

BROADLAND AUDIT COMMITTEE

Minutes of a meeting of the Broadland Audit Committee of Broadland District Council, held on Thursday, 25 January 2024 at 6.00 pm.

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

Apologies for Absence: Councillor: P Bulman

Cabinet Member in Attendance: Councillor: S Riley

Officers in Attendance: R Fincham (Assistant Director of Finance), C Lawrie (Assistant Director of ICT/Digital and Transformation), T Sharman (Head Of Internal Audit), N Gourley (Senior Internal Auditor) and J Hammond (Democratic Services Officer)

19. DECLARATIONS OF INTEREST

No declarations of interest were received.

20. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr P Bulman.

21. MINUTES

The minutes of the meeting of the Audit Committee held on 21 September 2023 were confirmed as a correct record, subject to the correction of a number of typographical errors.

Matters Arising

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

With regard to the skills and knowledge framework, members were advised that the new Senior Internal Auditor was reviewing the framework to ensure it was inline with the latest CIPFA guidance. The framework would be circulated to Members in the next few weeks, it would then be reported to the Committee in March as part of the self-assessment of the Audit Committee report.

Minute Item: 14 – Strategic Risk Register

Members requested that an additional training session on Risk Management be scheduled and that it be open to all members of the Council. The Assistant Director of ICT/Digital and Transformation agreed to look into providing another session.

22. 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 2023/24 during the period 11 July 2023 to 31 December 2023.

The Head of Internal Audit explained that since the last meeting one audit had been deferred and one audit had been changed, these were:

- Nutrient Neutrality
Deferred to allow a joint audit with the other partner Councils, to be completed in 2024/25.
- Housing Strategy
This was originally an audit of car parks, but this had been changed to Housing Strategy which was a deferred audit from 2023/24

Members noted that during the period of the report, 74 days of programmed work had been completed, which equated to 47% of the Internal Audit Plan for 2023/24.

Between 11 July 2023 to 31 December 2023, five internal audit reports had been finalised, two of these reports were outstanding from 2022/2023, with a total of 30 recommendations raised and agreed by management:

- Homelessness and Home Options (Reasonable Assurance)
- Legal Services (Reasonable Assurance)
- Service Desk (Substantial Assurance)
- Procurement and Contract Management (Limited Assurance) – from the 2022/23 Internal Audit Plan
- Economic Development (Reasonable Assurance) – from the 2022/23 Internal Audit Plan

Discussion turned to the position statement on Project Management. The Head of Internal Audit advised that the position statement had been issued with seven actions and/or improvements suggested. In response to a query, the Head of Internal Audit explained that a position statement was designed to provide advice to a new service area which needed its processes embedding before a full audit could take place. The Assistant Director of ICT/Digital and Transformation confirmed that an audit of the service would be explored in future years.

One member highlighted the Committees previous concerns regarding internal audit delays and TIAAs performance against Key Performance Indicators (KPIs)

and queried whether improvement had been made following the measures put in place by the former Head of Internal Audit. The Head of Internal Audit confirmed that she had been made aware of TIAAs resourcing issues and the delays that this had caused, she had also noted an issue in the timeliness of Councils response to queries. She explained that a protocol had been developed which outlined how the Council and TIAA would work together in the future. The protocol would be trialled in the coming months, with the expectation that it would 'go live' next year. She further advised that the KPIs would be updated in line with the new protocol.

In response to a query regarding the amount of work scheduled for quarter 4 and whether there would be any implications if the work was not completed in time. The Head of Internal Audit advised that TIAA were confident they had the resource in place to complete all work by the end of quarter 4, but that she would continue to monitor both TIAAs performance as well as the timeliness of Councils responses. Regarding the implication if the work was not completed on time, she explained that each year there was a degree of crossover involved, for example with the finalising of draft reports.

Members attention was drawn to the Procurement and Contract Management audit which had received a limited assurance opinion. The 1 'Urgent' recommendation was noted, and members queried whether action had been taken to resolve this recommendation. The Assistant Director of Finance explained that the recommendation required officers to review all current contracts. He added that most contracts had already been reviewed and officers were tracking down the remaining contracts. In response to a query on timescales he assured members that officers were working to finalise the recommendation as fast as they could.

