Finance, Resources, Audit and Governance Committee

Members of the Finance, Resources, Audit and Governance Committee:

Mr M Edney (Chairman)
Mrs K Billig
Mr L Dale
Mr D Goldson
Mr T Lewis
Mr T Palmer
Miss L Webster

If any member of the public wishes to speak on a non-confidential item, they may do so at the discretion of the Chairman

Agenda

Date
Friday 25 July 2014

Time
9.30 am

Place
Colman Room
South Norfolk House
Swan Lane
Long Stratton Norwich
NR15 2XE

Contact
Sue Elliott
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If you have any special requirements in order to attend this meeting, please let us know in advance
Large print version can be made available
1. To report apologies for absence and identify substitute voting members (if any);

2. Any items of business the Chairman decides should be considered as matters of urgency pursuant to Section 100B (4) (b) of the Local Government Act, 1972. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the tem should be considered as a matter of urgency;

3. To Receive Declarations of Interest from Members;
   (Please see guidance form and flow chart attached – page 9)

4. Minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 27 June 2014; (attached – page 11)

5. Statement of Accounts 2013-14; (To Follow)
   (9.40 am)

6. Annual Governance Statement 2013-14; (attached - page 15)
   (10.00 am)

7. Audit Results Report; (attached - page 32)
   (10.15 am)

8. EY Local Government Audit Committee Briefing; (attached - page 50)
   (10.25 am)

9. Progress on Internal Audit Procurement; (Verbal Update)
   (10.35 am)

10. Finance, Resources, Audit & Governance Committee Work Programme; (attached – page 67)
    (10.45 am)
Glossary

General Terms

AGS – Annual Governance Statement – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework

BAD DEBT PROVISION - To take account of the amount of debt which the Council estimates it will not be able to collect.

CIPFA – the Chartered Institute of Public Finance and Accountancy – the accountancy body for public services

CoCo - Code of Connection – a list of security controls that the Council has to have in place in order to undertake secure transactions with other government bodies

CNC - a joint venture established with Norwich City Council and Broadland Council to deliver the Council’s building control functions, ensuring buildings and developments comply with building regulations

CNC CS – CNC consultancy services, the private company administered by CNC

CREDITOR - A person or organisation which the Council owes money to for a service or goods.

CSO – Contract Standing Orders – outline the Council’s rules when entering into contracts and buying large value goods

GNDP – Greater Norwich Development Partnership – a partnership with Norwich City and Broadland Councils that manages delivery of the Government’s growth strategies

JCS – Joint Core Strategy – sets out the general vision and objectives for delivering the local development framework

JOURNAL - The transfer of a transaction to either a different cost centre or a different categorisation within the finance system e.g. transfer of an item of expenditure between HR and Planning or the transfer of expenditure from electricity to water. These are used to correct input errors, share costs/income between cost centres or to record expenditure or income which has not yet been invoiced.

KPI - Key Performance Indicator

LASAAC – Local Authority (Scotland) Accounts Advisory Committee – this Committee develops proper accounting practice for Scottish Local Authorities

LDF – Local Development Framework- outlines the management of planning in the Council

LEDGER - A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger.

LGA – Local Government Association – a lobbying organisation for local councils

LGPS – Local Government Pension Scheme- Pension Scheme for all public sector employees
**LGR** - *Local Government Reorganisation* – the process to redesign how public services operate within Norfolk Councils, through either a single tier (one large council) or multiple tier (2 or more councils) structure

**LSVT** - *Large Scale Voluntary Transfer* - the transfer of the Council’s housing stock to Saffron Housing Trust

**Moving Forward Together** – The Council’s internal programme to improve performance in a number of key areas

**NFI** – *National Fraud Initiative* – A national exercise to compare data across public sector organisation to aid identifying potential frauds

**NI** – *National Indicator* – a measure used to identify how the council is performing that is determined by central government

**NNDR** – *National Non-Domestic Rates* – commonly known as Business Rates

**PI** – *Performance Indicator* – measure used to identify how the council is performing

**RAD** - Rent Assisted Deposit scheme.

**RFG** – *Rules of Financial Governance* – the Council’s rules governing the day-to-day financial activities undertaken

**RSS** – *Regional Spatial Strategies* – this sets out the overall regional framework for planning development to inform the local development framework.

