

Minutes of a meeting of the **Audit Committee** held at Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich on **Thursday 11 January 2018** at **10.00am** when there were present:

Mr N C Shaw – Chairman

Mr P H Carrick

Mrs B H Rix

Mr V B Tapp

Mrs K A Vincent

Also in attendance were the Corporate Finance Manager, Head of Internal Audit and the Committee Officer (JO).

Mark Hodgson and Sappho Powell (Ernst & Young) attended the meeting for its duration.

21 MINUTES

The Minutes of the meeting held on 21 September 2018 were confirmed as a correct record and signed by the Chairman.

22 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Committee considered a report that reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2017/18 during the period 9 September to 20 December 2017.

The one significant change to the agreed Audit Plan that had occurred during the period was the close down of the apprenticeship service, with all apprentices being moved to another provider or their course completed by 31 July 2017. It had, therefore, been agreed with the Section 151 Officer to audit the GP Referral Service instead. This was a non-statutory service that might provide opportunities for generating income and reducing costs.

In response to a query, Members were advised that all statutory services were reviewed on a regular basis and non-statutory services were reviewed as appropriate following discussions with senior officers.

So far, 108 days of the programmed work had been completed, equating to 75 percent of the Internal Audit Plan for 2017/18.

Three final assurance reports had been issued during the period: in Environmental Health, Remittances Arrangements and M3 Planning Application software. Both Environmental Health and Remittances Arrangements received a very positive 'substantial' assurance. The M3 Planning Application software had received 'limited' assurance and had generated the following two 'important' recommendations:

- (1) To implement periodic reminders for users to change passwords, as the controls within the application were weak.
- (2) Create named accounts to conduct system administration activities rather than rely on a shared account to reduce the risk of unauthorised activity.

It was emphasised that the password controls were due to the software supplier, not the team using the software and that industry standards had changed in recent years regarding passwords, which required greater complexity and passwords to be changed on a regular basis. Members were also advised that to access the Planning software staff had to log onto the Council's IT system, which already had the required level of password security.

The audit reviews for quarters one, two and three had been completed and showed that performance was currently at green status with targets having been satisfactorily met so far for 2017/18.

In addition to the quarterly reports, ongoing weekly updates were provided to ensure that delivery of the Audit Plan was on track. A review of the most recent update indicated that completion of the internal audit work for the year was progressing as expected.

RESOLVED

to note the progress in completing the Internal Audit Plan of work and the outcomes of the completed audits to date for the 2017/18 financial year.

23 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Committee considered a report providing an update on progress made in relation to management's implementation of agreed Internal Audit recommendations falling due by 30 November 2017.

To date in 2017/18, internal audit had raised 23 recommendations, ten of which had been implemented by management, seven of which were outstanding (four important and three needed attention) and the remaining six were not yet due.

Good progress had been made by management in addressing prior financial year recommendations, with only three now outstanding, all of which should be completed by January 2018. Members were advised that this was an excellent position to be in with recommendations that were made before the current financial year.

In respect of two outstanding recommendations from 2016/17 and one from 2017/18, the Internal Audit Consortium Manager advised Members that she would follow these up and confirm their status after the meeting. She also confirmed that all departments at Broadland cooperated fully with audit reviews.

In response to a query about three outstanding recommendations in respect of Broadland Growth Ltd, it was confirmed that a Board meeting would be held shortly when the relevant rules, procedures, protocols and administrative arrangements for business continuity, disaster recovery, freedom of information and data protection would be adopted. Members were also advised that Board meetings were held as and when development progress could be reported, so were convened on an ad hoc basis.

In response to a query about contracts, it was confirmed that the Council's contracts and procurements were reviewed on a regular basis. However, for more complex contractual issues, legal advice would need to be sought.

RESOLVED

to note the position in relation to the completion of agreed Internal Audit recommendations.

24 ANNUAL AUDIT CERTIFICATION REPORT 2016/17

The Committee considering a report summarising the results of the external audit on Broadland District Council's 2016/17 claims.

The Housing Benefits subsidy claim with a total value of £20,995,243 had been checked and certified, within the submission deadline and a qualification letter had been issued.

Members were advised that very few errors had been identified by the audit and a reduction in the certification fee had been made as a result of the initial testing being undertaken by the Council.

RESOLVED

to note the Audit Certification Report 2016/17.

25 WORK PROGRAMME

The following items were added to the Work Programme for the 28 June 2018 meeting:

- Year End Progress Report on Internal Audit Activity
- Follow Up on Internal Audit Recommendations
- Annual Report and Opinion 2017/18
- Annual Governance Statement

The meeting closed at 10.35 am