



# Annual Report of the Audit Committee

2023/24

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## 1. The membership of the Audit Committee 2023/24

The Audit Committee is made up of councillors from the political groups that make up the Council. Only non-cabinet members can be on the Committee.

The Audit Committee is made up of 5 Councillors and membership during 2023/24 was as follows:

**Chairman:** Cllr Tony Yousefian

**Vice-Chairman:** Cllr Bibin Baby

**Committee Members:**

Cllr Paul Auber

Cllr Peter Bulman

Cllr Grant Nurden

Other non-executive members, who had undertaken the mandatory training, also took part as substitute members as and when required. With the Portfolio Holder for Finance also attending to provide context, overview and responses as needed.

### Support for the Audit Committee

The Democratic Services Officer provides advice to both members and officers, produces agendas and minutes the meetings. Cabinet members, senior officers and managers of the Council are expected to attend the Committee and present reports at the request of the Committee.

## 2. Summary

The Terms of Reference of the Audit Committee require 'A formal Annual Report of the Committee's work and performance during the year to Council.'

The purpose of this report is, therefore, to summarise the work of the Audit Committee during 2023/24, confirm that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.

This report looks back over 2023/24 and examines the range of reports which have been brought to the attention of the Committee by Finance, Internal Audit, External Audit and the Monitoring Officer.

### **3. Background**

Broadland District Council's Audit Committee has been meeting on a regular basis since its inaugural meeting on 23 August 2012, following approval of the Terms of Reference by Council.

The Committee was established to play a pivotal role in the delivery of corporate governance at the authority, improve standards or internal control, review financial information including such items as the Annual Statement of Accounts, and to allow for more specialist consideration to be given to Internal and External Audit related matters, and Risk Management provisions. This wide-ranging remit ensures that the Committee is meeting best practice.

This is the twelfth year that an Annual Report has been produced, which sets out to analyse the work of the Audit Committee and in doing so fulfil the requirements within the Terms of Reference of the Committee and to demonstrate compliance with best practice.

### **4. Current Position**

The Committee met on four occasions in 2023/24, (July 2023, September 2023, January 2024 and April 2024). A review of the minutes from meetings highlights that attendance by members is high, with apologies often provided where needed. There had also been a consistently strong level of officer support throughout the year, with representation from Finance, Internal Audit, the Council's External Auditors and officers attending to present reports as required.

The Terms of Reference of the Audit Committee are established in the Constitution and emphasise how the Committee is to champion governance arrangements at the authority and follow best practice.

The Committee also ensures that it operates to the highest standards, and with this in mind, a self-assessment exercise is undertaken. The assessment ensures the Committee continues to meet best practise and identifies where improvements would be beneficial.

The Committee met informally with the Head of Internal Audit on 4 April 2024 to carry out the self-assessment exercise, which had been amended to include CIPFA's updated advice and guidance for Local Authority Audit Committees. The formal report on the Self-Assessment of the Audit Committee will be presented at the meeting on 18 July 2024.

A rolling work programme is in place which is reviewed and discussed at each meeting, to ensure reports are considered and received by the Committee at appropriate times over the course of the year.

## **5. Overview of key items considered and reviewed by the Audit Committee in 2023/24**

### **Annual Governance Statement 2022/23**

The Annual Governance Statement was considered at the July 2023 meeting where members considered the current governance arrangements of the Council. The Head of Internal Audit explained that the Statement was subject to the outcome of the Internal Audit Opinion Report. The Statement was approved at the meeting, subject to the amendment of two typographical errors.

### **Risk Management Policy**

In July 2023, the Strategy and Intelligence Manager provided an overview of the refreshed Risk Management Policy. A number of amendments to the Policy had arisen from the position statement conducted by Internal Audit. It was agreed that a member briefing be arranged to allow the Committee to discuss the Policy in greater depth. It was then resolved to recommend the proposed Risk Management Policy to Council for its approval.

### **Strategic Risk Update**

The Strategic Risk Register (SRR) had been reviewed by the Committee at its meetings in July 2023, September 2023, January 2024 and April 2024.

At the meeting in July 2023, one member raised a concern that the SRR was out of date by the time it was presented to the Audit Committee. The Strategy and Intelligence Manager confirmed that as the SRR was a 'living document' it had been updated since the report was written, this was unavoidable due to the legal deadlines regarding the publication of agendas.

In January 2024, a concern was raised that Portfolio Holders might not have been 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.

At the meeting in April 2024, Members were informed that 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.

## **Internal Audit**

On an annual basis the Committee reviews and approves the Strategic and Annual Internal Audit Plan for the forthcoming year. The Committee then regularly receives updates on the progress of the completion of the plan of work and the position with the action taken by management to progress audit recommendations. Finally, at the end of the financial year, the Annual Report and Opinion of the Head of Internal Audit is considered by the Committee in terms of the conclusions made in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Audit Plan was received and approved by the Committee in March 2023. Although there have been some delays with issuing reports, the Head of Internal Audit has been keeping a close eye on the progress and continues to report this to the Committee.

At the January 2024 meeting there was 1 important recommendation outstanding for 2020/21, for 2021/22 there were 2 urgent and 7 important recommendations outstanding, and for 2022/23 there was 1 urgent and 9 important recommendations outstanding.

In April 2024, 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.

## **Review of Contract Procedure Rules**

In July 2023, the Assistant Director of Finance presented the report, which proposed a number of changes to the Council's Contract Procedure Rules (CPRs), following the scheduled review. 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.

The Committee requested that reference to carbon conscious criteria within contracts be removed for the proposed CPRs, to allow for further consideration of this matter.

In September 2023, the CPRs were presented to the Committee, with the statement of intent revised in light of the Audit Committees views. It was then resolved to recommend the CPRs to Council for adoption.

### **Anti-Fraud and Anti-Corruption Strategy**

In September 2023, the Assistant Director of Finance presented the proposed Anti-Fraud and Anti-Corruption Strategy to the Audit Committee for approval. The existing Strategy had been reviewed and refreshed by the Anglia Revenues Partnership (ARP), who were now the provider of the Council's Anti-Fraud service.

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.

### **Independent Person of the Audit Committee**

The Committee considered a report which outlined the proposal for appointing Independent Person's to the Audit Committee, as per CIPFA guidance. Members expressed their support for appointing an Independent Person onto the Committee. They then recommended to Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the Committee.

### **External Audit**

The ongoing national Country-wide issues faced by external auditors, had resulted in further delays to the Council's external audit work. The Committee and officers had been regularly monitoring the effect of these delays.

The proposed national reset aimed to get all local government audits up to date. There was a proposal to not carry out further external audit work up to and including the 2022/23 financial year.

In April 2024, the Committee received the Value for Money Interim Report. 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.

EY also confirmed that they were sufficiently resourced to fully fulfil the 2023/24 External Audit Plan within statutory timescales.

## **Code of Corporate Governance**

In April 2024, The Strategic Advisor & Deputy Monitoring Officer presented the report which outlined the review of the Council's Code of Corporate Governance. 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.

The Code would not alter how the Council was operated, instead, it would monitor the effectiveness of the Council's governance. 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. The Committee resolved to recommend to Council that it adopted the revised Code within the Council's Constitution.

## **6. Conclusion**

This report highlights that the Committee continues to operate in accordance with best practice. It plays an important part in the Council's governance framework, remaining an active Committee and ensuring that it delivers its remit and reviews a wide range of items, providing an appropriate level of support.

## **7. Recommendation**

That the Audit Committee recommend to Council the approval of the contents of the Annual Report of the Audit Committee for 2023/24.