**SLA** – *Service Level Agreement* – an agreement that sets out the terms of reference for when a service is provided when one organisation provides a service to another

**MTP** – *Medium Term Plan* – sets out the future forecast financial position of the Council

**SOLACE** – *Society of Local Authority Chief Executives* – society promoting public sector management and development

**SPARSE** – *Sparsity Partnership for Authorities Delivering Rural Services* – an organisation that benchmarks and supports local rural councils

**SUNDARY DEBTOR** - A person who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NNDR. The term can also refer to the system used to record money owed to the council e.g. The Sundry Debtors system which is a module within the financial system.

**TOTAL PLACE** – an initiative designed to review public services operating across a whole area, reducing duplication and encouraging involvement across a range of organisations.
Audit Terminology

APB – Auditing Practices Board – the body that sets the standards for auditing in the UK

CAA – Comprehensive Area Assessment – the approach adopted by the Audit Commission to evaluate the overall performance of Councils, suspended in 2010. The outcomes are recorded in the organisational assessment.

COUNT – Count Once, Use Numerous Times – a system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways

ISA – International Auditing Standard – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts

KLOE – Key Lines of Enquiry – these are the standard criteria used to review the council within the use of resources assessment.

UOR – Use of Resources – this is an assessment method used to review how the Council performs in managing its assets, finance, staffing etc. It informs the value for money conclusion on the accounts as well as comprehensive area assessments.

VFM Conclusion – Value for Money Conclusion – the Audit Commission are required to give an annual conclusion on the Council’s arrangements for providing value for money in addition to the opinion given on the statement of accounts.
Accounting Terminology

BVACOP – Best Value Accounting Code of Practice – outlines how Council should classify income and expenditure across different services.

CFR – Capital Financing Requirement – a calculated figure that establishes the amount of money the Council needs to borrow.

Collection Fund – a separate account statement that records the transactions relating to the collection and redistribution of council tax and business rates.


GAAP – Generally Accepted Accounting Practice – this provides the overall framework for accounting principles prior to IFRS adoption in local government (also “UK GAAP” – specific to the United Kingdom).

HRA – the Housing Revenue Account – the account used to record transactions related to the Council’s housing stock, closed at 31/3/10.

IAS – International Accounting Standards – these were the precursors for international financial reporting standards (see below).

IFRS – International Financial Reporting Standards – these are replacing financial reporting standards to provide general guidance for accounting treatment.

IPSAS – International Public Sector Accounting Standards – these set out the accounting standards for public sector bodies, and are based on the international financial reporting standards.

MRP – Minimum Revenue Provision – the amount of money the Council needs to set aside each year to fund activities from revenue balances.

MTP – Medium Term Plan – sets out the future forecast financial position of the Council.

RSG – Revenue Support Grant - main source of Council funding from Central Government.

SORP – Statement of Recommended Practice – more detailed guidance on how Local Authorities should produce statements of accounts to ensure consistency.

SSAP – Statement of Standard Accounting Practice – preceded the financial reporting standards in the UK, however until replacement some still remain operating.

Virement – The process of transferring a sum of money from one part of the Council’s budget to another, subject to appropriate approval.

WGA – Whole of Government Accounts – an exercise undertaken to consolidate all the accounting records of government bodies.
**International Accounting and Financial Reporting Standards Reference Numbers**

**IAS1** – *Presentation of Financial Statements* – sets out the prescribed format for statements of accounts

**IAS19** – *Employee Benefits* – essentially provides the basis for accounting for the pension fund

**IAS20** – *Accounting for Government Grants* – establishes the accounting treatment for receiving government grants

**IAS40** – *Investment Property* – how organisations should account for properties held as an investment

**IFRS1** - *First time adoption of IFRS* – sets out the procedures to follow when preparing the first IFRS statement of accounts

**IPSAS16** – *Investment Property* – how public sector organisations should account for properties held as an investment

**IPSAS23** – *Revenue from non-exchange transactions (taxes and transfers)* – this determines how monies from taxes should be treated in the accounts

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**Council Systems**

**ALBACS CS** – The Council’s system to make payments to other organisations

**AXIS** - Income receiving system which interacts directly with Integra

**Clubrunner** – System used to manage bookings and activities at the leisure centres

**eXpress** – the electoral registration system

**FAM** – the system used by the accountancy team to record the Council’s assets and associated transactions

**FLARE** – the system used by the environmental health team for their operations

**IBS** – the Revenues system, maintains all Council Tax, Business Rates and Benefits records

**Integra** – general ledger used to record all accounting transactions, including purchases made by the Council and income received by the Council

**LALPAC** – system used to record licensing details

**Northgate** – the system used by the planning and housing teams at the Council
Working Style of Cabinet Policy Committees

Member Leadership
Members of the Committees will take the lead in understanding the direction provided by Cabinet and delivering work to Cabinet requirements. Whilst recognising political allegiances, members will work in a collaborative manner with officers and cabinet portfolio holders to consider the relevant issues when developing Council policy.

