

BROADLAND AUDIT COMMITTEE

Minutes of a meeting of the Broadland Audit Committee of Broadland District Council, held on Thursday, 21 September 2023 at 6.00 pm.

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

Apologies for Absence: Councillors: P Bulman and G Nurden

Substitute: Councillors: A Crotch (In place of G Nurden) and L Douglass (In place of P Bulman)

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

Officers in Attendance: R Fincham (Assistant Director of Finance), E Hodds (Chief of Staff), S Carey (Strategy and Intelligence Manager), E Voinic (Internal Audit Trainee), J Hammond (Democratic Services Officer), A Mills (The Head of Anglia Revenues Partnership), K Mills (Fraud Manager at Anglia Revenues Partnership) and A Paylor (Ernst & Young)

Also in Attendance: Cllr G Nurden (for part of meeting)

11. DECLARATIONS OF INTEREST

No declarations of interest were received.

12. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr P Bulman, with Cllr L Douglass substituting and Cllr G Nurden, with Cllr A Crotch substituting.

13. MINUTES

The minutes of the meeting of the Audit Committee held on 20 July 2023 were confirmed as a correct record, subject to the amendment of Minute Item 9 as outlined below.

Matters Arising

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

It was queried whether the skills and knowledge framework had been circulated to members of the Committee. The Chief of Staff advised the Committee that once the new Head of Internal Audit was in place, the framework would be circulated to members, and the results would be used to help shape the new 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 Finance explained that the testing had not yet begun as important infrastructure work was still required. The Chief of Staff added that the officers were on track to complete the recommendation in line with the revised deadline.

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

With regard to the self-assessment completed in March 2023, it was confirmed that the Internal Audit Trainee would circulate the document to members of the Committee and eligible substitutes.

Minute Item: 8 – Annual Governance Statement 2022/23

The Chief of Staff confirmed that the two typographical errors would be corrected on the published version of the Annual Governance Statement.

Minute Item: 9 – Review of Contract Procedure Rules

Members requested that the Chairmans comments regarding the importance of incorporating carbon conscious practices within procurement contracts wherever practicably possible, be included within the minutes of the meeting held on 20 July 2023.

14. 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 additions to the register, since the last update to the Committee

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

Discussion turned to the three strategic risks which were proposed to be deescalated 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 Strategy and Intelligence Manager explained that these risks had been deescalated to Directorate Risk Registers, due to the mitigated risk scores being within the risk appetite of the Council.

With regard to how Directorate Risk Registers were maintained, the Strategy and Intelligence Manager explained that they were a 'live document' and were regularly updated each time a risk was identified, or risk score amended. She added that the Senior Management Team were responsible for maintaining the Register, but that they were overseen by CLT. Portfolio Holders were regularly updated on risks by the relevant Assistant Director.

One member queried whether the Nutrient Neutrality risk score had been recalculated following recent events within central Government. The Strategy and Intelligence Manager confirmed that the risk had been reviewed by the Director of Place, and that the risk was still within the Council's risk appetite, due to the mitigations in place via the joint venture company.

A number of Members raised queries of the Risk Management Policy and Strategic Risk Register. The Chairman reminded members of the upcoming member briefing on Risk Management.

It was then

RESOLVED

To note the Strategic Risk Register update for the Council.

15. ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

Members considered the report of the Assistant Director of Finance, which presented the proposed Anti-Fraud and Anti-Corruption Strategy for approval.

The Assistant Director of Finance reminded members that the Council had entered into an agreement with Anglia Revenues Partnership (ARP) for the provision of its Anti-Fraud Service. One of the first actions of the ARP was to review and refresh the Council's Anti-Fraud and Anti-Corruption Strategy.

The Anti-Fraud and Anti-Corruption Strategy set out the Council's approach to minimising the risk of fraud and corruption occurring, detecting its possible occurrence, and the actions it will take when fraudulent activity was suspected and identified.

The Committee thanked officers for the report, and highlighted the benefits the Partnership would bring to the Council.

It was,

RESOLVED

To RECOMMEND TO COUNCIL that it adopt the Anti-Fraud and Anti-Corruption Strategy.

16. REVIEW OF CONTRACT PROCEDURE RULES - FOLLOW UP

The Assistant Director of Finance presented the report, which followed up on the issues raised by the Audit Committee, when it reviewed a number of proposed changes to the Council's Contract Procedure Rules (CPRs) in July 2023, and to propose an amended version of the Council's 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 reminded of the proposed changes to the CPRs, which had been unanimously supported by the Committee at its meeting in July 2023, these were:

- 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 lay with the contract owner (para 4.2 and 9.8)
- Disposal Limits increased from £20K to £25K (para 25.2 and Table 25.3)

Discussion turned to the proposed change which had not been supported by the Committee, which suggested amending the CPRs Statement of Intent to include the following "*protecting the environment using environmental and carbon conscious criteria in contracts.*" Although it was acknowledged that taking account of carbon emissions was in line with the Council's ambitions, it was felt that the actual wording proposed could be improved.

