

Audit Committee

Agenda

Members of the Audit Committee

Cllr G K Nurden (Chairman)

Cllr P C Bulman (Vice Chairman)

Cllr A D Crotch

Cllr S I Holland

Cllr K A Vincent

Date & Time:

Thursday 22 September 2022 at 10.00am

Place:

Council Chamber Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich

Contact:

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PUBLIC ATTENDANCE:

If a member of the public would like to attend to speak on an agenda item, please email your request to committee.bdc@southnorfolkandbroadland.gov.uk, no later than 5.00pm Friday 16 September 2022.

Pool of Trained Members

Conservatives

<u>Councillor</u>	<u>Training Received</u>
G Nurden (Chairman)	09/06/2022
P Bulman (Vice Chairman)	20/06/2019
A Crotch (Committee Member)	09/06/2022
K Vincent (Committee Member)	09/06/2022
N Brennan	09/06/2022
K Kelly	09/06/2022
D King	20/06/2019
K Leggett	09/06/2022
M Murrell	09/06/2022
J Ward	09/06/2022

Liberal Democrats

<u>Councillor</u>	<u>Training Received</u>
S Holland (Committee Member)	09/06/2022
D Britcher	09/06/2022
S Catchpole	20/06/2019

Glossary

General Terms	
AGS	<i>Annual Governance Statement</i> – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework
BAD DEBT PROVISION	To take account of the amount of debt which the Council estimates it will not be able to collect
CIPFA	<i>The Chartered Institute of Public Finance and Accountancy</i> – The accountancy body for public services
CREDITOR	A person or organisation which the Council owes money to for a service or goods
KPI	Key Performance Indicator
LDF	<i>Local Development Framework</i> – Outlines the management of planning in the Council
LEDGER	A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger
LGA	<i>Local Government Association</i> – a lobbying organisation for local councils
LGPS	<i>Local Government Pension Scheme</i> - Pension Scheme for all public sector employees
NFI	<i>National Fraud Initiative</i> – A national exercise to compare data across public sector organisation to aid identifying potential frauds
NHB	<i>New Homes Bonus</i> – Grant paid by central Government to local councils for increasing the number of homes and their use
NI	<i>National Indicator</i> – A measure used to identify how the Council is performing that is determined by central Government
NNDR/NDR	<i>(National) Non-Domestic Rates</i> – Commonly known as Business Rates
PI	<i>Performance Indicator</i> – Measure used to identify how the Council is performing
PSN	<i>Public Services Network</i> – Provides a secure private internet for organisations across central Government and the Wider Public Sector and standardised ICT infrastructure
RAD	Rent Assisted Deposit scheme
SLA	<i>Service Level Agreement</i> – An agreement that sets out the terms of reference for when one organisation provides a service to another
MTFP	<i>Medium Term Financial Plan</i> – Sets out the future forecast financial position of the Council
SUNDRY DEBTOR	A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the Council e.g. the Sundry Debtors system which is a module within the financial system.

AGENDA

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| 1. | To receive declarations of interest under Procedural Rule no 8 | 5 |
| 2. | Apologies for absence | |
| 3. | Minutes of the meeting held on 21 July 2022 | 7 |
| 4. | Matters arising therefrom (if any) | |
| 5. | Internal Audit Update – Progress and Follow Up | 16 |
| 6. | Verbal update on the progress with the 2020/21 External Audit | |
| 7. | Audit Committee Work Programme | 28 |

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<p>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</p>
<p>Does the interest directly:</p> <ol style="list-style-type: none"> 1. affect yours, or your spouse / partner's financial position? 2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner? 3. Relate to a contract you, or your spouse / partner have with the Council 4. Affect land you or your spouse / partner own 5. Affect a company that you or your partner own, or have a shareholding in <p>If the answer is "yes" to any of the above, it is likely to be pecuniary.</p> <p>Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</p>
<p>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</p> <p>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.</p>
<p>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</p>
<p>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</p>

**FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST
INSTANCE**

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



Agenda Item: 3

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of Broadland District Council, held on Thursday 21 July 2022 at 10.00am.

