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 27 June 2014 at 9.30 am.

Committee Members Present: Councillors K Billig, L Dale, D Goldson, T Palmer and L Webster

Apologies: Councillor M Edney and T Lewis

Substitute: Councillor B McClennig (for T Lewis)

Non - Appointed: Councillors G Wheatley

Officers in Attendance: The Head of Finance (D Lorimer) the Scrutiny and Information Rights Officer (E Goddard) and R Sadler representing the Internal Audit Consortium Manager.

53 ELECTION OF CHAIRMAN FOR THE MEETING

In the absence of Cllr Edney, it was proposed, seconded and agreed that Cllr Billig would act as Chairman for the duration of the meeting.

54 MINUTES

The minutes of the meeting held on 7 March 2014 were confirmed as a correct record and signed by the Chairman.

55 REPORT ON COUNTER FRAUD ACTIVITY 2013-14

Members considered the report on Counter Fraud Activity and noted the work performed by officers to mitigate both the internal and external threats faced. After summarising the salient points, Mrs Goddard invited comments from the Committee.

In response to a member’s question regarding fraud, the Committee was advised that tenancy and housing benefit fraud were the main types of fraud identified by the Council. The Head of Finance re-assured members that controls were in place to mitigate incidents of attempted fraud.

After a short discussion it was

RESOLVED: to note and endorse the Annual Report on Fraud Activity.
56 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Mr Sadler updated members with a follow up report on Internal Audit recommendations, advising members of the work which had been delivered against the Annual Audit Plan for 2013/14. The Committee was informed that seven of the eight final reports issued by Internal Audit Services had received positive audit opinions and that the eighth, which related to Virtualisation, had been awarded a limited assurance opinion.

In response to a query concerning Risk Management, the Head of Finance advised that a revised strategy for the reporting of risks had been agreed through Cabinet and Council and that such detail was securely held electronically. Updates on risks or identification of new risks were collated quarterly via an electronic template.

There was a brief discussion around the different levels of security clearance held by officers which permitted or denied them access to information held by the Council. Members were assured that such permissions were granted and controlled by specific staff, and user’s passwords for the majority of systems were changed every 60 days. However, it was noted that there was a continuous need to ensure staff who had left the organisation had their access removed from systems and that user rights were also reviewed when staff changed roles, and this was recommended within the recent Network Infrastructure and Security audit report.

It was then

RESOLVED: to note the outcomes of the eight completed audits as detailed in the report.

57 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Committee considered the report of the Internal Audit Consortium Manager which sought to update members on the progress made in relation to the implementation of agreed audit recommendations due in the second half of 2013/14. Mr Sadler advised members that there were no high priority recommendations still to be implemented and that, of the 18 outstanding audit recommendations, ten were of medium priority and represented weaknesses in those areas until effected.

There was a brief discussion regarding the status of the outstanding agreed actions, after which it was

RESOLVED: to note the position in relation to the completion of the agreed audit recommendations at the year-end 2013/14.

58 ANNUAL REPORT AND OPINION 2013/14

Members considered the report of the Internal Audit Consortium Manager which detailed the outcomes of the Internal Audit work undertaken in 2013/14. Mr Sadler advised that the report also sought to inform members of the Effectiveness of Internal Audit and to provide key information for the Annual Governance Statement.
The Committee heard that the Council had been awarded an ‘adequate’ assurance in respect of the overall adequacy and effectiveness of the Council’s governance, risk and control framework for the year ending 31 March 2014.

A discussion followed during which members considered the security and risks involved in retaining long-term information on paper records and by electronic methods. It was also agreed that officers were unable to compare the audit performance of South Norfolk Council against other authorities as such information was not available, although the Head of Finance confirmed that some audits undertaken allowed officers to learn from best practices and benchmark results against other internal audit consortium members. It was noted that there was a minor typing error on the Assurance Chart and Mr Sadler agreed that he would re-circulate the document to members, once corrected.

It was then

RESOLVED: to recommend that Council:

1. gives its approval to the Annual Report and Opinion of the Internal Audit Consortium Manager;

2. approves the Review of the Effectiveness of Internal Audit.

to:

3. note that an adequate audit opinion had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2014;

4. note that the opinions expressed together with significant matters arising from internal audit work and contained within the report should be given due consideration, when developing and reviewing the Council’s Annual Governance Statement for 2013/14.

59 EXTENSION TO THE INTERNAL AUDIT CONTRACT

It was proposed, seconded and

RESOLVED: that under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 Schedule 12A of the Act (as amended).
The Head of Finance updated members on the progress made with the Internal Audit Contract, advising the Committee that it would be advisable to extend the existing contract for a further six months.

After a short discussion, it was

RESOLVED: To recommend that Council gives its full approval to the extension of the current contract.

60 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee’s work programme.

The meeting concluded at 10.16 am

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Chairman