NORWICH City Council

MINUTES

Audit Committee

16:30 to 18:55 **Tuesday, 17 June 2025**

Present: Councillors Schmierer (Chair), Driver (Vice-Chair following election), Bolton, Kendrick, Lawes, Packer, Price, Wright and David Harwood (Independent Member)

Apologies: None

In attendance: Alistair Rush, Interim Chief Finance Officer & S151 Officer

Robert Mayes, Head of Finance

Jan Robinson, Head of Legal and Governance

Emily Yule, Executive Director of Resources

Teresa Sharman, Head of Internal Audit

Robert Carmichael, Democratic Services Manager

11. Declarations of interest

11.1 There were no declarations of interest.

12. Public questions/petitions

12.1 There were no public questions or petitions.

13. Election of Vice-Chair

13.1 Cllr Driver was proposed and seconded. Following a vote:

13.2 **RESOLVED,** unanimously, to elect Cllr Driver as Vice-Chair.

14. Minutes

14.1 **RESOLVED** that the public and exempt minutes of the meeting held on 13 May 2025 were confirmed and signed as a true record.

15. Risk Management Policies and Strategies

15.1 (The Chair proposed to take this item before the Corporate Risk Register Summary 4th Quarter 2024-25 item)

15.2 The Interim Chief Finance Officer introduced the report which presented the updated and revised Risk Management Policy and Strategy. The policy formed a fundamental part of the Council's control framework and governance arrangements. The Interim Chief Finance Officer explained that the strategy would be regularly reviewed in order to provide assurance to the Committee. In support of this, the Good Governance Institute (GGI) had been commissioned by the Council.

15.3 Unlike previous versions, the revised strategy included a Risk Appetite Statement which would help to inform decision making. The Statement in Appendix 4 looked at five main types of risk, including: quality of service; financial; regulatory; workforce; and reputational / relationship risks. The Interim Chief Finance Officer explained that, should the Committee endorse the strategy, officers would look to revising the risk templates and the ways risks were scored, with a view to continually evolving the risk maturity of the Council. In addition, awareness training would be provided for officers so that they were familiar with the new approach. A briefing would be provided to the Committee at the point of the Q3 risk report and, as agreed with the Chair, risks that had either significantly changed (positively or negatively) or worsened would be thoroughly explained to the Committee on an ongoing basis.

15.4 The discussion was opened to questions from Members. A Member noted the strategy review date of April 2028 and asked, in light of Local Government Reorganisation, whether the strategy would need to be reviewed more frequently to assess changes. The Interim Finance Officer agreed that once more was known about the future authority, different strands of work and reviews would gain pace, and further reviews would be necessary.

15.5 In response to a Member's question about risk scores, the Interim Chief Finance Officer explained that officers used Risk Assessment Templates to outline who was responsible for management of a particular risk. That would go through an internal officer governance process at monthly assurance board meetings with Executive Directors and Heads of Service from across the Council. Risk registers were reviewed at those meetings and there were opportunities to challenge the allocation of risk, however, this was rare. The introduction of a Risk Appetite Statement was intended to give a clearer and more consistent framework for considering risk, as well as risk scoring

guidance. The Interim Chief Finance Officer emphasised that he proposed that the Audit Committee received full briefings on shifts and changes to risk.

15.6 Members were pleased to see the introduction of a Risk Appetite Statement and noted that the Audit Committee had raised this suggestion on numerous occasions. However, Members expressed disappointment that the full Corporate Risk Register had not been shared with Members in advance of the meeting.

15.7 In response to a Member's question, the Interim Chief Finance Officer explained that, should the policy be adopted, officers would then look at feeding this work in with the internal audit work programme, in order to get a more holistic picture of risk and prioritise activity in the work programme going forward.

15.8 Discussion ensued on embedding the policy and risk appetite across the Council. The Interim Chief Finance Officer informed Members as part of the 2025-26 Budget, officers had identified a post to look specifically at risk and insurance. This role would help with the rollout of risk awareness. He emphasised that cultural development was a priority going forward. A Member was pleased to hear this and noted that he would like to see a metric designed to monitor the embeddedness of this and for this to be reported back to the Audit Committee in the future.

15.9 The Chair agreed that he would like to understand the Council workforce's approach to and appetite for risk. Officers noted that the GGI had run a survey of staff which had informed the creation of the Risk Management Policies and Strategies and this could be used as a benchmark going forward.

