

## **BROADLAND AUDIT COMMITTEE**

**Minutes of a meeting of the Broadland Audit Committee of Broadland District Council, held on Thursday, 4 April 2024 at 6.00 pm.**

**Committee Members Present:** Councillors: T Yousefian (Chairman), P Auber, P Bulman and G Nurden

**Apologies for Absence:** Councillors: B Baby (Vice-Chair)

**Officers in Attendance:** R Fincham (Assistant Director of Finance), C Lawrie (Assistant Director of ICT/Digital and Transformation), S Carey (Strategic Advisor and Deputy Monitoring Officer), T Sharman (Head Of Internal Audit), N Gourley (Senior Internal Auditor), J Hammond (Democratic Services Officer) and A Paylor (Ernst & Young)

**Also in Attendance:** Councillor: A Crotch

### **25. DECLARATIONS OF INTEREST**

No declarations of interest were received.

### **26. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr B Baby.

### **27. MINUTES**

The minutes of the meeting of the Audit Committee held on 25 January 2024 were confirmed as a correct record, subject to the correction of typographical errors at pages 13-14 of the agenda.

#### **Matters Arising**

*Minute Item: 21 – Minutes of the meeting held on 21 September 2023*

Members queried whether a date had been agreed for the additional member training on the strategic risk register. The Assistant Director of ICT/Digital and Transformation explained that a date had not yet been sought as there was currently a lack of resources available to provide the training, due to a vacant post within the team. She further assured members that she would endeavour to get a

date in place, and would ensure that the date was suitable for all members of the Committee.

*Minute Item: 22 – Internal Audit Update – Progress and Follow Up*

One member queried when a full audit of the Project Management service area would take place. The Head of Internal Audit advised members that an audit of this area had not been scheduled for this upcoming year, however she would liaise with the relevant assistant director during the audit planning discussions for next year, in order to ascertain whether it would be appropriate to carry out the audit. She further reassured members that an audit of the service area would not be overlooked.

In response to a request, The Head of Internal Audit clarified the draft protocol which had been designed to outline how TIAA and the Council would work together in future. She added that TIAA had Key Performance Indicators (KPI's) that they must meet as part of their contract.

The draft protocol had been circulated to all S151 Officers within the consortium. The Head of Internal Audit was now reviewing the responses received before the protocol would be enacted in time for the upcoming audit year.

With regard to the Procurement and Contract Management audit recommendation which required officers to review all current contracts, members queried the timeline for carrying out this recommendation. The Assistant Director of Finance assured members that he sought to resolve the recommendation as soon as practicably possible and had chased officers to source the remaining contract documents. He agreed to provide an update to the Committee at the next meeting.

Discussion turned to the number of outstanding internal audit recommendations. The Head of Internal Audit confirmed that she was not concerned by the number of outstanding recommendations as it was expected that the number of outstanding recommendations would remain at a consistent level with new audit recommendations replacing those resolved. She added that she would be concerned if there was a large number of older recommendations which were not being resolved.

*Minute Item: 23 – Strategic Risk Register*

One member queried how assurance could be gained that meetings between Assistant Directors and Portfolio Holders were not only being held but were effective in alerting the Portfolio Holders on the risks to the Council. The Assistant Director of ICT/Digital and Transformation explained that assurance could be taken by the movement of risks between the Strategic Risk Register and Directorate Risk Registers, based on the discussions held.

**28. VALUE FOR MONEY INTERIM REPORT**

Mr Paylor, from Ernst & Young (EY) presented the value for money (VFM) interim report which outlined the work undertaken by EY and highlighted any significant

weaknesses identified along with recommendations for improvement, for the audit years 2021/22 and 2022/23.

Members were advised that EY had completed their risk assessment procedures and did not identify any significant weaknesses in the Council 's VFM arrangements. As a result, EY had no matters to report by exception at this stage of the audit. EY would continue to monitor the VFM assessment and would update its reporting as part of the final commentary in the External Auditor's Annual Report.

