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 November 2015 at 9.30 am.

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

Apologies: Councillor: W Kemp

Officers in Attendance: The Internal Audit Consortium Manager (E Hodds) and the Accountancy Manager (M Fernandez-Graham)

Also in Attendance: Tina Meyer (Ernst and Young)

100 MINUTES

The minutes of the meeting held on 21 October 2015 were confirmed as a correct record and signed by the Chairman.

101 ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 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, and advised members that an unqualified audit opinion had been awarded.
In response to a member’s question, officers clarified that during the year ended 31 March 2015, there had not been a requirement to audit the group accounts for Big Sky Ventures due to materiality, but that an audit would take place for 2015/16 which would provide members with details of the financial position of the company.

The Committee briefly discussed the implementation of the requirements for Highways Network Assets, as detailed in the Audit Letter, and agreed that although this would mainly affect the Highways Authority, it would also apply to district councils for assets such as footways. In response to a member’s question as to whether this would also affect parish councils, the Accountancy Manager confirmed that he would investigate further and report his findings back to the Committee and, if relevant, advise parish clerks at the next Town and Parish Clerks’ Consultation, scheduled to take place on 10 December 2015.

102 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Consortium Manager presented members with a progress report on the activity of Internal Audit during the period between 1 April 2015 and 18 November 2015, summarising the five completed audits undertaken. She explained that 39% of the Audit Plan had been completed, with much of the work in the current financial year being programmed to be delivered in the fourth quarter of the year. Members were pleased to note that all areas covered had been awarded a reasonable opinion which was recognised as a positive outcome.

As an update to paragraph 4.6 in the report, it was confirmed that, as a result of the audits, 27 recommendations had been raised of which 13 had been priority one (urgent), 11 had been priority two (important) and 3 had been priority three (needs attention), and all had been agreed by management.

In response to a member’s concern regarding the Revenues and Benefits Application audit and the reported issue that User Acceptance Tests had not been formally documented, the Internal Audit Consortium Manager reassured the Committee that following further investigation, it had been ascertained that testing had been undertaken, but that this had not been formally recorded. She added that SNC management had accepted and recognised the issue, and that a system would be put in place to ensure that it would not reoccur.

Following a brief discussion, it was

RESOLVED: To note the outcomes of the five completed audits in the period covered by the report, and the position of the (revised) Internal Audit Plan for 2015/16.
FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Consortium Manager presented the Committee with a report which detailed the progress made in relation to the Council’s implementation of the agreed audit recommendations falling due by 30 September 2015. Members were pleased to note officer’s comments that SNC were a leading council in the implementation and closure of recommendations made by Internal Audit, and that there were currently no areas of concern outstanding.

Following a brief discussion, it was

RESOLVED: To note the position in relation to the completion of agreed audit recommendations as at 30 September 2015.

WHISTLEBLOWING POLICY, COUNTER FRAUD, CORRUPTION AND BRIBERY STRATEGY, AND ANTI MONEY LAUNDERING POLICY - UPDATES

The Committee considered the report of the Internal Audit Consortium Manager which sought to enable members to review updates to the Whistleblowing Policy, the Counter Fraud, Corruption and Bribery Strategy, and the Anti-Money Laundering Policy, prior to their consideration by the Joint Consultative Committee and subsequent submission to Cabinet for review, acceptance and endorsement.

Members were advised that the updates to the Policies were due to staffing and national legislation changes, and to give further clarity and guidance to employees, Councillors, partner bodies and members of the general public. It was noted that, once adopted, the Policies would be used in the training of members and staff, including focused training at the leisure centre due to the number of new employees at these sites.

It was suggested by members that the relevant Cabinet member be made aware when an investigation regarding whistleblowing was taking place. Although members agreed that an amendment to the Policy was not necessary, the Committee felt that this point should be highlighted to the JCC and Cabinet.
It was then

**RESOLVED:** 1. To recommend that Cabinet endorse the Whistleblowing Policy and note the comments of the FRAG Committee, as above;
2. To recommend that Cabinet endorse the Counter Fraud, Corruption and Bribery Strategy;
   and
3. To recommend that Cabinet endorse the Anti-Money Laundering Policy.

**105 RISK BASED INTERNAL AUDIT APPROACH**

The Internal Audit Consortium Manager presented members with information on the Risk Based Approach to Internal Audit which would be implemented at the Council from the 2016/17 financial year onwards.

Members were informed that the new approach, which was already achieving successful results at Breckland District Council, would enable audits to become more responsive, reactive and risk focussed.

After a brief discussion regarding the role of the Senior Leadership Forum within the Council, it was then

**RESOLVED:** To note the contents of the report and the proposed risk-based approach to Internal Audit.

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

Members noted the Finance, Resources, Audit & Governance Committee’s Work Programme.

It was suggested and agreed that Devolution and its impact on the Council might be brought to a future meeting of the FRAG Committee, should this be considered appropriate.

The meeting concluded at 10.30 am

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Chairman