



**Action By**

**26/19 TRAINING (STANDING ITEM)**

It was discussed the following training would be scheduled and available for all Members to attend:

<b>Course</b>	<b>Date</b>	<b>Venue</b>
Governance & Audit Training	11 June (10.00am – 11.30am)	Broads Authority Office, Yare House, 62-64 Thorpe Road, Norwich, Norfolk, NR1 1RY
Governance & Audit Training	20 June (2.00pm – 3.30pm)	Broads Authority Office, Yare House, 62-64 Thorpe Road, Norwich, Norfolk, NR1 1RY
Dealing with standards cases against members	25 July 2019 (following G&A Meeting)	Norfolk Room
Treasury Management Training	3 October 2019 (following G&A Meeting)	Norfolk Room
Risk management training	tbc	tbc
Understanding the role of the S151 Officer	To be provided via a brief paper	n/a
Understanding local authority financial statements	To be provided via a briefing paper from Ernst Young.	n/a

**27/19 UN-AUDITED FINANCIAL STATEMENTS 2018-19**

**(a) Update on audit of accounts (verbal update)**

Mr Hodgson informed Members that the Audit of Accounts had been originally planned to take place from the 27 May. However due to unforeseen circumstances the date had been moved to the 1 July. He apologised for the change of date, but said he needed to be able to give full assurances to the Committee to approve the accounts. The Audited Financial Statements 2018-19 would still be reported at the next meeting of Governance and Audit in July.

**(b) Un-audited Statement of Accounts 2018-19**

The Chief Accountant highlighted the salient points of the un-audited statement of accounts for 2018-19 and the Annual Governance Statement to Members.

Action By

It was noted that following previous comments, the narrative report had been made clearer and provided a summary rather than figures.

The Chief Accountant went onto explain the main changes on the balance sheet which were as follows:

- Property Plant and Equipment – The lease had come to an end on the Eco-Tec Centre and as a result the valuation had changed.
- Investment Property – values had been increased by around £5m. An investment had been made of £2m from the Growth & Investment fund to purchase a commercial unit. It was noted there had been a trend of increase in value for commercial units.
- Provisions Value – had increased to £2m – the reason for the increase was due the volatile area of business rates appeals. An example provided was that an appeal had been resolved in March of which Breckland Council were liable for part of that provision of £600,000 which had been back-dated to 2010.
- Pensions Liability – had been increased by £8m to cover the level of deficit that the Council would have to contribute over the next 20-year period to bring the pension contribution to an acceptable level.

The Annual Governance Statement had been added to the report for Members to review and the Committee should be comfortable it reflected the audit reports over the last year and the assurances that had been given. The Annual Governance Statement would be audited as part of the accounts and approved by the Committee in July.

Councillor Kybird asked what the practical implications were of the change within the pension liability. The Chief Accountant clarified it was an accounting change and the pension contribution would be reviewed in 2020 for budget purposes.

Mr Plaskett asked for an explanation as to why £3.5m had been carried over from the final capital programme budget. It was explained there were a number of projects in progress which had been delayed for a number of reasons and therefore would be carried over.

Mr Plaskett sought clarification as to why there was a large decrease in the Growth and Commercialisation directorate spend, compared to the previous year. The Chief Accountant explained it was due to an increase in commercial property values which created a credit in 2018/19 as well as grant funding spend in 2017/18 which increased the spend in 2017/18.

It was requested that for clarity the wording under 'Adjustments

**Action By**

to Revenue Resources' should read 'Depreciation and Re-evaluations'.

Mr Plaskett queried why under re-evaluations there was £5m in Land showing an increased value and asked why this had not been considered to be sold. The Chief Accountant explained there were some small pieces of land that were sellable which the Land Management Officer would look to sell to the home owner, but there were also pieces of land that were not sellable. In addition pieces of land had been set aside in the LABV and would be sold to Breckland Bridge as part of the business plan.