The Assistant Director of Finance explained that following further discussion between Officers and the Portfolio Holder, it was suggested that the CPRs Statement of Intent be amended to include the following:

"Using criteria in contracts that protect the environment and reduce carbon emissions."

One member expressed concerns regarding the new wording, as they felt that there was too much ambiguity both for potential suppliers and officers. On the other hand other member argued that the wording should not be too prescriptive as it could affect the Council's ability to procure services.

The Portfolio Holder for Finance explained that the revised wording was in line with the Council's current procurement policy. He added that the weight given to carbon reduction criteria would vary from contract to contract.

It was,

RESOLVED

To RECOMMEND TO COUNCIL that it adopt the amended Contract Procedure Rules.

17. AUDIT COMMITTEE - INDEPENDENT PERSONS

Members considered the report of the Chief of Staff (Monitoring Officer), which outlined the proposal for appointing Independent Persons onto the Audit Committee.

Members were informed that the report had previously been brought before the Audit Committee in January 2023, the Committee had noted the benefits to be gained from having an independent person, but it was agreed that the matter should be discussed by the new Committee following the May 2023 election.

The Chief of Staff advised that the latest guidance from CIPFA was that, "*whilst there was no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise*".

The Chief of Staff informed the Committee that whilst it was not yet a legislative requirement to appoint Independent Persons onto the Committee, two other district Councils in Norfolk had appointed independent persons to their Audit Committee, those being Breckland Council and Norwich City Council. Both Councils offered a modest committee attendance allowance together with reimbursement for travelling and subsistence expenses.

It was clarified that the Independent Person would have an advisory position only and would not be a voting member of the Committee. The Committee queried the contents of the job specification and how the recruiting process would take place. The Chief of Staff explained that a draft job specification had been compiled and agreed that the document would be circulated the Committee. She added that the specification could be amended to target individuals with skills in areas the Committee currently lacked. With regard to the recruiting process, She further explained that the interview panel would be made up of three people, so as not to overwhelm candidates. It was agreed that the panel consisted of; the Chairman of the Audit Committee, the Portfolio Holder for Finance, and the Head of Internal Audit. It was also agreed that, in the event of a tie, the Head of Internal Audit would have the casting vote to decide the successful candidate.

It was noted that the Committee in January 2023 suggested that both Broadland and South Norfolk appointed the same Independent Person onto their respective Audit Committees, as collaborative working meant that similar reports were being presented to both Committees. Additionally, the cost of the Independent Person

could be shared between the two Councils. Officers noted that there were both potential benefits and difficulties in recruiting a shared Independent Person, and that the option would be considered as part of the recruitment process.

After further detailed discussion, it was

RESOLVED

To RECOMMEND TO COUNCIL that steps be taken to appoint an Independent Person onto the Audit Committee.

18. AUDIT COMMITTEE WORK PROGRAMME

The Committee considered each item within the Work Programme.

The Chairman raised concerns regarding the lateness of External Audit reports.

Mr Paylor, from Ernst & Young (EY), outlined the ongoing countrywide issues faced by external auditors. He explained that theoretically – subject to the release of expected Government Guidance – EY could be able to progress straight to the 2023/24 Audit work with effect from January 2023.

With regard to the 2021/22 external audit, members queried the likelihood that the audit would be finalised by March 2023. Mr Paylor explained that EY were looking to operate a triage process, which would focus first on Councils where audits were close to being completed, followed by Councils where audit work had begun. In response to queries, the Assistant Director of Finance advised the Committee that for Broadland District Council no work on the 2021/22 audit had been started, nor had the Councils been advised on dates when the work could commence.

Members queried the risk to the Council if the 2021/22 and 2022/23 audits were not completed. Mr Paylor advised the Committee that moving directly to the 2023/24 audit would impact all Councils in the UK, however the 2023/24 audit would include a position statement based on guidance released from central government. The Assistant Director of Finance further explained that the risk to Broadland District Council would be that errors in the 2021/22 and 2022/23 accounts would not be spotted, however he noted that the likelihood of fundamental issues was low.

Discussion turned to the recruitment of a new Head of Internal Audit. The Chief of Staff Informed the Committee that the new Head of Internal Audit would begin of 23rd October 2023.

(The meeting concluded at 7.28 pm)

Chairman