15.10 In response to a question from the Independent Member, Interim Chief Finance Officer explained that Cabinet had been briefed throughout the review process and would continue to be involved.

15.11 The Independent Member asked officers about the controls to manage risk and potential costs of the controls and whether that had been taken into account. The Interim Chief Finance Officer noted that page 27 of the report showed examples of how risk scoring could be undertaken, including considering the financial implications.

15.12 When asked by Members how the Committee received assurance that risks were identified and captured, the Interim Chief Finance Officer explained that each report to Cabinet about significant decisions or policies, identified the risks that were relevant to that decision. He acknowledged that there were circumstances where they could not know all of the risks that could occur. He emphasised that effective and transparent risk assessments, through to understanding and awareness across the Council, were key to decision making. The Interim Chief Finance Officer agreed with the Independent

Member, that it was important not to work in silos across and organisation and discuss risk at a broader level.

15.13 **RESOLVED** to:

1) Note the report and its appendices prior to the strategy and policy being submitted to Cabinet for approval and adoption.
2) Note the Risk Appetite Statement included in the report.
3) Request that Norwich City Council staff undertake a yearly survey on risk management and risk appetite, and that the results of this survey are presented to the Audit Committee in the next civic year.

16. Corporate Risk Register Summary 4th Quarter 2024-25

16.1 (Councillor Kendrick left the meeting)

16.2 The Head of Finance introduced the report, which represented the corporate risk register from 31 March 2025. The register was presented to the Cabinet in May 2025.

16.3 The Head of Finance explained that the risk register was updated on a monthly basis and there were two levels which risk could be escalated to: the directorate level and the corporate level. The risk environment remained relatively high and the financial environment in which the Council was in remained challenging. Officers continued to monitor those risks. The Head of Finance pointed to Appendix A, which showed a summary position of risks, and invited questions from Members of the Committee.

16.4 In response to a Member's question, the Head of Finance clarified that there were two risks shown as improving and the remainder were listed as static. He explained that although some risks were static, there were mitigations in place and officers were working to bring residual risk down to target risk. The register was a live document. Members noted that some risks were ongoing despite mitigations, such as CORP21 Climate Change and CORP07 Cyber Security, due to factors beyond the Councils' control.

16.5 A Member commented that the titles of some risks, such as, CORP29 Contact centre staff risk, were unclear, particularly to members of the public. Members agreed that the title of the risk alone did not provide enough explanation of what the risk was and why there was a risk there.

16.6 At the Members' request, officers agreed to provide a verbal update on CORP17 Failure to deliver acceptable levels of performance in regulatory services and CORP29 Contact centre staff risk. The Executive Director of Resources explained that progress was being made in regulatory services due to the digitisation project and improved backlog of cases. There were

more effective controls in place and an additional Interim Head of Regulatory Services was in place to provide additional capacity and provide cover for another staff member. CORP29 related to the personal safety of staff at the contact centre. There had been an increase in the number of verbal and physical incidents, however this had decreased following the introduction of a new reception desk. The Executive Director of Resources noted that the risk score had reduced and the risk would be deescalated from the Corporate Risk Register to the Directorate Risk Register.

16.7 In response to a request from Members, the Head of Finance agreed to provide a key for the colours used in Appendix A going forward.

16.8 Discussion ensued on CORP 18 Failure to address Natural England advice on Nutrient Neutrality (NN) and issues of capacity at Whitlingham WRC. The Executive Director of Resources explained the addition of issues of capacity at Whitlingham WRC as a linked, emerging risk. The score had not changed because the Nutrient Neutrality aspect of the risk was improving as the Council had joined NEC Limited and would be able to access credits there. Therefore, the overall status of the risk had remained the same.

16.9 Highlighting the minutes from the Audit Committee meeting on 13 May 2025, a Member noted that officers had agreed to provide a rationale for the inclusion or exclusion of a recruitment risk related to Local Government Reorganisation in future risk reports and sought an update on this. The Executive Director of Resources stated that officers had started to assess the impact of Local Government Reorganisation on the recruitment of staff and had not seen a large impact at the current stage. There had been an increase in recruitment to hard to fill roles, reducing the Council's dependency on agency staff. There were a number of workstreams already mobilised by the Council on preparing for Local Government Reorganisation and Devolution around operation of business cases, transitional arrangements and how to keep critical services operational throughout the period of change. The risks were being assessed and managed on a service-level basis, in directorate assessments. However, the Executive Director of Resources told Members that they would likely see the risk in the next quarterly report.