Committee Members Present: Councillors: G Nurden (Chairman), A Crotch, S Holland and K Vincent

Apologies for Absence: Councillors: P Bulman

Substitute: Councillor: N Brennan (for P Bulman) (for part of the meeting)

Officers in Attendance: The Assistant Director of Finance (R Fincham), the Assistant Director for ICT/Digital and Transformation (C Lawrie), the Head of Internal Audit (F Haywood), the Internal Audit Trainee (E Voinic) and the Democratic Services Officer (J Hammond)

1 DECLARATIONS OF INTEREST

No declarations of interest were received.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Bulman, with Cllr Brennan substituting.

3 MINUTES

The minutes of the meeting of the Audit Committee held on 17 March 2022 were agreed as a correct record.

4 MATTERS ARISING

Minute No: 19 – Statement of Accounts 2020/21

In response to questions, the Assistant Director of Finance informed the Committee that the Chairman of the Audit Committee and the Chairman of South Norfolk Council's Finance, Resources, Audit and Governance Committee had written a joint letter to Public Sector Audit Appointments Ltd (PSAA) (as the appointing person) to express both Council's disappointment in the delays to the 20/21 external audit. He added that PSAA were undertaking the appointment exercise for the external audits for the 23/24 to 27/28 period and that the Council should be informed in August 2022 who the new external auditor will be.

Members were advised that Ernst & Young (EY) had started their audit work in July 2021 however it was not completed, they were due to return in August 2022 to complete their audit. The Assistant Director of Finance further advised that there was no statutory deadline for the audit of accounts.

Minute No: 28 – Opting into the National Scheme for External Auditor Appointments

Members queried whether PSAA had been successful in increasing the number of accredited firms who could carry out local government audits. The Assistant Director of Finance informed the Committee that this would not be known until PSAA released the appointments of external auditors due in August 2022. He added that it was unlikely that the number of accredited firms would significantly increase as many firms believed that the fee was too low to be viable.

Minute No: 35 – Strategic and Annual Internal Audit Plans 2022/23

Members requested an update on the Risk Management Policy Review. The Assistant Director for ICT/Digital and Transformation explained that the policy review would be in the form of a position statement and that she was liaising with the Head of Internal Audit as the policy review would coincide with the Risk Management Audit. The Head of Internal Audit added that the opinions of the Audit Committee would form part of the review work.

Minute No: 37 – Self Assessment of the Audit Committee

With regard to the quorum issues within the Audit Committee, the Chairman thanked the Head of Internal Audit for providing an Audit Committee training session. He noted that there was now a larger pool of trained members who could substitute for members of the Committee.

Minute No: 39 – Follow Up Report on Internal Audit Recommendations

The Assistant Director of Finance informed the Committee that businesses who had not responded to any of the three letters regarding their NNDR Relief entitlement had had their relief cancelled and were issued with a bill, he confirmed that in some cases these businesses then contacted the Council, as had been expected.

Members queried whether the new HR and Payroll system was on track to be implemented by the new deadline. The Assistant Director of Finance advised members that the new system implementation was still currently scheduled in line with the new deadline, however, payroll issues had been raised by other users of the system. He confirmed that the Council would not go ahead with the implementation without assurance that these issues had been resolved.

In response to questions, the Assistant Director for ICT/Digital and Transformation explained that the Remote Access Recommendation had previously been delayed due to resource availability within the team, she added that recruitment was ongoing, and an interim resource was in place. The recommendation was on track to be implemented by the revised date.

Minute No: 40 – Audit Committee Work Programme

Members queried how a follow up of the Limited Assurance of Counter Fraud and Corruption would be provided. The Head of Internal Audit explained that she would carry out evidence gathering to provide assurance that recommendations had been completed.

5 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Members considered the report of the Head of Internal Audit, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 9 March 2022 to 11 July 2022.

The Head of Internal Audit explained that 149 days of programmed work had been completed, which equated to 99% of the Audit Plan for 2021/22.

