

## **BROADLAND AUDIT COMMITTEE**

**Minutes of a meeting of the Broadland Audit Committee of Broadland District Council, held on Thursday, 16 March 2023 at 10.02 am.**

**Committee Members Present:** Councillors: G Nurden (Chairman), A Crotch and S Holland

**Apologies for Absence:** Councillors: P Bulman (Vice-Chair) and K Vincent

**Substitute:** Councillors: N Brennan (In place of K Vincent)

**Officers in Attendance:** R Fincham (Assistant Director of Finance), C Lawrie (Assistant Director of Transformation and ICT/Digital), H Mellors (Assistant Director of Planning), F Haywood (Head of Internal Audit), S Carey (Strategy and Intelligence Manager), E Voinic (Internal Audit Trainee) and J Hammond (Democratic Services Officer)

**Also in Attendance:** Cllr T Laidlaw, Member of South Norfolk Council FRAG Committee

### **33. DECLARATIONS OF INTEREST**

No declarations of interest were received.

### **34. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr P Bulman and Cllr K Vincent, with Cllr N Brennan substituting.

### **35. MINUTES**

The minutes of the meeting of the Audit Committee held on 26 January 2023 were confirmed as a correct record.

### **36. MATTERS ARISING**

*Minute Item: 22 – Audit Results Report 2020/21*

Members queried why the Value for Money (VFM) commentary had not been presented to the Committee. The Assistant Director of Finance confirmed that the Annual Audit Letter (which included the VFM commentary) had been published on

the Council's website, as legally required. He explained that there was no statutory requirement for the Letter to be brought before the Committee and, as the Letter was positive with no significant issues raised, it was felt unnecessary. However, if in future years significant issues were raised by the External Auditor, the Letter would be brought before the Committee.

*Minute Item: 27 – Matters Arising (Comments regarding the Peer Review)*

The Chairman welcomed Cllr Terry Laidlaw, member of South Norfolk's Finance, Resources, Audit and Governance (FRAG) Committee.

He encouraged the members of the Audit Committee to attend the next meeting of the FRAG Committee on 24 March 2023.

*Minute Item: 28 – Strategic Risk Update*

With regard to the two recommendations made by the Committee at its last meeting, members were informed that the Risk Management Policy was being updated to include stronger wording relating to communication between the Corporate Leadership Team (CLT) and Cabinet.

The Strategy and Intelligence Manager added that Portfolio Holders would be included in the Strategic Risk Register (SRR) when it was presented to Cabinet in April.

Further discussion was held on the concerns raised by the Committee at the last meeting and Cllr Laidlaw was invited to share his experience of how the SRR was presented to the FRAG Committee.

*Minute Item: 29 – Draft Statement of Accounts 2021/22*

Regarding the bad debt provision for sundry debtors, the Assistant Director of Finance confirmed that once completed, it would be added into the statement of accounts.

He further confirmed that reference to one councillor being a director of Norse Environmental Wastes Services Limited (NEWS) had now been added into the statement.

*Minute Item: 30 – Internal Audit Update – Progress and Follow Up*

The Head of Internal Audit confirmed that she had received assurance from the Internal Audit contractor (TIAA) that they were still on schedule to complete all work within the deadlines.

With regard to the Cyber Security report, the Head of Internal Audit confirmed that the full report would be circulated to the Committee outside of the public meeting, due to the sensitive information it contained.

In response to a query on the deadline for recommendations 3 and 6 of the Disaster Recovery report, the Assistant Director for ICT/Digital and Transformation acknowledged that March was an unrealistic timescale for the

recommendations. She explained that disaster recovery testing was scheduled to be carried out in June/July following the OneTeam's move to the Horizon Centre.

Discussion turned to recommendations 3-7 and 9 of the Counter Fraud and Corruption report. Members queried whether a standardised Policy would be created by the Anglia Revenues Partnership (ARP) and when it would be presented to the Committee. The Assistant Director of Finance explained that where possible the ARP would look to align the Policy across all of its member Councils. However, as each Council retained its own sovereignty, differences in the Policy can be added, where it was felt necessary.

## 37. STRATEGIC RISK REGISTER

Members considered the report of the Strategy and Intelligence Manager, which provided an overview of the current position in terms of Strategic Risk for Broadland District Council.

The Strategy and Intelligence Manager outlined the salient points of the report, drawing attention to the changes in the status of risks and additions to the register, since the last update to the committee.

Members were informed that no new risks had been added onto the Risk Register since the last update. However, 2 existing risks (BDC S12 – Ukrainian refugees and BDC S14 – Cost of Living) had been combined into the risk BDC S13 – Housing stock. The reason being that all measures for these risks were regarding the demand and pressures on the housing stock.

Discussion turned to the three risks which had been either de-escalated or closed from the Strategic Risk Register, these were:

- BDC GE1 – Regulatory Function. This risk had been de-escalated from the Strategic Risk Register to the Directorate Risk Register as the risk was within the Council's risk appetite.
- BDC P1 – Nutrient Neutrality advice impacts. The risk score was reduced as progress had been made on mitigating actions.
- BDC P2 – Gypsy and Traveller sites. The risk score was reduced as progress towards consultation was being made.

