

AUDIT COMMITTEE

**Minutes of a meeting of the Audit Committee of Broadland District Council,
held on Thursday 8 July 2021 at 10.00am.**

Committee Members Present: Councillors: G Nurden (Chairman), P Bulman, S Holland, D King and M Murrell

Officers in Attendance: The Assistant Director of Finance (R Fincham), the Internal Audit Manager (F Haywood) and the Internal Audit Trainee (E Voinic)

9 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Crotch (with Cllr King substituting) and Cllr Vincent (with Cllr Murrell substituting).

10 MATTERS ARISING

In lieu of formal draft minutes from the previous Audit Committee meeting dated 24 June 2021, the Chairman requested an update on the Annual Governance Statement 2020/21. The Committee was informed that, subject to the approval of the Head of Internal Audit's Annual Report and Opinion for 2020/21, the Annual Governance Statement would be amended to include the conclusion of the opinion report along with the typographical changes discussed at the last meeting, and circulated via email to the Committee before publication.

11 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Members considered the report, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2020/21 during the period 2 March 2021 to 29 June 2021. The Internal Audit Manager reminded the Committee that a number of delays had resulted in only one audit being finalised when the last progress report was brought to the Committee in January. She explained that all audit work for 2020/21 had now been completed and was covered in this report.

With regard to the significant delays faced, she explained that a number of causes were responsible for the delays and that the Internal Audit team were working to streamline processes, undertake a communication strategy to improve officer's engagement with Internal Audit.

Members discussed home-working and the undertaking of audits remotely during the Covid 19 pandemic and queried if this had affected the evidence gathering process. The Internal Audit Manager confirmed that the increased use of digital technology during the pandemic had benefitted evidence gathering, but acknowledged that there were drawbacks to homeworking and that there was still a need for some in person work to take place, she suggested that future audits would take on a hybrid approach.

Further queries arose regarding what the balance between home and office-based working would be to ensure excellent customer service would be maintained. The Internal Audit Manager advised members that a large number of officers wished to continue with home-based working and that strong management processes would be utilised to ensure output and performance was maintained. The Assistant Director of Finance further explained that officers would continue to be located where the business and customer need required them to be.

In response to questions regarding the HR and Payroll audit, the Internal Audit Manager confirmed that there had been issues with the new payroll system as had been noted by both officers and members, but that these could not be evidenced at the time the audit was carried out. She explained that the issues raised would be considered during the next review.

In respect of the suggested recommendations regarding the Economic Development department, the Internal Audit Manager explained that a full assurance review would take place next year, during which a report would be produced which would confirm whether the recommendations had been accepted, the person responsible and the timeframe for action.

During further discussions it was noted that an audit procurement exercise would be undertaken in 2022 and members queried whether unfinished audit work would be affected if the contract was ended. The Internal Audit Manager explained that unfinished audit work should not be affected if this were to happen as the core team would remain with the Council to ensure the audit work was completed.

It was then,

RESOLVED

To note the progress in completing the internal audit plan of work and the outcomes of the completed audits for the 2020/21 financial year.

12 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Manager presented the report, which informed members of the progress made in relation to management's implementation of agreed internal audit recommendations falling due by 31 March 2021. She advised members that there were no urgent or important recommendations outstanding and only a few 'needs attention' recommendations, which was an unprecedented and a very positive position for the Council to be in. The Internal Audit Manager thanked officers and the Audit Committee for their support.

It was then,

RESOLVED

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

13 HEAD OF INTERNAL AUDIT'S ANNUAL REPORT AND OPINION FOR 2020/21

The Internal Audit Manager presented the report, which informed members of the annual internal audit opinion on the Councils governance risk management and control framework and evaluates the effectiveness of the internal audit function for 2020/21.

She advised the Committee that the Internal Audit Plan was revised to take into account the Covid 19 pandemic as agreed by the Committee on 16 July 2020, she reassured members that the audit work had shown that the Councils ability to deliver core services had not been significantly impacted by

the pandemic. She provided a summary of the work undertaken and explained that all areas had been graded as 'reasonable', which was a positive outcome for the Council.

It was noted that no issues should be reflected in the Annual Governance Statement and that the annual review of effectiveness had raised no issues. The Internal Audit Manager added that an external assessment of Internal Audit work, which must be undertaken every five years, was due to take place in 2022.

A section in the report covered the Performance Indicator outcomes, and the Internal Audit Manager explained that there had been a number of significant delays, which had resulted in performance not being in line with the boundaries of agreed targets nor in line with expectations, she confirmed that discussions had taken place with the contractor to resolve issues and that further discussions and a lessons learnt exercise would be carried out to determine the root cause of the delays and ensure they did not reoccur for the year ahead.

One member queried whether the Council's proposal for a procurement consortium would have any impact on the Internal Audit consortium. The Internal Audit Manager explained that there would be no direct impact on the Internal Audit consortium should the proposals go ahead, however Internal Audit work regarding the procurement arrangement would need to be carried out and brought before the Committee.

A vote was then taken and it was unanimously,

RESOLVED

To,

- a) Note that a **reasonable** audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2021.
- b) Note the conclusions of the Review of the Effectiveness of Internal Audit.

14 WORK PROGRAMME

The Committee noted the Work Programme.

The Chairman queried whether the Council was on track to publish the Draft Statement of Accounts. The Assistant Director of Finance confirmed that the Statement of Accounts would be ready to be brought before the Committee for approval at its September meeting. He also suggested that an informal

briefing be held to discuss the Statement of Accounts prior to the September Audit Committee meeting.

(The meeting concluded at 10.55 am)

Chairman