Members were advised that between 9 March 2022 to 11 July 2022 four internal audit reports had been finalised and four reports had been issued in draft, with a total of 41 recommendations raised and agreed by management:

- Accountancy Services (finalised) – Reasonable Assurance
- Disaster Recovery (finalised) – Limited Assurance

- Homelessness and Housing Options (finalised) – Reasonable Assurance
- Corporate Health and Safety (finalised) – Substantial Assurance
- Food Safety and Licensing (draft) – Reasonable Assurance
- Accounts Receivable (draft) – Limited Assurance
- Income (draft) – Reasonable Assurance
- Key Controls and Assurance (draft) – Reasonable Assurance

In response to a query on the changes made to the approved plan, the Head of Internal Audit explained that internal audit formulated the plan based on the service areas which required assurance, the plan was then approved by the Audit Committee who continued to oversee the progress made in delivering the plan. She added that the Corporate Management Leadership Team (CMLT) and Audit Committee could request additional audit days if it was necessary. Since the plan's approval on 24 June 2021, one significant change had been made, in order to complete a position statement covering Council Tax Discounts and Exemptions.

With regard to the Disaster Recovery executive summary, it was highlighted that in 2019/20 Broadland District Council was given a reasonable assurance as opposed to the limited assurance awarded for 2021/22. The Head of Internal Audit explained that the assurance opinion had been set as a result of the three 'urgent', four 'important' and one 'needs attention' recommendations. She emphasised the need for regular testing to be built into controls. One member queried the urgent recommendation 'DR provision to be considered for new systems' and it was suggested that given the importance of the recommendation, the wording should be strengthened to 'DR provision to be incorporated in new systems'.

Members queried whether a deadline of 30 September 2022 was appropriate for the Disaster Recovery recommendation as it had been listed as an urgent priority. The Head of Internal Audit explained that, whilst one month was an ideal deadline for urgent recommendations, it was important to set realistic deadlines, and given that a new system implementation was involved she felt that the deadline set was appropriate. The Assistant Director for ICT/Digital and Transformation echoed the urgency of the recommendation and assured members that officers were working hard to implement the system as quickly as possible whilst ensuring that full testing was carried out.

One member queried how the increase in remote working had affected the risk of cybercrime. The Assistant Director for ICT/Digital and Transformation explained that in order to mitigate risks, the Council had completed the migration of joint infrastructure with built-in technical components, she added that further work was due to be carried out to put controls in place and perform validation testing. Members noted that the Cyber Security audit was outstanding and queried whether the assurance level of the audit could affect the Annual Report and Opinion for 2021/22. The Head of Internal Audit

explained that the Annual Opinion was based on audit work carried out to date. The overall Annual Report and opinion had taken the indicated limited assurance grading for cyber security into account.

Discussion turned to the Accounts Receivable executive summary, where it was noted that of the over £716,000 in debt aged greater than 150 days, approximately £78,000 was attributed to Broadland District Council. The Committee queried why, given the relatively small amount of outstanding debt, Broadland District Council had been downgraded from substantial assurance at the last audit to a limited assurance. The Head of Internal Audit advised members that the audit focused on the controls in place as opposed to the actual figures. Given the fact that a strong control framework and mitigations were not in place, alongside the resource issues within the finance team, it was felt that there were issues to be addressed by the One Team which necessitated the limited assurance for both Councils. The Committee requested that where joint audits were carried out for both Councils, the report highlighted which recommendations related to just one of the Councils. The Head of Internal Audit agreed to incorporate this into future executive summaries.

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 2021/22 financial year.

6 ANNUAL REPORT AND OPINION 2021/22

The Head of Internal Audit presented the report, which informed members of the annual internal audit opinion on the Council's governance risk management and control framework and evaluates the effectiveness of the internal audit function for 2021/22. The Council's overall opinion was rated as 'Reasonable'.

It was noted that three assurance reports had resulted in 'Limited' assurance (Disaster Recovery, Counter Fraud and Corruption and Accounts Receivable). It was therefore recommended that the 16 recommendations (4 urgent and 12 important) raised within the three assurance reports be referenced within the Annual Governance Statement until such time that they can be verified as complete.