Mr Plaskett noted there had been little activity with Breckland Bridge and asked for a brief update. The Executive Member for Finance and Delivery informed Members that the site for development at Attleborough had been significantly delayed due to a number of technicalities with Norfolk County Council and Department for Education. Members were advised that there were a number of alternative project sites for Breckland Bridge that were being considered.

The Executive Member for Finance and Growth suggested that the narrative provided with the Statement of Accounts be available to all Members as a standalone document. It was agreed that updates to the document be carried out and be available to all Members following the next committee meeting in July.

**RESOLVED** that:

- 1) The committee noted the un-audited statement of accounts for 2018-19; and
- 2) The Annual Governance Statement for 2018-19 was reviewed.

**28/19 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY - AUDIT PLAN PROGRESS REPORT 2018-19**

The Internal Audit Manager presented the progress report on Internal Audit activity from 5 December 2018 to 24 April 2019 in relation to the completion of the Annual Internal Audit Plan for 2018/19.

Members were reminded that at the committee meeting held on the 16 February, the Annual Internal Audit Plan for the year had been approved however, since the last report to the Committee in December 2018, there had been one significant change to that plan. It related to the Service Desk area where it had been decided that Office 365 audit would be deferred to the 2019/20 internal audit plan.

A total of nine Internal Audit Services had been carried out however three were concluded with a limited assurance opinion – Housing Needs; Payroll and HR; and, Procurement and Contract Management. Position statements had been completed with

**Action By**

suggested actions and areas of improvement that had been outlined within the report.

Mr Plaskett felt concerned that the priorities for Housing Needs had not been delivered against management timescales and asked how the Committee could gain assurances that they were being achieved. Members heard that the Urgent Priority recommendation had been completed however two still remained outstanding. Housing in particular were in a difficult period due to resourcing, however Members were assured that management were giving it their full attention.

Councillor Kybird asked if the key issues were to do with temporary accommodation and if moves were afoot to provide facilities to alleviate the pressure. The Executive Member for Finance and Growth responded that the Council had additional legislative responsibilities which had given Local Authorities additional work with regard to homelessness. He assured the Committee that it was a high priority for Members.

The Chairman asked if there had been recent legislative changes to the procurement process. The Internal Audit Manager clarified whilst a total of eight recommendations had been raised during the Procurement and Contract Review, six important actions had been completed. Management had moved quickly to implement the recommendations which gave assurance to the Audit Team.

It was asked for an explanation as to why Payroll and HR were showing limited assurance. Members were informed that the biggest concern had been with regard to the DBS checking; however since finalising the report the issue had now been resolved. In addition there had been one important recommendation outstanding that outlined issues with the annual performance review.

Mr Plaskett asked if there were plans in place to re-audit the Contracts and Procurement Team. It was confirmed that controls in Procurement and Contract Management were very important to the Governance framework and therefore due to the limited grading given another audit would be carried out in Quarter 4 of 2019/20.

**RESOLVED** that Members reviewed the outcomes of the nine audits completed by TIAA, in the period covered by the report, and the amendments to the 2018/19 internal audit plan.

**29/19 FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS**

The Internal Audit Manager presented the report that provided Members with the position on the progress made by management in implementing agreed Internal Audit recommendations as at 31 March 2019.

Members were informed that three recommendations remained

**Action By**

outstanding from the 2016/2017 audit; 14 remained outstanding from 2017/18 and 9 remained outstanding from 2018/19. Explanations were covered within the Appendix of the report of which internal audit urged management to focus on completion of the three outstanding recommendations for 2016/17, together with the urgent and important recommendations raised in 2017/18.

Mr Plaskett was disappointed to hear that the actions remained outstanding and asked what had been put in place to ensure they would be dealt with.

The Chairman also asked if there was a reason why, as an example, the Taxi Licence fees had been delayed for two-years due to changes in legislation. It was accepted Members would not want Officers to do the task twice within a short period, however it was felt that if a recommendation had been made then it should be completed in a timely manner.