Collaborative Working
All meetings of the Committees will be constructive and conducted in a spirit of mutual respect and trust. Officers will commit to supplying meetings with information relevant to making informed decisions on policies and matters. Members will commit to thoroughly reading and understanding papers, raising questions that are pertinent to the issues at stake. Members will, where feasible, agree definable actions to be taken forward by officers to develop policy, rather than having items for noting or simply to discuss.

Frequency and Nature of Meeting
Each Committee will have at least 3 formal, public meetings per year. In assessing items delegated by Cabinet for review, the Committee may decide that it wishes to meet on a more or less frequent basis.

The Committee may also hold informal meetings should it require in order to progress specific items in detail. However, if the Committee is meeting to determine whether to refer items for Cabinet approval, the meeting should follow the Council’s Standing Orders and thus be subject to a formal agenda, be held in public and the meeting recorded.

Informal meetings may be held in any manner suitable for conducting business (e.g. via meeting, conference call, circulation of information via e-mail, or site visits); while relevant information will be supplied by officers where appropriate, these meetings will not be subject to a formal agenda or minutes. Where business of the Committee is undertaken through informal meeting, all members of the Committee will be provided opportunity to participate. Members will expect to be able to participate in a free and frank exchange of views when deliberating subjects.

Training
Members commit to undertaking development – for example, attending formal training sessions, or reading relevant background material, in order to properly equip themselves to deliver their expected role fully.

Accountability
The Policy Committees will be accountable to Cabinet. They will not be able to make decisions themselves, but can recommend decisions to Cabinet. Cabinet may review whether the Committees are discharging their duties effectively, and may receive progress reports on how the Policy Committee is working to discharge its duties.

Work Programmes
The Work Programmes for the Policy Committee will be established by Cabinet. Members of the Committee will not be able to raise items to be included in the work programme. Where topics have been identified for inclusion in the work programme, the Committee will work to identify how it will discharge its responsibilities, including the resources required to do so.

Managing Time
However the Committee is meeting, it will attempt to conclude the business of each meeting in reasonable time. The Chairman will be responsible for ensuring the meeting stays focused on pertinent issue, and does not become side-tracked on issues that are not relevant to the policy under consideration, or those that should be discussed by a separate committee.
DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<table>
<thead>
<tr>
<th>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the interest directly:</td>
</tr>
<tr>
<td>1. affect yours, or your spouse / partner’s financial position?</td>
</tr>
<tr>
<td>2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?</td>
</tr>
<tr>
<td>3. Relate to a contract you, or your spouse / partner have with the Council</td>
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<tr>
<td>4. Affect land you or your spouse / partner own</td>
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<tr>
<td>5. Affect a company that you or your partner own, or have a shareholding in</td>
</tr>
<tr>
<td>If the answer is “yes” to any of the above, it is likely to be pecuniary.</td>
</tr>
<tr>
<td>Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</td>
</tr>
<tr>
<td>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</td>
</tr>
<tr>
<td>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td>
</tr>
<tr>
<td>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</td>
</tr>
<tr>
<td>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td>
</tr>
</tbody>
</table>

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE
DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

What matters are being discussed at the meeting?

Do any relate to an interest I have?

A Have I declared it as a pecuniary interest?

OR

B Does it directly affect me, my partner or spouse’s financial position, in particular:

- employment, employers or businesses;
- companies in which they are a director or where they have a shareholding of more than £25,000 face value or more than 1% of nominal share holding
- land or leases they own or hold
- contracts, licenses, approvals or consents

The interest is pecuniary –
- disclose the interest, withdraw from the meeting by leaving the room. Do not try to improperly influence the decision.

The interest is related to a pecuniary interest. Disclose the interest at the meeting. You may make representations as a member of the public, but then withdraw from the room.

The Interest is not pecuniary nor affects your pecuniary interests. Disclose the interest at the meeting. You may participate in the meeting and vote.

You are unlikely to have an interest. You do not need to do anything further.

If you have not already done so, notify the Monitoring Officer to update your declaration of interests

Does the matter indirectly affect or relate to a pecuniary interest I have declared, or a matter noted at B above?

Have I declared the interest as an other interest on my declaration of interest form? OR

Does it relate to a matter highlighted at B that impacts upon my family or a close associate? OR

Does it affect an organisation I am involved with or a member of? OR

Is it a matter I have been, or have lobbied on?