The Committee were updated on the year end position of the follow up of management actions where 39 recommendations had been agreed so far for 2021/22, 11 had been completed, 3 were outstanding, 25 were within deadline and 2 had been rejected by management.

The Head of Internal Audit updated members on the performance of the Internal Audit Contractor (TIAA) and explained that only 7% of reports had been issued within the target of ten working days of the end of the quarter. It was noted that a combination of the Covid-19 pandemic and the national recruitment issues had had an impact on the performance of internal audit. The Head of Internal Audit advised the Committee that in light of the issues faced across the consortium she had enhanced communication and monitoring arrangements as well as strengthened the key performance measures within the contract. TIAA had also committed to reviewing their resource planning processes to prevent similar issues in the future.

It was then

RESOLVED

To

- a. Receive the contents of the Annual report and Opinion of the Head of Internal Audit
- b. 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 2022
- c. Note the conclusions of the Review of the Effectiveness of Internal Audit

7 ANNUAL GOVERNANCE STATEMENT 2021/22

The Assistant Director of Finance introduced the report of the Chief of Staff, which presented the draft Annual Governance Statement 2021/22.

He advised the Committee that the Annual Governance Statement covered assurances from the Assistant Directors across key service areas, in addition to other key assurance sources as outlined at section 2.3 of the report.

It was noted that the assurance statement highlighted no significant governance issues and governance arrangements were mainly consistent across the Council. However, Assistant Directors had highlighted some development areas which were service specific in relation to risk and control; business continuity; and procurement, which would be reviewed over the forthcoming months.

The Assistant Director of Finance explained to the Committee that the Statement was subject to the outcome of the Head of Internal Audit's Opinion

Report and that any areas of concerns highlighted by the Head of Internal Audit would be included within the statement.

The Committee highlighted a number of typographical errors within the report which the Assistant Director of Finance agreed to feedback to the Chief of Staff before the statement was finalised. A number of re-wordings were suggested by the Committee, as outlined below:

- Page 79 – Procurement
It was suggested that ‘*hope*’ be replaced with ‘*expect*’ to read as follows
“So we expect to see positive progress with this when ADs provide feedback later in the year with regard to progress to compliance”
- Page 80 – Risk Management
The Committee requested that the statement “*the Audit Committee has regular oversight of the strategic risks, which are also considered by the Cabinet*” be re-worded as they felt that the Audit Committee had not had ‘regular’ oversight. Additionally, they felt that the Strategic Risk Register was not “*considered*” by Cabinet, but that Cabinet owned and was responsible for the register.

With regard to the Council’s contracts register, the Assistant Director of Finance explained that the Council had a statutory requirement to publish a list of contracts which should be reviewed and updated for accuracy, he added that the Council would not be penalised if the register was not completely accurate, however the Council strove to be as accurate as possible.

One member highlighted the Customer Panel and queried why the statement did not include the recent work undertaken to actively recruit onto the Panel. The Assistant Director for ICT/Digital and Transformation explained that the Annual Governance Statement for 2021/22 covered the period 1 May 2021 to 31 April 2022, during which the Customer Panel was in development, she added that additional work involving the Panel would be included within next year’s statement.

After further discussion, it was

RESOLVED

To approve the Annual Governance Statement for 2021/22, subject to the amendments outlined by the Audit Committee.

8 VERBAL UPDATE ON THE COUNTER FRAUD SERVICE

The Assistant Director of Finance updated members on the Council's current Counter Fraud Service.

He advised the Committee that the Council had had a limited counter fraud service of 0.8 full-time equivalent, across the two Councils. With the previous Fraud Officer having moved to a new position within the Council, there was an opportunity to review the Council's counter fraud provision against the raised standard of the Fighting Fraud and Corruption Locally Strategy.

Members were informed that the Council had commissioned the Anglia Revenues Partnership (ARP) to carry out the review and provide options as to how the fraud service could be delivered in future, these options would then be brought to Cabinet for decision. The Assistant Director of Finance outlined the 3 options for consideration:

1. Continue with the Council's current model and recruit one fraud officer.
2. Appoint one fraud officer and one council tax compliance officer to investigate single person discount fraud, the compliance officer would be primarily funded by Norfolk County Council.
3. Work in partnership with the ARP, who would provide the fraud investigation service for the Council.

