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 11 March 2016 at 9.30 am.

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

Apologies: Councillor: C Hudson

Substitute: Councillor: K Worsley for C Hudson

Cabinet Member Present: Councillor: M Edney

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

Also in Attendance: Tina Meyer and Kevin Suter (Ernst and Young)

107 ROB MURRAY (EXTERNAL AUDITOR)

The Committee was saddened to note that Rob Murray had passed away. Members asked that their condolences be passed onto his friends, family and colleagues at Ernst and Young.
108 URGENT ITEM – EXTERNAL AUDIT PLAN

The Chairman advised that the Committee would consider the External Audit Plan as an urgent item, so that work on the audit could be commenced. He advised that this item would be considered after the Certification of Claims and Returns Annual Report 14/15.

109 MINUTES

The minutes of the meeting held on 27 November 2015 were confirmed as a correct record and signed by the Chairman. Arising from Minute 101, the Accountancy Manager advised that parish councils would not be affected by the implementation of the requirements for Highways Network Assets, as detailed in the Audit Letter.

110 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 14/15

Tina Meyer and Kevin Suter from Ernst & Young presented their report which detailed the certification work for the Housing Benefit subsidy claim for the financial year 2014/15. Members were advised that the certification work had identified no errors which required amendment by the Council.

Following a brief discussion regarding the necessity for Ernst and Young to report all issues, and the different elements of work carried out by external and internal audit, it was:


111 EXTERNAL AUDIT PLAN

Kevin Suter presented the External Audit Plan for the year ending March 2016, advising the Committee of the key risks identified and the planned audit strategy.

Members were pleased to note that Big Sky Ventures was classed as a significant area for audit work and it was clarified that external audit was responsible for monitoring the accounts whereas internal audit was reviewing the commercial companies from a governance perspective.
In response to a query regarding the auditing of pensions, Mr Suter advised that the largest financial entry on the Council’s balance sheets was pensions and that, as pension forecasting was an area which was reliant on reasonable assumptions being made, it was the duty of external auditors to ensure that appropriately qualified individuals were in place to make those assumptions.

It was then:

RESOLVED: to note the External Audit Plan for the year ending March 2016.

112 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Consortium Manager presented the Committee with a report to advise it of the progress made between 19 November 2015 and 29 February 2016 in relation to delivery of the Annual Internal Audit Plan for 2015/16, and summarising the three completed audits undertaken during this period.

Members noted the changes to the Audit Plan, including the areas of Corporate Governance and Risk Management, Tourism and Economic Development (the Market Towns Initiative) and contingency time no longer required. The Committee was reassured that all three of the audits completed had been awarded positive assurances.

In response to a member’s question regarding the Council’s recovery and write off of outstanding debts, the Internal Audit Consortium Manager reassured the Committee that, whilst sundry debts had been chased and written off where there was no chance of recovery, there needed to be a consistent independent review of such action to ensure appropriate action was taken.

There was some discussion around the number of payments which had been processed without a purchase order. Although officers reassured the Committee that South Norfolk Council compared favourably with other councils within the Consortium, it was recognised that work was required to ensure this issue would be rectified.

Following a discussion during which officers clarified a number of minor queries, it was:

RESOLVED: to note the outcomes of the three completed audits finalised in the period 19 November 2015 to 29 February 2016.
113 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2016/17

The Internal Audit Consortium Manager presented her report which provided members with the Internal Audit Plans for 2016/17 which would ensure that key business risks would be addressed by Internal Audit.

In response to a query concerning cost implications of the Help Hub, officers clarified that the aim of the Hub was to provide early intervention and to identify and resolve issues at an early stage to prevent more serious and costly problems in the future.

It was noted that there was a typographical error on Appendix 3 of the report and the Internal Audit Consortium Manager agreed that she would clarify the correct wording to the Committee, by email, after the meeting.

After a short discussion, it was:

RESOLVED: to RECOMMEND that Cabinet approve:

a) the Internal Audit Charter for 2016/17;

b) the Internal Audit Strategy for 2016/17;

c) the Strategic Internal Audit Plans 2016/17 to 2018/19;

and

d) the Annual Internal Audit Plan 2016/17.
114 FINANCE, RESOURCES, AUDIT AND GOVERNANCE 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.

There was a brief discussion regarding the possibility of recording, within the minutes, the names of members who asked questions at meetings of the Committee. The Democratic Services Officer advised that, although this was not standard Council practice, she would investigate this further to find a solution. It was also confirmed that draft minutes of the meetings were added to the Council’s website as soon as they were agreed by the Chairman, so were available to members usually within 15-20 working days of the meetings.

In response to a member’s query regarding the availability of holding private meetings with the external auditor, Mr Suter confirmed that members were welcome to contact them directly but advised that, in the interests of transparency, it was generally preferable to discuss matters during meetings of the Committee.

It was then

RESOLVED: to note the report and its contents and to confirm that full compliance had been recognised.

115 ANNUAL REPORT OF THE FRAG COMMITTEE 2015/16

Members considered the report of the Internal Audit Consortium Manager which summarised the work of the Finance, Resources, Audit and Governance Committee during 2015/16.

There were no comments and it was:

RESOLVED: To note the contents of the report before its presentation at Full Council in May 2016.
116 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

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

The meeting concluded at 10.35 am

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Chairman