The Strategy and Intelligence Manager advised members that in addition to the Strategic Risk Register, teams were also managing operational risk within their Directorate Risk Registers.

Concerns were raised on the reduction of risk BDC P2 – *The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound*. Members felt that whilst sites had been located and a consultation exercise begun, there were significant objections to the largest site proposed. The Assistant Director of Planning reminded members that the risk was added onto the SRR as no sites had been located at that time. As sites had now been located the risk score should be reduced. She added the risk would be

closely monitored and, if necessary, could be increased once the outcome of the consultation was known.

After further discussion it was

## **RESOLVED**

To note the Strategic Risk Register update for the Council.

### **38. STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2023/24**

Members considered the report of the Head of Internal Audit, which provided an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24, which would then serve as the work programme for the Council's Internal Audit Services contractor TIAA Ltd. The report also provided the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Broadland District Council's framework of governance, risk management and control.

The Head of Internal Audit explained that meetings had been held with all Assistant Directors to discuss service area risks and scheduled projects as part of the formation of the Plans.

She also informed the Committee that the Annual Internal Audit Plan for 2023/24 totalled 324 days across the two Councils, with 162 days allocated to Broadland District Council. The Plan encompassed 16 Internal Audit reviews, 2 of which covered IT processes.

Members noted that all 16 Internal Audit reviews would be carried out jointly with South Norfolk Council, and it was queried how each Council's differing approach to service areas would be assessed. The Head of Internal Audit advised members that many of the service areas across the OneTeam held a similar approach. Where significant differing approaches were held, for example with regard to Waste Management, a separate report would be produced for each Council outlining the specific findings and recommendations.

Discussion turned to the inclusion of Assurance Mapping within the Strategic and Annual Internal Audit Plans. The Head of Internal Audit explained how Data Analytics would be utilised as part of the Internal Audit process. Concerns were raised on how resources within the team would be affected. The Head of Internal Audit assured members that there would be minimal effect on resource levels as TIAA had experience in conducting testing in this way and had access to necessary systems to enhance their approach.

It was then unanimously

## **RESOLVED**

To note and approve

- The Internal Audit Charter;

- The Internal Audit Strategy;
- The Strategic Internal Audit Plans 2023/24 to 2026/27; and
- The Annual Internal Audit Plan 2023/24

### **39. ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Chairman introduced the report of the Democratic Services Officer, which outlined the work undertaken by the Committee throughout the year, which included:

- Annual Governance Statement 2021/22
- Counter Fraud Service
- Independent Persons of the Audit Committee
- Statement of Accounts 2020/21
- External Audit
- Internal Audit
- Strategic Risk Updates

If approved by the Committee, the Annual Report would be reported to full Council at its meeting on 23 March 2023.

Members queried whether the report author should be listed as the Chairman of the Committee and not the Democratic Services Officer. It was also suggested that the layout of the report be amended to have a similar format as the Annual report of the Overview and Scrutiny Committee.

The Head of Internal Audit informed members that the report had been produced in the same format as in previous years. Whilst it was not possible to amend the format of this year's report prior to the Council meeting, the layout of the report would be reconsidered for next year.

The Chairman thanked the Democratic Services Officer for preparing the report, and it was

#### **RESOLVED**

To recommend to Council that it approves the content of the Annual Report of the Audit Committee.

### **40. SELF-ASSESSMENT OF THE AUDIT COMMITTEE**

The Head of Internal Audit presented the report, which provided the results of the assessment undertaken in March 2022, and asked members of the Committee to review and update as required.

She explained to the Committee that it was considered best practice for Audit Committees to complete a regular self-assessment exercise, to be satisfied that the Committee was performing effectively. It was also considered beneficial to provide action points to guide the new Committee following the District Election in May 2023.

Members discussed the checklist, attached at appendix 1 of the report. It was felt that the gradings for the good practice questions accurately represented the Audit Committee. Members noted that with regard to question 18, feedback on the performance of the Committee had been obtained by the Peer Review and action taken to attend meeting of the FRAG Committee and invite FRAG Committee members to future meetings of this Committee.

Attention was drawn to the section "*Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements*". It was highlighted that whilst significant improvements had been made to the SRR and how it was reported to the Audit Committee, it was felt that there were still areas of improvement for the future members of the Committee to focus on.

Discussion turned to the section "*Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks*". Members proposed that the scoring remained at four to reflect both the appointment of the ARP and the work still required to update the Council's policies and procedures, which would be overseen by the Committee.

#### **41. AUDIT COMMITTEE WORK PROGRAMME**

The Committee noted each item within the Work Programme.

The Chairman informed the Committee that discussions had been held between officers and the Chairmen of the Audit and FRAG Committees regarding whether the meetings should be held on the same day. The Head of Internal Audit added that she had explored the idea as a way of attracting more prospective Independent Persons. Whilst both Chairmen agreed to the suggestion in principle, it was felt that the decision should not be made until after the election in May.

(The meeting concluded at 11.25 am)

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Chairman