The Head of Internal Audit advised the Committee that across all completed audits there were currently 35 outstanding recommendations, 3 of which were 'Urgent'. Members raised concerns regarding the number of internal audit recommendations which had had their deadlines extended multiple times and queried whether officers and internal audit were establishing realistic timescales. Members further highlighted that they would want to be updated on the progress being made towards priority 1 recommendations between Committee meetings.

In response, the Chairman requested that between formal meetings, officers provide interim reports to the Committee on the progress being made in finalising outstanding priority 1 'Urgent' recommendations. The Head of Internal Audit agreed to look into the request and work with officers to provide interim updates in the future.

Regarding the number of recommendations, the Head of Internal Audit reassured members that she was not concerned by the number of outstanding recommendations. She further explained the number of outstanding recommendations would not reach 0, as audit reports would continue to be finalised adding more recommendations to replace the resolved ones.

The Assistant Director of ICT/Digital and Transformation updated members on the progress in resolving the Disaster Recovery recommendations. She explained that 3 of the recommendations had been completed since the report was

published. The recommendations would be resolved once the necessary evidence had been provided.

After further discussion it was,

RESOLVED

To receive the final progress report covering progress in delivering the internal audit plan of work for 2023/24, as well as the responses to outstanding internal audit recommendations.

23. STRATEGIC RISK REGISTER

The Assistant Director of ICT/Digital and Transformation presented the report, which provided an overview of the current position of the Strategic Risk Register for Broadland District Council.

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

Members noted that no new risks had been added onto the register.

Discussion turned to the three strategic risks which were proposed to be de-escalated this quarter, these were:

- BDCM3 – The Council being unable to take advantage of the benefits and opportunities from collaborative working with South Norfolk Council and other key partners through autonomous policy decision-making.
- BDCP1 – Nutrient Neutrality advice impacting all planning decisions for overnight accommodations.
- BDCP2 – The inability to find Gypsy and Traveller (G&T) sites to meet need and enable the Greater Norwich Local Plan (GNLP) to be found sound.

The Assistant Director of ICT/Digital and Transformation explained that these risks had been de-escalated due to the mitigated risk scores being within the risk appetite of the Council.

The two risks with the highest risk score were:

- SNCP3 – Implications arising from the Government's Resources and Waste Strategy and Environment Act 2021
- SNCM12 – National Cyber Security Centre had advised of a heightened cyber threat for UK organisations due to the volatile situation in Ukraine and the potential for state-sponsored attacks on NATO members, which included the UK.

With regard to risk SNCM12, the Assistant Director of ICT/Digital and Transformation informed the Committee that a number of mitigation actions had been planned and that once implemented, the risk score should reduce, she further advised that delivery timescales had been amended to reflect the current position.

One member raised a concern regarding the number of risks which had been highlighted as having a high-risk score. The Assistant Director of Finance explained that mitigations were in place to mitigate the risk as far as possible, but that some risks were not in the control of the Council but lay with central Government.

In response to a concern that Portfolio Holders might not be kept up-to-date on strategic risks, the Assistant Director of ICT/Digital and Transformation advised the Committee that Assistant Directors met with their relevant Portfolio Holder at least once a month to provide an update on risks, current/future projects, budgets, staffing and more. Further concern was raised as to how the Audit Committee could gain assurance that these meetings were being held.

After further discussion on the content and management of risks it was suggested that the Head of Internal Audit work with officers regarding the Strategic Risk Register, the Risk Management Policy, and additional training for members.

It was then,

RESOLVED

To note the Strategic Risk Register update for the Council.

24. AUDIT COMMITTEE WORK PROGRAMME

The Committee considered each item within the Work Programme.

With regard to Audit Results Report 2021/22 and 2022/23, the Assistant Director of Finance explained that no Government guidance had been received in terms of a proposed 'backstop'. He further added that Ernst & Young were unlikely to have signed off the audits in time for the March meeting.

(The meeting concluded at 7.31 pm)

Chairman