16.10 Members noted that they had requested that the Scrutiny Committee would consider reviewing the Council's position on Nutrient Neutrality as part of their 2025-26 Work Programme. The Chair of the Audit Committee and the Chair of the Scrutiny Committee agreed to discuss this in a separate meeting.

16.11 The Chair proposed that the meeting move into closed session to discuss the Corporate Risk Register Summary 4th Quarter 2024-25 Exempt Appendix.

17. Corporate Risk Register Summary 4th Quarter 2024-25 Exempt Appendix.

17.1 (An exempt minute exists for this item).

17.2 Members asked questions and received answers on the report.

18. Anti-Fraud and Corruption, Whistleblowing and Anti-Money Laundering Policies

18.1 The Head of Finance introduced the report, which outlined three key corporate policies which underlined the Council's internal controls and measures to mitigate risk. In the development of the policies, officers had reached out to other Councils to understand best practice and had incorporated learning. The Head of Finance explained that officers were considering ways to publicise the policy, develop training and digitise elements of the form to ensure it was easy to use.

18.2 Members thanked officers for presenting the policies. A Member noted that a significant element of the three policies was embedding understanding and vigilance awareness to mitigate issues. Considering a recent response to a councillor enquiry which had shown that under 65% of Council staff had completed their required training, a Member sought assurance that training uptake would improve. The Executive Director of Resources explained that the data did not reflect the nuanced reality of training uptake across the Council. She explained that employees were required to undergo training on matters relevant to their role, e.g. if they were to recruit staff, they must complete recruitment training. However, staff who were not in a position to recruit other staff, did not have to complete the training. The data did not go in to that level of detail, which resulted in the 65% figure. The Executive Director of Resources explained that all managers received a monthly report that showed their staff's outstanding training, allowing them to follow that up. The Executive Director of Resources offered to bring more detail on these figures to the Committee and Members agreed that that would be helpful.

18.3 The Head of Legal and Governance advised that once the policies were approved, a programme of training would be launched on topics such as conflicts of interest and employee code of conduct. A Member requested that the Audit Committee received updates on the amount training uptake amongst Council staff.

18.4 In response to a Member's question, the Executive Director of Resources explained that Councillors were asked to complete a statement, showing that they had completed their mandatory training. Attendance on training courses was also recorded.

18.5 A Member asked if there would be opportunities to get feedback from staff to understand how confident they felt about the processes. The Executive

Director of Resources clarified that the Council's training courses included evaluation at the end of the course. However, officers would consider additional routes for feedback, including staff surveys.

18.6 In response to a Member's question on room for interpretation in the policies, the Head of Legal and Governance advised that the Council's advice to staff was to declare everything in order to be transparent. However, the Employee Code of Conduct outlined that anything above £10 must be declared. Reminders about the Employee Code of Conduct and Register of Interests were circulated to staff regularly, particularly in the build-up to the Christmas period where gifts were more common. The Head of Finance commented that the policies were part of the process of increasing awareness on these matters amongst Council staff.

18.7 The Independent Member asked officers to clarify when a commercial settlement between the Council and an employee would be deemed necessary, as explained in paragraph 2.8 in the report. The Head of Legal and Governance advised that there may be occasions where a non-disclosure agreement with a member of staff included a settlement. This was only undertaken with independent review and consultation with the Chief Executive and Monitoring Officer.

18.8 Discussion ensued on whether the Audit Committee would receive a further report on fraudulent activity, which would include the six bullet points listed in paragraph 6.4 in the Anti-Fraud and Corruption Policy, to enable the Committee to seek assurance that fraud has been identified and dealt with appropriately. The Head of Finance agreed to provide this on an annual basis.

18.9 **RESOLVED** to:

1) Note the report and approve the Policies.
2) To request that the Audit Committee receives an Annual Report on Fraud which covers:
    a) How frauds are identified.
    b) Which types of frauds are affected.
    c) Any patterns or themes detected.
    d) New fraud issues.
    e) Prevention measures.
    f) How frauds have been quantified.
3) To note the following actions:
    a) To request more information on the completion of mandatory health and safety and safeguarding training from the Executive Director of Resources.
    b) Approved policies to be circulated to all councillors.

19. Work Programme

19.1 (This item was taken as unopposed business)

19.2 **RESOLVED** to agree the Work Programme.

CHAIR