The Assistant Director of Finance explained that option three was the preferred option for the Council as it would provide the highest-level fraud service at the lowest cost. In addition, it would address the concerns in relation to resilience, capacity and knowledge, raised within the Internal Audit review.

One member queried whether the Committee would have the opportunity to review the options report before it was presented to Cabinet. The Assistant Director of Finance informed members that as the report related to the provision of a service it would not be brought to the Committee ahead of Cabinet, however he would circulate the report to the Committee. He further added that the Cabinet report would be considered by the Overview and Scrutiny Committee as part of the pre-Cabinet scrutiny process.

Discussion turned to the preferred option, and the process to be taken if each Council resolved to support a different option. The Assistant Director explained that as for other joint decisions, a clause could be placed in each recommendation to Cabinet that the decision would be subject to the agreement of both Councils.

Cllr N Brennan left the meeting after the consideration of this item

9 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered each item within the Work Programme.

The Chairman requested that the draft Statement of Accounts 2020/21 be brought to the Committee at its meeting on 22 September 2022.

The Head of Internal Audit requested that a discussion on an Independent Member of the Audit Committee also be added to the work programme to be considered by the Committee

(The meeting concluded at 11.37am)

Chairman

Internal Audit Update - Progress and Follow Up

Report Author(s): Faye Haywood
Head of Internal Audit for Broadland District Council
01508 533873
faye.haywood@southnorfolkandbroadland.gov.uk

Portfolio: Finance

Ward(s) Affected: All

Purpose of the Report:

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23 during the period 1 April 2022 to 12 September 2022, and details of outstanding internal audit recommendations.

Recommendations:

1. That members receive the progress report covering the completion of the internal audit plan of work, and details of outstanding internal audit recommendations.

1. Summary

- 1.1 This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23 and provides details of outstanding internal audit recommendations during the period 1 April 2022 to 12 September 2022.

2. Background

- 2.1 The Audit Committee receive updates on progress made against the annual internal audit plan and outstanding internal audit recommendations. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

3. Current position/findings

- 3.1 The position in relation to the delivery of the Annual Internal Audit Plan 2022/23, and the position of outstanding internal audit recommendations, is shown in the report attached.

4. Proposed action

- 4.1 For the Audit Committee to review the current position relating to the completion of the Annual Internal Audit Plan for 2022/23 and outstanding internal audit recommendations.

5. Issues and Risks

- 5.1 **Resource implications** – there are no resource implications arising from this report.
- 5.2 **Legal implications** – there are no legal implications arising from this report.
- 5.3 **Equality implications** – there are no equality implications arising from this report.
- 5.4 **Environmental impact** – there are no impacts on the environment arising from this report.
- 5.5 **Crime and disorder** – there are no impacts upon crime and disorder arising from this report.
- 5.6 **Risks** – Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion. Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.

6. Conclusion

- 6.1 The attached report provides the Council with the current position relating to the completion of the 2022/23 internal audit plan and any outstanding internal audit recommendations.

7. Recommendations

- 7.1 That members receive the progress report covering progress in delivering the internal audit plan of work for the 2022/23 financial year, and review responses to outstanding internal audit recommendations.

Background papers

None

Eastern Internal Audit Services



Broadland District Council

Internal Audit Update - Progress and Follow Up

Period Covered: 1 April 2022 to 12 September 2022

Responsible Officer: Faye Haywood – Head of Internal Audit for South Norfolk Council

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the plan's approval in March 2022, no significant changes to the plan have been made.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 22 days of programmed work have now been completed, equating to 14% of the Internal Audit Plan for 2022/23.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 During the period covered by the report, Internal Audit has not issued any reports in final. A total of one audit was scheduled for quarter 1 in the area of Community Activity. This work is nearing completion. The quarter two audits are scheduled to be issued in draft 10 working days after quarter end.

