

BROADLAND AUDIT COMMITTEE

Minutes of a meeting of the Broadland Audit Committee of Broadland District Council, held on Thursday, 20 July 2023 at 6.07 pm.

Committee Members Present: Councillors: T Yousefian (Chairman), B Baby (Vice-Chair), P Auber, P Bulman and G Nurden

Cabinet Member in Attendance: Councillor: S Beadle, S Holland and S Riley

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

Also in Attendance: A Crotch and L Douglass

1. DECLARATIONS OF INTEREST

No declarations of interest were received.

2. APOLOGIES FOR ABSENCE

No apologies for absence were received.

3. MINUTES

The minutes of the meeting of the Audit Committee held on 16 March 2023 were confirmed as a correct record.

Matters Arising

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

One member queried whether members of South Norfolk's Finance, Resources, Audit and Governance (FRAG) Committee would continue to be invited to Broadland's Audit Committee meetings and vice versa. The Assistant Director of Finance reminded members that as both Committee's meetings are public, anyone was welcome to attend. He added that he would speak to both Chairman with regard to issuing invitations.

It was suggested that a training programme be developed for Committee members and potential substitutes. The Head of Internal Audit suggested that members complete a skills and knowledge framework (to be circulated outside of the meeting), which could then be used to devise a training programme.

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

In response to a query regarding Disaster Recovery testing. The Assistant Director of ICT/Digital and Transformation explained that the testing had not yet begun as important infrastructure work needed to be undertaken by BT before the testing could begin. She confirmed that the deadline for this recommendation had been revised to reflect the delay.

Discussion turned to recommendations 3-7 and 9 of the Counter Fraud and Corruption report. The Assistant Director of Finance outlined the previous Counter Fraud Service at Broadland District Council. He explained that the Council had had a limited counter fraud service of 0.8 full-time equivalent, across the two Councils. With the previous Fraud Officer leaving the post in 2022.

Following a review of the service, Cabinet had made the decision to join the Anglia Revenues Partnership (ARP) consortium in order to benefit from their higher level of resources and expertise. The Contract was signed in July 2023, following approval by all five of the partner Local Authorities. Officers were now working with ARP to ensure that they had access to the Council's relevant systems. ARP would then begin work of refreshing the strategies and completing all outstanding recommendations from Internal Audit. In response to a query, the Assistant Director of Finance confirmed that the Anti-Fraud and Corruption Strategy would be brought to the Committee at its next meeting on 22 September 2023.

Minute Item: 40 – Self-Assessment of the Audit Committee

One member queried what action points had been provided to guide the new Committee. The Head of Internal Audit explained that the self-assessment completed by the Committee at its meeting on 16 March 2023, would be used to guide the new members. She agreed to circulate the completed self-assessment to the Committee.

Minute Item: 41 – Audit Committee Work Programme

In response to questions from members, the Head of Internal Audit recommended that the report on the appointment of an independent person onto the Audit Committee be brought back to the Committee at its next meeting.

Change of Order

The Chairman advised the meeting of a change in order. Agenda Item 8: Internal Audit Progress and Follow Up would be considered after Agenda Item 5: Strategic Risk Update. All remaining Agenda Items would then be considered in chronological order.

4. RISK MANAGEMENT POLICY – REFRESH

The Committee considered the report, which provided an overview of the refreshed Risk Management Policy, following the scheduled review of the policy.

The Strategy and Intelligence Manager reminded members that the current Risk Management Policy was approved by Broadland District Council in 2020, following a risk maturity assessment which had been undertaken to baseline the risk management framework. She further explained that the Risk Management Policy was a fundamental element of the Risk Management Framework and included the following key features:

- Risk Management Framework, including risk appetite of the Council and the scoring system used.
- The process for the identification and management of risk.
- Roles and responsibilities and the governance arrangements for the reporting of risk.
- Guidance on the scoring of risk in line with the risk appetite.

In 2022 Internal Audit conducted a position statement which recommended a number of amendments to the Policy. As a result of the Internal Audit recommendations the following amendments and additions were now proposed to refresh the Policy:

- Refining the role of Assistant Directors and Portfolio Holders in the identification and management of risks to the organisation to ensure roles and responsibilities were clear.
- Including a requirement for Directors and Assistant Directors to ensure that risk was a topic discussed at regular intervals at directorate level meetings.
- The image at Appendix A of the Policy amended to make roles and responsibilities clearer.
- Minor grammatical amendments made throughout the document.

