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 October 2014 at 9.30 am.

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

Cabinet
Member Present: Councillor: G Wheatley

Officers in Attendance: The Acting Director of Business Development (D Lorimer), the Accountancy Manager (M Fernandez-Graham), the Internal Audit Consortium Manager (E Hodds), the Finance Manager (S Bessey) and the IT Infrastructure Manager (M Woolven)

Also in Attendance: Tina Meyer and Mark Russell (Ernst & Young)

69 URGENT ITEM – ANNUAL AUDIT LETTER

The Chairman agreed to consider the Annual Audit Letter as an urgent item as, although the document had not reached the Council until after the agenda had been dispatched, statutory deadlines dictated that it be considered before the next meeting of the FRAG Committee scheduled for March 2015.

Tina Meyer from Ernst & Young presented the Annual Audit Letter, explaining that it was a summary of all audit work carried out during the year. She advised Members that an unqualified audit opinion had been awarded, and thanked officers for their hard work in the early delivery of the accounts.

After a brief discussion, it was then

RESOLVED: To note the report and commend the work of officers.

70 MINUTES

The minutes of the meeting held on 25 July 2014 were confirmed as a correct record and signed by the Chairman.

Arising from Minute No 66, regarding the Government funding available for two years for councils to tackle non-benefit related fraud, members were advised that the Council
had considered bidding for funding but a decision had been made for Norfolk County Council to submit a county-wide bid, with South Norfolk Council working alongside them.

71 PROGRESS ON INTERNAL AUDIT PROCUREMENT

The Internal Audit Consortium Manager gave a brief update on the progress of the Internal Audit Procurement, explaining that an exempt paper would be considered by Cabinet later in October 2014. She advised members that further information would be available at the next meeting of the Finance, Resources, Audit and Governance Committee in March 2015.

72 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

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 six completed audits undertaken during the period between 1 April 2014 and 15 October 2014. She explained that 36% of the Audit Plan had been completed, with much of the work in the current financial year being programmed to be delivered in the third and fourth quarters of the year. Members were pleased to note that all areas covered had been awarded an adequate opinion which was recognised as a positive outcome.

A brief discussion following during which members raised several queries including the medium priority recommendation regarding the timely raising of invoices for CNC. The Finance Manager reassured the Committee that a new procedure had been put into place to ensure that the Council was notified of invoices to be raised within five working days of work being completed.

In response to a query regarding the decrease in staff in the Audit Consortium Management Team, the Acting Director of Business Development clarified that the new internal audit contract, once in place, would be more robust and designed to cut down on the required input from Internal Audit Consortium Management.

After a short discussion concerning the revaluation of properties and the asset register, it was

RESOLVED: To note the outcomes of the six completed audits finalised during the period covered and the progress made to date against the Annual Audit Plan.
73 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Consortium Manager presented the Committee with a report to advise it of the latest progress made in relation to the Council’s implementation of the agreed audit recommendations falling due by 30 September 2014.

The IT Infrastructure Manager provided members with an explanation of ‘virtualisation’, advising members of how the Council’s computer data was held securely and of the measures taken to ensure that the systems would be protected in the event of a fire or other disaster.

Following a brief discussion, it was

RESOLVED: To note the position in relation to the completion of agreed audit recommendations as at 30 September 2014.

74 BANKING SERVICES CONTRACT AWARD AND IMPLEMENTATION

The Accountancy Manager presented members with a report which detailed the decision taken to transfer the Council’s banking services to Barclays Bank plc and described the draft plans for implementation of the transfer. The Committee was reassured that other Norfolk Councils who were in the process of transferring their banking services had experienced positive outcomes to date and that, as one of the last Councils to begin implementation, South Norfolk Council could benefit from the experiences of other authorities.

Members queried the possibility of reclaiming some expenses from the Co-operative Bank as, due to their decision to exit the local authority market, the Council had no option but to change providers. The Acting Director of Business Development explained that, as the Council had decided to terminate its contract with the Co-operative Bank before it was due to cease in 2017, it would not be possible to recoup any costs. However, she added that she would clarify how the contract with Barclays Bank PLC ensured that the Council would not suffer any losses should Barclays Bank suffer from a catastrophic ratings reduction which would force the bank or South Norfolk Council to withdraw prior to the expiry date of the contract.

The Committee discussed the processes in place for dealing with existing customers who currently paid monies to the Council directly by direct debit. The Acting Director of Business Development and the Finance Manager reassured members that, as the direct debit and direct credit functions were operated by the BACS system, the change in bank accounts would be an internal switch and invisible to payers and payees. There were concerns raised regarding the small number of residents who paid their bills manually. Members were advised that in such cases, forms which provided the new bank details would be issued and, where possible, those customers would be encouraged to switch to direct debit payments. It was also agreed that leniency should be given if there was increase in late payments from customers who usually paid their bills manually.
It was then

RESOLVED: To note the decision to award a contract for banking services to Barclays Bank plc and the plans for implementation.

75 SELF ASSESSMENT

The Internal Audit Consortium Manager presented the Committee with a report which detailed the self-assessment undertaken by the Finance, Resources, Audit & Governance Committee. After explaining the checklist attached with the report which detailed the conclusions relating to six key areas subject to scrutiny, she invited comments from members and enquired whether the Committee wished to continue the recognised best practice of making a formal annual report of its work to Full Council, or whether it considered that the minutes produced from formal meetings was sufficient detail of its work and performance. After a brief discussion, members agreed that a formal annual report should be produced due to the relatively low volume of work this would create and so that best practice could be followed.

It was then

RESOLVED: To note the report and its contents and note that full compliance had been recognised in each of the key areas subject to scrutiny.

To continue to produce a formal annual report to be presented at Full Council, detailing the work of the FRAG Committee.

76 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

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

The Internal Audit Consortium Manager advised members that the item ‘Working Protocol between Internal and External Audit for 14/15 and 15/16’ scheduled to be considered at the March 2015 meeting would not now be necessary as this would merely be a duplication of information.

Cllr Wheatley commended Officers and the Finance, Resources, Audit & Governance Committee and stated that he would be advising Cabinet of the excellent standard of work achieved.

The meeting concluded at 10.48 am
Chairman