member’s question regarding reserve funds held against Business Rates Appeals, the Head of Finance advised the Committee that although there was no reserve fund specifically for appeals, as these were an unknown quantity, there were sufficient funds available should there be a significant number of successful appeals. While the number of outstanding appeals was concerning, the valuation office was working hard to reduce them and South Norfolk Council continued to collect rates on the properties whilst they were under appeal. The value of the properties on appeal had recently reduced as a number of the higher value appeals had been withdrawn. Members were advised that businesses often lodged appeals as a matter of course, withdrawing them at a later stage.

### 45 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

**7 SEPTEMBER 2013 TO 21 FEBRUARY 2014**

The Internal Audit Consortium Manager presented members with a progress report on the activity of Internal Audit in relation to the delivery of the Annual Audit Plan for 2013/14, summarising the eight completed audits undertaken between 7 September 2013 and 21 February 2014.

There was a brief discussion regarding the improvement in the level of assurance in many of the opinions awarded and members requested that a vote of thanks be passed to those officers responsible, particularly in relation to Procurement, Sundry Debtors, and Freedom of Information and Data Protection.

A member queried the management response to a recommendation that declarations of interest by members should be recorded in Committee meeting minutes even where no interests had been declared. The Head of Finance reiterated the views of management stated in the report, agreeing the matter was trivial and that the non-recording of no declarations of interest in meetings had never been an issue. After a brief discussion, a vote took place on whether to refer the issue back for reconsideration by management and this was refused by a majority of 4 – 3.
It was then

RESOLVED: 1. To note the outcomes of the eight completed audits, the final report in relation to the Computer Audit Needs Assessment and the further amendments made to the Annual Audit Plan for 2013/14;

2. To pass a vote of thanks to officers for the improvements in the levels of assurance in relation to Procurement, Sundry Debtors, and Freedom of Information and Data Protection.

46 INTERNAL AUDIT’S CHARTER, STRATEGIC AND ANNUAL AUDIT PLANS AND SUMMARY OF INTERNAL AUDIT COVERAGE FOR 2014/15

The Internal Audit Consortium Manager presented her report which provided members with an overview of the stages followed prior to the formulation of the Strategic Audit Plan for 2014/15 to 2016/17 and the Annual Audit Plan for 2014/15.

Members requested and received clarification on some aspects regarding the presentation of information contained in the report and had no further questions.

It was then

RESOLVED: To recommend that Cabinet approve:

1. Internal Audit’s Charter for 2014/15;
2. Internal Audit’s Code of Ethics for 2014/15;
3. Internal Audit’s Strategy for 2014/15;
4. The Strategic Audit Plan for 2014/15 to 2016/17;
5. The Annual Audit Plan for 2014/15;
6. The Summary of Internal Audit Coverage for 2014/15;

47 ANNUAL REPORT OF THE FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Members considered the report of the Internal Audit Consortium Manager which summarised the work of the Finance, Resources, Audit and Governance Committee during 2013/14.

After a brief discussion, members were generally satisfied with the report.

It was then

RESOLVED: To note the contents of the report before its presentation at Full Council.
48 PROGRESS ON INTERNAL AUDIT PROCUREMENT

The Internal Audit Consortium Manager provided members with a brief update on the progress of the internal audit procurement, explaining to the Committee that of 11 companies who had expressed interest, five had been selected by a panel for competitive dialogue. There were no questions from members.

49 WORKING PROTOCOL BETWEEN INTERNAL AND EXTERNAL AUDIT FOR 2013/14 AND 2014/15

Members considered the report of the Internal Audit Consortium Manager which provided details of the Audit Joint Working Protocol developed between Internal Audit and the Council’s External Auditors, Ernst and Young.

After a brief discussion, it was

RESOLVED: To recommend that Cabinet approve the Audit Protocol and thereby give it its endorsement to the level of interaction which will be adopted by Internal and External Audit throughout the remaining quarter of 2013/14 and the financial year 2014/15.

50 MAZARS

The Internal Audit Consortium Manager provided members with a brief update on Mazars, advising the Committee that since Mazars had purchased Deloitte in December 2013, there had been minimal impact on the Council. There were no questions from members.

51 LOCAL AUDIT AND ACCOUNTABILITY ACT

Members considered the report of the Compliance and Risk Manager, presented by the Internal Audit Consortium Manager, which sought to update the Committee on the Local Audit and Accountability Act.

Concerns were raised that many of the details contained in the Act were unclear and officers agreed to provide more clarification when this was available.

It was then

RESOLVED: To note the report and action plan, and to await further details of the Local Audit and Accountability Act.
FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee’s work programme and it was suggested and agreed that in order for the Council’s accounts to be signed off by the end of July 2014, the planned September Committee meeting would be moved to 25 July 2014. It was also agreed that a further meeting of the Committee would take place on 24 October 2014 where Internal Audit’s half year activity could be considered.

The Head of Finance advised that there would be a drop-in session on 27 June 2014 where members could view the accounts prior to the July meeting and added that these would also be emailed to the Committee in mid June.

The meeting concluded at 10.50 am

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Chairman