It was noted acknowledged that every officer held responsibility for identifying and managing risk and so training should be provided to all. The Strategy and Intelligence Manager explained that basic training would be provided to all officers through the Council's SkillsGate site. In addition, more specialised training would be provided to Project Managers and CLT.

One member requested that an informal member briefing be arranged to discuss the Risk Management Policy in greater depth. The Strategy and Intelligence Manager confirmed that she would facilitate a member briefing.

It was then unanimously,

RESOLVED

To recommend to Council that it approve the proposed refreshed Risk Management Policy.

5. STRATEGIC RISK REGISTER

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

The salient points of the report were outlined, with attention drawn to the changes in the status of risks and additional to the register, since the last update to the Committee.

Members noted that one new risk, BDC P3 – Governments New Waste Strategy had been added onto the Strategic Risk Register (SRR). Whilst no risks had been removed from the Register

Discussion turned to the one strategic risk whose risk score had been reduced since the last meeting, this was:

- BDC S13 – Housing Stock.
As the likelihood score had reduced as good progress was being made towards a mitigation strategy.

One member raised a concern that the SRR presented to the Audit Committee was now out of date. The Strategy and Intelligence Manager acknowledged that as the SRR was a 'living document' it had been updated since the report was written.

It was then,

RESOLVED

To endorse the Strategic Risk Register update for the Council.

6. INTERNAL AUDIT UPDATE - PROGRESS AND FOLLOW UP

Members considered the report, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23 during the period 17 January 2023 to 11 July 2023.

The Head of Internal Audit outlined the process of Internal Audit and how the report was put together.

She further explained that since the last meeting two audits had been deferred, these were:

- Housing Strategy and Affordable Housing
Deferred until 2023/24, to allow the strategy to be re-defined to manage the Council's approach to managing homelessness and temporary accommodation assets.
- Service Desk
Deferred until 2023/24, to allow the IT team to support the move to the

Horizon Building.

Members noted that during the period of the report, 131 days of programmed work had been completed, which equated to 98% of the Internal Audit Plan for 2022/23.

Between 17 January 2023 to 11 July 2023 six internal audit reports had been finalised, with a total of 46 recommendations raised and agreed by management:

- Local Council Tax Support and Housing Benefit – Reasonable Assurance
- Council Tax and NNDR – Reasonable Assurance
- Elections – Substantial Assurance
- Business Continuity and Emergency Planning – Reasonable Assurance
- Accounts Payable – Limited Assurance
- Key Controls and Assurance – Limited Assurance

With regard to the Account Payable audit, members expressed disappointment that a limited assurance had been given for the second time, however, they recognised that the majority of recommendations had since been resolved and improvements made.

Discussion turned to the outstanding internal audit recommendations for 2020/21. In response to a query the Assistant Director of Transformation and ICT/Digital advised the Committee that the Council was close to awarding the contract for a new payroll provider.

After further discussion, it was

RESOLVED

To note

1. The progress in relation to the completion of the Internal Audit Plan for 2022/23
2. The position in relation to the completion of agreed internal audit recommendations

7. ANNUAL REPORT AND OPINION 2022/23

The Head of Internal Audit presented the report, which informed members of the annual internal audit opinion on the Council's governance risk management and control framework and evaluates the effectiveness of the internal audit function for 2022/23. The Council's overall opinion was rated as 'Reasonable'.

It was noted that work had not been finalised in both the Covid-19 Relief Grants and the Economic Development areas. Which meant that no overall grading had been indicated.

The Head of Internal Audit informed members of the areas which required inclusion in the Annual Governance Statement, these included:

- Three assurance reports which had resulted in 'Limited' assurance
 - Accounts Payable
 - Key Controls and Assurance
 - Procurement and Contract Management
- Outstanding recommendations from 2021/22 'Limited' assurance reviews
 - Counter Fraud and Corruption
 - Disaster Recovery

With regard to the Key Controls and Assurance audit. The Assistant Director of Finance advised members that a lot of work had been undertaken to improve this area since the audit had been undertaken. As a result, of the 20 recommendations received, 11 had been completed.

Discussion turned to the external assessment of the effectiveness of Internal Audit. Members were advised that an assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors. Internal Audit received a 'generally conforms' result, with conformance in 60 out of 64 areas and 'partially conforms' in 2 areas. The Head of Internal Audit assured members that all recommendations had been resolved.