5. UPDATE REGARDING OUTSTANDING INTERNAL AUDIT WORK FROM 2021/22

- 5.1 BRD2213 Cyber Security has been issued in draft, and is awaiting formal management responses. Due to the significant nature of the risks, management have commissioned further work in this area from an external party. Once these have been received, the two pieces of work will be used to develop enhancements to the control framework which is at present indicated as a limited assurance. It is anticipated that the report and outcomes from this work will be reported to FRAG at the January 2023 meeting.

6. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

- 6.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.
- 6.2 To comply with the above this report includes the status of agreed actions.
- 6.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 6.4 **Appendix 2** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of two urgent and 10 important and eight needs attention priority recommendations are currently outstanding.

Appendix 3 and **4** provide the committee with details of high and medium priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Community Activity	BRD2314	8	8	5	Fieldwork underway.						
TOTAL		8	8	5							
Quarter 2											
Covid-19 Relief Grants	BRD2302	8	8	5	Fieldwork underway.						
Council Tax and NNDR	BRD2308	15	15	0							
Community Assets	BRD2312	8	8	5	Fieldwork underway.						
TOTAL		31	31	10							
Quarter 3											
Procurement and Contract Management	BRD2303	10	10	0							
Business Continuity and Emergency Planning	BRD2304	8	8	0							
Risk Management	BRD2305	4	4	0.5	Scoping of the audit currently underway.						
Accounts Payable	BRD2306	10	10	0							
Local Council Tax Support and Housing Benefit	BRD2307	15	15	0							
Elections	BRD2315	8	8	1	APM (Audit Planning Memorandum) issued on 11 July 2022. Fieldwork due to start on 4 October 2022.						
TOTAL		55	55	1.5							
Quarter 4											
Key Controls and Assurance	BRD2301	10	10	0							
Payroll and HR	BRD2309	8	8	0							
Economic Development	BRD2310	9	9	0.5	APM (Audit Planning Memorandum) in preparation.						
Housing Strategy and Affordable Housing	BRD2311	6	6	0							
TOTAL		33	33	0.5							
IT Audits											
Service Desk	BRD2317	5	5	0							
Post-Implementation Finance System	BRD2318	3	3	0							
Network Security and Infrastructure Management	BRD2316	9	9	0							
TOTAL		17	17	0							
Follow Up											
Follow Up	NA	10	10	5							
TOTAL		10	10	5							
TOTAL		154	154	22			0	0	0	0	
Percentage of plan completed				14%							

APPENDIX 2 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 1 April 2022 to 12 September 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2019/20 Internal Audit Reviews															
BRD2011	Disaster Recovery	Reasonable						1				1			
2020/21 Internal Audit Reviews															
BRD2102	Corporate Governance	Reasonable						1				1			
BRD2108	Key Controls and Assurance	Reasonable						1				1			
BRD2104	HR and Payroll	Reasonable					1					1			
BRD2112	Remote Access	Reasonable					1	1				2			
2021/22 Internal Audit Reviews															
BRD2210	Covid-19 Business Grants	Reasonable						1				1			
BRD2206	Counter Fraud and Corruption	Limited								6		6			
BRD2214	Disaster Recovery	Limited				1			1	2	1	5	1	2	
BRD2209	Accountancy Services	Reasonable										0		2	1
BRD2203	Annual Governance Statement	Substantial									1	1			
BRD2211	Homelessness and Housing Options	Reasonable		2								0		2	1
BRD2205	Corporate Health and Safety	Substantial			1							0			2
BRD2202	Performance Management, Business Planning	Reasonable						1				1			
TOTALS			0	2	1	1	2	6	1	8	2	20	1	6	4

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
BRD2104 HR and Payroll	Recommendation 3: The audit trail in the payroll system be improved so that it is possible to view the authorisation details for all claims submitted, including the authorising officer and the dates submitted and authorised.	Important	Chief of Staff	30/06/2021	31/12/2022	3	Outstanding	The Oracle implementation has been delayed by Suffolk County Council. It is now looking like the move over will take place in the autumn, although a firm date is still to be confirmed. With this in mind, it is requested that this recommendation is extended to December 2022.
BRD2112 Remote Access	Recommendation 1: The newly developed ICT & Digital Change Management Policy be adopted into the wider SPARK Transformation Programme as a basis for Corporate change management.	Important	Assistant Director of ICT/Digital and Transformation	01/10/2021	31/12/2022	3	Outstanding	We are currently completing an ISO maturity assessment that will cover policy and procedure which is due to be completed by the end of June 2022. The outputs of this will then lead to a rewrite of all policies including any existing policies to ensure we are complying with industry standards. Based on the revised completion date of the maturity assessment and then need for circulation and sign off a revised due date of end of Q3 is requested.