Members discussed the suggestion that Officers be invited to the Committee to explain reasons why recommendations were overdue. As a result it was asked that Officers should attend the next meeting where the follow-up report is on the agenda for the outstanding actions for 2016/2017 and 2017/2018 and provide an explanation as to why the delivery had been delayed.

The Corporate Innovation, Change & Performance Manager advised Members it had also been agreed at the recent Performance Board that Officers would be invited to attend the Board meetings so the importance to achieve the target date could be reinforced.

Members noted the content of the report. In addition it was **AGREED** that the responsible Officer for any outstanding recommendations not achieved by 12-months of the target date set be called to the Governance and Audit Committee.

**30/19 ANNUAL REPORT AND OPINION (REPORT ON THE PAST YEAR) 2018-19**

The Internal Audit Manager presented the report that provided the Council with an Annual Report and Opinion for 2018/2019 drawing upon the outcomes of the Internal Audit work performed over the course of the year.

Members were informed that a 'Reasonable' audit opinion had been given to the Council in relation to Governance, Risk management and control for the year ending 31 March 2019. The specific areas of: accounts payable; key controls and assurance, service desk and ARP enforcement all received a substantial assurance grading.

Councillor Kybird asked how specific items were identified. Members were informed that strategic objectives and risks identified were discussed at length with each service area and

**Action By**

added to the Internal Audit Plan.

**RESOLVED** that Members note and approve:

- 1) the contents of the Annual Report and Opinion of the Head of Internal Audit.
- 2) that a **reasonable** audit opinion has been given in relation to governance, risk management and control for the year ended 31 March 2019.
- 3) the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2018/19.
- 4) the conclusions of the Review and the Effectiveness of Internal Audit.

**31/19 QUARTER 4 RISK REPORT**

Members agreed the Exclusion of Press and Public at this point of the meeting (agenda item 15) to enable the Capita Risk Report (Agenda item 16) to be discussed with this item.

**RESOLVED** that under Section 100(A)(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

The Corporate Innovation, Change & Performance Manager presented the status of the Council's strategic risks that covered the period from January to April 2019. Out of the 14 risks identified, two were considered as high: the risk of a critical ICT breach; and, the continued impact following the introduction of the Homelessness Reduction Act.

The risk of a breach to ICT security remained high however the ICT team continued to take multiple steps to mitigate that risk which remained static.

He gave assurance to Members that there was a high focus and support given to the Housing team to mitigate the current risk following the introduction of the Homelessness Reduction Act which had resulted in unprecedented levels of demands on the team. Members had also asked for a peer review of the housing service which would look to improve ways of working.

Members were informed that whilst they had asked for some risks to be removed, it had been decided to keep those risks within the report due to a review of all risks and performance indicators being carried out. The Quarter 1 report would then show a robust risk register following that review.

Mr Plaskett thanked the Corporate Innovation, Change &

**Action By**

Performance Manager for the work on the risk register and Members noted that the comments with in the report were much more salient than had been in the past.

Members asked that the following amendments be made to the risk register:

- Homelessness Reduction target date should be amended;
- Medium Term Financial Plan should be updated to reflect the deliverables achieved;

Members noted the contents of the report.

**32/19 WORK PROGRAMME**

Members asked that the Training discussed be added to the work programme.

Councillor Kybird asked if the Constitution should be reviewed by the Governance and Audit Committee. The Chairman requested a response before the date of the next meeting.

In addition, it was asked if Members of the Committee could receive training on their role in dealing with standards complaints. Training would be arranged and added to the work programme.

**33/19 NEXT MEETING**

Members confirmed that the dates for all future meetings for 2019/20.

The arrangements for the next meeting to be held on Thursday 25 July at 10.00am in the Norfolk Room, Elizabeth House were noted.

**34/19 EXCLUSION OF PRESS AND PUBLIC**

See Minute no: 31/19.

**35/19 QUARTER 4 RISK REPORT**

See Minute no: 31/19.

The meeting closed at 11.40 am

CHAIRMAN