It was highlighted that TIAA had struggled to meet the targets relating to timeliness and S151 satisfaction throughout 2022/23. Ms F Roe informed the Committee the resource challenges within TIAA had resulted in the issues experienced within 2022/23. She further explained that TIAA had worked to restructure officers within the company and investigated methods of improving engagement levels to prevent the same issues reoccurring in future years.

One member queried why Cyber Security had not been audited since 2021/22 despite receiving a limited assurance that year. The Head of Internal Audit explained that the service was allowed time to resolve outstanding recommendations. She added that a further Cyber Security audit had been arranged for 2023/24. The Assistant Director of Transformation and ICT/Digital outlined the work undertaken to improve the Council's Cyber Security, this included:

- The appointment of a Cyber Security Officer
- The creation of an Implementation Plan
- Work to improve workplace culture undertaken
- £125K funding allocated to deliver Cyber Security Improvement Plan

After further discussion, it was

RESOLVED

To

- a) Receive the contents of the Annual Report and Opinion of the Head of Internal Audit
- b) Receive the reasonable audit opinion given in relation to the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2023

c) Receive the conclusions of the Review of Effectiveness of Internal Audit

8. ANNUAL GOVERNANCE STATEMENT 2022/23

Members considered the report of the Chief of Staff, which presented the draft Annual Governance Statement 2022/23 for the Committee to review.

The Head of Internal Audit advised the Committee that the Annual Governance Statement covered various assurances from the Assistant Directors across key service areas, in addition to other key assurance sources as outlined at section 2.3 of the report.

It was noted that the assurance statement highlighted no significant governance issues and governance arrangements were mainly consistent across the Council. However, Assistant Directors had highlighted some development areas which were service specific in relation to risk and control; business continuity and procurement, which would be reviewed over the forthcoming months.

The areas of concern highlighted by the Head of Internal Audit in their Annual Report and Opinion would be included within the Statement.

Two typographical errors within the statement were highlighted and the Head of Internal Audit confirmed that they would be corrected prior to the Statement being published.

It was then,

RESOLVED

To approve the Annual Governance Statement for 2022/23

9. REVIEW OF CONTRACT PROCEDURE RULES

The Assistant Director of Finance presented the report, which proposed a number of changes to the Council's Contract Procedure Rules (CPRs).

The CPRs were contained within the Council's Constitution and set out how the Council procured goods and services, in order to achieve value for money and comply with the legal requirements within the Public Contract Regulations 2015.

Members were advised that the CPRs had been approved in July 2021 and as it was good practice for the CPRs to be reviewed every two years, they had been reviewed this year with a number of small amendments proposed, these amendments were:

- Added reference to carbon conscious criteria (In Statement of Intent)
- Removed reference to European Union Law (Para 1.2)
- Amended authority level from Director to Assistant Director where appropriate (Various places in document)

- Amended wording on use of frameworks (Para 3.2 and 19.3)
- Changes to clarify that ultimate procurement responsibility lies with the contract owner (Para 4.2 and 9.8)
- Disposal limits increased from £20K to £25K (Para 25.2 and Table 25.3)

It was explained that as the One Team often carried out joint procurements, which covered both Broadland District Council and South Norfolk Council, it would be helpful for both Council's CPRs to align as far as possible. However, it was stressed that both Councils had the ability to propose alternative changes to their own CPRs.

With regard to the added reference to carbon conscious criteria. Members queried what criteria the Council would utilise to measure businesses carbon consciousness. The Assistant Director of Finance explained that the inclusion of the carbon conscious criteria reflected the Council's desire to have businesses working towards carbon neutrality whilst leading by example. He added that the exact wording would vary contract-by-contract. It was suggested that references to carbon conscious criteria would be better placed in an environmentally sustainable procurement strategy as opposed to the CPRs. The Chairman highlighted the importance of incorporating carbon conscious practices within procurement contracts wherever practicably possible. Following further in depth discussion, the Committee requested that reference to carbon conscious criteria within contracts be removed for the proposed CPRs at this time, to allow for further consideration of this matter.

One member queried how the Council guaranteed value for money when procuring goods and services. The Assistant Director of Finance explained the procurement process and how bidding worked to ensure value for money.

After further discussion, it was

RESOLVED

To recommend to Council that it approve the amended Contract Procedure Rules, subject to the removal of references to carbon conscious criteria in contracts.

10. AUDIT COMMITTEE WORK PROGRAMME

The Committee noted each item within the Work Programme.

(The meeting concluded at 7.32 pm)

Chairman