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
BRD2214 Disaster Recovery	Recommendation 1. DR provision be considered for new systems.	Urgent	AD Transformation, Innovation and IT	01/09/2022	N/A	0	Outstanding	No response received.
BRD2214 Disaster Recovery	Recommendation 3. Regular DR tests be scheduled and undertaken.	Urgent	AD Transformation, Innovation and IT	01/02/2022	30/09/2022	1	Outstanding	New Infrastructure project is ongoing with a completion timeline anticipated for July 2022. The implementation of the new infrastructure will provide the platform for this can only be completed in line with the delivery and closure of this project. Recommend revised due date of end of Q2 to allow for any unforeseen potential project slippage.
BRD2214 Disaster Recovery	Recommendation 4. A formal IT risk management process be developed to assess potential DR scenarios.	Important	AD Transformation, Innovation and IT	01/09/2022	N/A	0	Outstanding	No response received.
BRD2214 Disaster Recovery	Recommendation 5. Increasing the DR resilience at both Broadland and South Norfolk councils by sharing DR services be formalised.	Important	AD Transformation, Innovation and IT	30/06/2022	30/09/2022	1	Outstanding	Please see response provided for recommendation 3.
BRD2206 Counter Fraud and Corruption	Recommendation 3: A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business. This should be communicated throughout the Councils and acknowledged by those charged with governance. A strategy provides a framework for preventing and tackling bribery, fraudulent and corrupt acts against the Councils.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	The Fraud report was considered (and approved) by the BDC SIEC Committee on 24 August 2022. This is now going onto Cabinet this month. The interim due date is now therefore end of September, and the reason for the change of due date is due to cabinet reports being deferred to September Cabinet meeting.
BRD2206 Counter Fraud and Corruption	Recommendation 4: Proactive work be undertaken to raise awareness of potential fraud.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	As above.
BRD2206 Counter Fraud and Corruption	Recommendation 5: A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	As above.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
BRD2206 Counter Fraud and Corruption	Recommendation 6: An annual fraud plan be devised, agreed by committee and reflect resources mapped to risks and arrangements for reporting outcomes. This plan should cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	As above.
BRD2206 Counter Fraud and Corruption	Recommendation 7: The Councils to introduce an official programme to publicise fraud and corruption cases internally and externally, which is positive and endorsed by the council's communications team.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	As above.
BRD2206 Counter Fraud and Corruption	Recommendation 9: A fraud and corruption response plan should be devised to cover all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.	Important	AD Finance	30/04/2022	30/09/2022	3	Outstanding	As above.

Agenda Item: 7

Audit Committee Work Programme

22 September 2022

Internal Audit Update - Progress and Follow Up
Verbal update on the progress with the 2020/21 External Audit

Faye Haywood
Rodney Fincham

26 January 2023

Progress Report on Internal Audit Activity
Internal Audit Follow Up Report
Statement of Accounts 2021/22
Audit Results Report 2020/21
Strategic Risk Register
Q2 Performance Report
Rules of Financial Governance (tbc)
Independent Member of the Audit Committee

Faye Haywood
Faye Haywood
Rodney Fincham
External Audit
Sinead Carey
Rodney Fincham/Sinead Carey
Rodney Fincham
Faye Haywood

16 March 2023

Strategic and Annual Internal Audit Plans 2022/23
Annual Report of Audit Committee
Self Assessment of the Audit Committee
External Audit Plan 2023/24
Strategic Risk Register

Faye Haywood
Faye Haywood/Erika Voinic
Faye Haywood
External Audit
Sinead Carey