One member queried how the VFM interim report would be reported to full Council. The Assistant Director of Finance explained that the Audit Committee had been charged by Full Council to look at the governance of the Council and report back any areas of concern. As no issues had been highlighted as part of the VFM interim report, it would not be reported to full Council.

Discussion turned to the criteria EY used to assess VFM. Mr Paylor explained that the National Audit Office (NAO) set out the considerations for auditors when carrying out and documenting their work. These considerations included:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team

In response to a query regarding the proposed national reset which aimed to get all local government audits up to date, Mr Paylor explained that there was a proposal to not carry out further external audit work up to and including the 2022/23 financial year. Except where auditors had begun or already undertaken work EY were continuing to report VFM in line with their existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year.

With regard to the 2023/24 external audit work, Mr Paylor advised the Committee that EY had begun its work and had outlined its proposed processes to the Assistant Director of Finance in the form of the External Audit Plan, which would be presented to the Audit Committee at its next meeting. In response to a query, Mr Paylor confirmed that EY was sufficiently resourced to fully fulfil the 2023/24 External Audit Plan within statutory timescales.

It was then,

## **RESOLVED**

To receive the contents of the report.

## 29. MONITORING OFFICER REPORT – CODE OF CORPORATE GOVERNANCE

The Strategic Advisor & Deputy Monitoring Officer presented the report which outlined the review of the Council's Code of Corporate Governance, and sought endorsement for the adoption of the revised Code within the Council's Constitution.

Members were advised that the Council had a range of measures to ensure that governance in the organisation was managed effectively and that it worked hard to ensure that these arrangements were robust and met best practice. This was achieved through a range of policies, plans, procedures, the Council Plan, the Medium-Term Financial Strategy and policies on whistle blowing, tackling fraud and corruption and managing risk.

The Code of Corporate Governance was not designed to list or replicate these measures. Instead, it provided a framework against which the measures could be assessed to ensure that the principles of the Code were being met, that there were systems and processes in place to measure their effectiveness and that gaps in policies, performance or assurance were identified with appropriate actions developed.

To ensure that the Council met best practice, the Code had been refreshed to more comprehensively reflect the guidance from the governance framework for local authorities 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016). The changes included:

- Adding in examples of how the Council sought to achieve the key principles of good governance.
- Providing evidence to how the Council were meeting each principle.
- Including a RAG rating for each principle, which would in the future, be aligned to the Annual Governance Statement.

In response to a query regarding the RAG rating, the Strategic Advisor & Deputy Monitoring Officer explained that the rating would be carried out through manager assurance statements, which would be aligned to the new Code.

With regard to the effect of the proposed Code on the current corporate governance of the Council, members were advised that the Code would not alter how the Council was operated, instead, it would monitor the effectiveness of the Council's governance.

The Strategic Advisor & Deputy Monitoring Officer further advised members that, if adopted, an annual review of the Code would take place through the Annual Governance Statement. Outcomes of the annual review and recommendations for improvement would be reported back into the Audit Committee each year.

After further discussion it was unanimously,

### **RESOLVED**

To recommend that Council:

- a) Adopt the revised Code of Corporate Governance.
- b) Delegate authority to the Monitoring Officer to approve future amendments to the Code of Corporate Governance to reflect any updates made to the corporate systems, processes and documentation referenced within it.

### 30. STRATEGIC RISK REGISTER

Members considered the report of the Performance Lead 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 two strategic risks which were proposed to be de-escalated this quarter, these were:

- *BDCM4 – Ambitions in the Delivery Plan do not match the capacity of the organisation* – The likelihood of occurrence had reduced as the Council had begun to progress the mitigating actions owned by the Project Management Office.
- *BDCP3 – Implications arising from the Government’s Resources and Waste Strategy and the Environment Act 2021* – In October the Government published the response to the Consistency in Collections consultation which included that Local Authorities could continue to charge for garden waste collections, and from April 2026 all Local Authorities would receive revenue funding to meet the cost of providing a weekly food waste service. This had reduced the likelihood and impact scores of this risk.

