

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of Broadland District Council, held on Thursday 23 September 2021 at 10.00am.

Committee Members Present: Councillors: G Nurden (Chairman), P Bulman, A Crotch, S Holland and G Peck

Officers in Attendance: The Assistant Director of Finance (R Fincham), the Head of Internal Audit (F Haywood), the Corporate Accountant (D Slowther) and the Internal Audit Trainee (E Voinic)

Also in Attendance: Mr M Hodgson, from Ernst & Young (EY)

15 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr K Vincent (with Cllr G Peck substituting).

16 MINUTES

The minutes of the meetings of the Audit Committee held on 24 June 2021 and 8 July 2021 were agreed as a correct record.

17 MATTERS ARISING

On behalf of the Committee, the Chairman congratulated the Head of Internal Audit on the completion of her qualification and appointment to the role.

Minute No: 63 – Annual Audit Letter

The Chairman requested an update on whether the PSAA had made a determination regarding the proposed scale fee increase. Mr Hodgson advised the committee that the PSAA were due to respond that week, but that at the time of the meeting, no response had been received.

Minute No: 4 – External Audit Plan 2020/21

Members queried when the Annual Audit Report would be produced and presented to the Committee, as it was noted that the report should be produced within three months of the audit completion. Mr Hodgson confirmed that it was EY's intention to present both the audit plan and the Annual Audit Report at the January 2022 meeting of the Committee.

18 AUDIT PLAN ADDENDUM – VFM RISK ASSESSMENT

Members considered the Audit Plan Addendum – VFM Risk Assessment from Ernst & Young (EY), where it was reported that EY had not identified any risks of significant weaknesses in the Council's arrangements, as a result they had no risk-based procedures to carry out.

Mr Hodgson further explained that EY would revisit the risk assessment prior to issuing the audit opinion on the 2020/21 accounts, but at that stage anticipated no matters to report on VFM.

It was then,

RESOLVED

To note the contents of the report.

19 STATEMENT OF ACCOUNTS 2020/21

The Assistant Director of Finance introduced his report, which provided members with an update on the 2020/21 Statement of Accounts. He advised the Committee that there had been delays on the auditing of the accounts, which had been common across the country. The accounts were completed and published on 30 July 2021, which, whilst within the statutory deadline, was past the target date agreed with EY of 12 July 2021. As a result, EY would now complete the audit of the accounts in December 2021 – January 2022.

One member queried whether there was a possibility that the December 2021 – January 2022 date for the EY audit of the accounts could be brought forward or delayed. Mr Hodgson explained that EY had planned each phase of their audit work back in February 2021, with each local authority notified of their phase/timeslot. As multiple authorities were allocated to each phase, it was considered highly unlikely that the audit would be brought forward. Mr Hodgson further explained that contingencies had been built in, to reduce the

risk of EY postponing the audit, if the audit was to be delayed it would be because the Council had missed their deadline.

In response to a question on the cause of the delay, the Assistant Director of Finance explained that a number of factors had contributed to the delay in the accounts, which included; the loss of a key member of staff in June 2021 and the decision to prioritise available resources on the insurance tender.

Members queried the likelihood of a delay in next year's audited accounts. The Assistant Director of Finance advised members that a plan was in place to prevent a similar occurrence next year. He further explained that the appointment of temporary staff had been discussed, if this became necessary a report would be brought to Cabinet to request the allocation of additional budget.

It was then,

RESOLVED

To note the progress with the 2020/21 Statement of Accounts.

20 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Head of Internal Audit presented the report, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 for the period 1 April 2021 to 16 September 2021.

She explained that 16 days of the programmed work had been completed, which equated to 11% of the Audit Plan for 2021/22. She further advised the Committee that the draft audit reports were due to be completed 10 days after the end of quarter two.

It was noted that Broadland District Council was behind on its Internal Audit Activity, which was in part due to catching up from the previous year as well as unforeseen sickness within the audit team. The Head of Internal Audit informed members that a communications piece was being produced which would highlight the remainder of planned work to be undertaken with an aim to engage officers well before the audit start date.

During further discussion, Members queried how the Internal Audit Opinion might be impacted should another unforeseen situation arise. The Head of Internal Audit explained that were this situation to arise, then the Internal Audit Plan would be reassessed, with less urgent items deferred to the following year if required.

It was then,

RESOLVED

To note the progress in completing the Internal Audit Plan of work for the 2021/22 financial year.

21 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit presented the report, which informed members on the progress made in relation to management's implementation of agreed Internal Audit recommendations which were due by 13 September 2021.

She explained that of the issues outstanding, none were urgent, and a fair explanation had been provided by officers regarding the outstanding issues.

One member queried the two outstanding issues for HR/Payroll, the Head of Internal Audit explained that these related to pre- and post-payment checks, she had been advised by officers that the issues had been resolved, however she was awaiting evidence before the issue could be marked as completed.

In response to members questions on the engagement of CMLT, the Head of Internal Audit commended CMLT for their engagement and proactive work.

It was then,

RESOLVED

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

22 WORK PROGRAMME

The Committee noted the Work Programme.

The Head of Internal Audit recommended that the Annual Report of the Audit Committee be moved to the 17 March 2022 meeting. This was to allow for the completion of and any follow up action which might arise from the Self-Assessment of the Audit Committee, and to progress the Strategic Risk Register.

(The meeting concluded at 10.42 am)

Chairman