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.

With regard to risk BDCM5 – which referred to the heightened cyberthreat for UK organisations, the Assistant Director of ICT/Digital and Transformation confirmed that the risk score was unchanged, and continued to be one of the highest risks to the Council. She confirmed that work was underway to mitigate the risk.

As part of the ongoing continuous improvements to the way the Council managed and reported risk, the format of the strategic risk register had been amended to include columns to show:

- **Inherent Risk** – which reflected the natural risk level in an environment where the risk had not been controlled or new/additional mitigating actions taken. This score could change over time if the inherent risk changed.

- **Mitigated Risk** – aka current risk score. This score would be used to reflect how effective the mitigations had been on the inherent risk. This score should be lower than the inherent risk if the mitigating actions were effective.

This change to the format of the strategic risk register would support members and officers to fully understand the impact of the Council's mitigating actions and to ensure that the progress of the risk could be tracked through its lifecycle.

It was then,

## **RESOLVED**

To note the Strategic Risk Register update for the Council

### **31. STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2024/25 TO 2026/27**

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 2024/25 to 2026/27 and the Annual Internal Audit Plan for 2024/25, 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 2024/25 totalled 332 days across the two Councils, with 166 days allocated to Broadland District Council. The Plan encompassed 24 Internal Audit reviews.

The Head of Internal Audit informed members that the current Public Sector Internal Audit Standards had been replaced by the Global Internal Audit Standards, she explained that the Council had until January 2025 to comply with the new internal audit standards. In response to queries she confirmed that a report would be brought to the Audit Committee in January 2025 outlining the new standards.

With regard to the audit area of Big Sky Ltd, one member queried why the audit area had been associated with a risk on Broadland's strategic risk register as the company was wholly owned by South Norfolk Council. The Head of Internal Audit explained that this was a result of the Internal Audit Plan being a combined plan for the two councils, she agreed to remove South Norfolk Council specific items in future reports to the Committee.

It was noted that not all of the 2023/24 internal audit work had been resolved. The Head of Internal Audit confirmed that all remaining 2023/24 audit work was in progress and would be completed before the 2024/25 audit work began.

Discussion turned to the internal audit delays experienced over the last year and

queried what controls were in place to penalise TIAA for failing to meet their KPI's. In response, the Head of Internal Audit advised the Committee that TIAA's contract included a 10% performance payment which the Council could withhold if the KPI's were not met. She further advised that as some of the issues experienced were due to delayed responses from the Council, TIAA would still receive a percentage of the performance payment, the exact percentage to be paid would be determined by the Head of Internal Audit and S151 Officer.

One member queried whether TIAA had given assurance that the delay would not continue in 2024/25. The Committee were advised that TIAA had been reviewing their resource levels and had made a number of changes to ensure that they were sufficiently resourced to meet their KPI's. These changes included recruiting additional auditors and reassigning existing experienced auditors into the contract. The Head of Internal Audit reassured members that she would continue to monitor the situation and, where necessary, escalate with TIAA or the S151 Officer.

It was then unanimously,

### **RESOLVED**

To note and approve:

- a) The Internal Audit Charter for 2024/25.
- b) The Internal Audit Strategy for 2024/25.
- c) The Strategic Internal Audit Plans 2024/25 to 2026/27.
- d) The Annual Internal Audit Plan 2024/25.

## **32. AUDIT COMMITTEE WORK PROGRAMME**

The Committee considered each item within the Work Programme.

Members noted that a report on the Strategic Risk Register was due to be brought to each meeting of the Audit Committee and queried whether this was in line with the Risk Management Policy, the Chairman agreed to discuss the frequency of the report with the Assistant Director of ICT/Digital and Transformation.

(The meeting concluded at 7.21 pm)

---

Chairman