

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 12th February, 2018 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor D Pope (Chairman)
Councillors Mrs J Collingham, J Collop, Mrs S Fraser, P Kunes, C Manning,
G Middleton and T Smith

Portfolio Holders

Councillor P Hodson
Councillor B Long, Leader

Officers:

Becky Box, Policy, Performance and Personnel Manager
Lorraine Gore, Executive Director – Finance Services
Kathy Woodward, Audit Manager

By Invitation:

Sadaf Zahid, Ernst and Young – External Auditors

A58 **APPOINTMENT OF VICE CHAIRMAN**

RESOLVED: That Councillor Mrs J Collingham be appointed Vice-Chairman for the meeting.

A59 **APOLOGIES**

Apologies for absence were received from Councillors M Hopkins and T Tilbrook.

A60 **MINUTES**

The minutes of the Audit Committee held on 27 November 2017 were agreed as a correct record and signed by the Chairman.

A61 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A62 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A63 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillor L Bambridge for Item 7 – Cost Reduction Programme.

A64 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was none.

A65 **TRAINING - COST REDUCTION**

The Committee received an update on the Cost Reduction Programme from the Executive Director – Finance Services.

The Executive Director – Finance Services and Councillor B Long, Leader responded to questions relating to:

- Capital Project funding.
- Capital receipts.
- Building housing units for private rent which would generate an income greater than traditional investments.
- Housing development in rural areas by private developers.

The Chairman, Councillor Pope thanked the Executive Director – Finance Services for the update.

A66 **BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK
AUDIT PLANNING REPORT - YEAR ENDED 31 MARCH 2018**

S Zahid, Ernst and Young presented the Audit Planning Report for year ended 31 March 2018 which provided the Committee with a basis to review Ernst and Young's proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the national Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The Committee's attention was drawn to the following sections of the report:

- Overview of the 2017/18 Audit Strategy.
- Audit Risks and areas of focus.
- Materiality.
- Audit scope.
- Audit risks.
- Other areas of audit focus.
- Value for Money.
- Audit process and strategy.

- Audit timeline.
- Independence.
- Appendix A – Fees.
- Appendix B – Regulatory Update.
- Appendix C – Required communications with the Audit Committee.
- Appendix D – Additional Audit Information.

The Executive Director – Finance Services informed the Committee that additional work was required in 2016/17 and the additional fee of £4,000 had been agreed.

The Chairman, Councillor Pope commented that the Borough Council had met the earlier deadlines in 2017 and had every confidence that the 2018 deadline would be met.

In response to questions, the Executive Director – Finance Services confirmed that the fee levels were in line with authorities of a commensurate size to the Borough Council.

The Chairman, Councillor Pope thanked Sadaf Zahid from Ernst and Young for attending and presenting the Audit Planning Report.

RESOLVED: That the Audit Committee noted the Audit Planning Report for year ended 31 March 2018.

A67

UPDATE ON PROGRESS WITH THE ANNUAL GOVERNANCE STATEMENT COVERING THE 2017/18 YEAR

Members were reminded that at its meeting in May 2017, the Audit Committee approved the Council's Annual Governance Statement (AGS) covering and reflecting back on the 2016/17 year.

During the 2015/16 year it had been agreed that the Committee should receive an update halfway through the year on the progress being made with the Action Plan arising from the Annual Governance Statement report. This report provided that update in relation to the action plan for the 17/18 year.

In response to questions, the Policy, Performance and Personnel Manager advised that work was currently underway to draft Annual Governance Statement which would be presented to the Audit Committee at its meeting on 30 May 2018.

The Chairman, Councillor Pope referred to the Action Plan for 2017/18, Item 5 – Business Rates Audit and enquired if the date 31 March 2017 should read 2018. The Policy, Performance and Personnel Manager confirmed that the date should read 31 March 2018 and undertook to amend the Action Plan.

The Chairman, Councillor Pope thanked the Policy, Performance and Personnel Manager for presenting the update report.

RESOLVED: The Committee reviewed the progress made and endorsed the approach being taken to achieve the actions arising from the 2016/17 Annual Governance Statement, as detailed on the 2017.18 AGS Action Plan.

A68

STRATEGIC INTERNAL AUDIT PLAN 2018/23

The Audit Manager presented the report which provided Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2018/23.

The Committee was reminded that the Audit Manager had to provide an annual Internal Audit opinion on the system of internal control to support the Annual Governance Statement.

The Committee's attention was drawn to the following sections of the report:

- Appendix 1 – Internal Audit Plan 2018/19.
- Appendix 2 – Strategic Internal Audit Plan 2019/23.
- Appendix 3 – Internal Audit Strategy 2018/19 (The strategy was updated on an annual basis).

In response to questions, the Audit Manager explained that CRISYS was the lone work scheme which the Borough Council had adopted for employees.

Following a question relating to the Audit result of the Refuse Collection and Recycling service in 2016/17 being reported as limited, the Audit Manager explained that there were four categories of assessment:

- Non-compliant.
- Limited.
- Substantial.
- Full.

The Audit Manager advised that a significant weakness had been identified whilst undertaking the Refuse and Recycling Audit. An audit was undertaken every 2 years to ensure to check that the recommendations made had been implemented to a suitable level.

In response to questions regarding risk ratings, the Audit Manager advised that risk ratings were reviewed when changes occurred to specific legislation and when audits were carried out.

The Audit Manager advised that the Audit Plan was flexible and if other audits were required that had not been included in the Plan, then the Plan could be revised to undertake the required work.

In response to a question from the Chairman, Councillor Pope, the Audit Manager explained that 60 days contingency had been allocated in the Audit Plan to deal with any work which occurred which had not been included in the Plan.

The Chairman, Councillor Pope thanked the Audit Manager for presenting the Strategic Audit Plan 2018/23.

RESOLVED: The Committee acknowledged the Internal Audit resources and agreed the work planned for 2018/23.

A69

BUDGET MONITORING REPORT - DECEMBER 2017

The Executive Director explained that as at 31 December 2017 there was no variance to report.

Members' attention was drawn to Section 5 – Cost Reduction Target. The Committee was advised that savings to date amounted to £105,490.

The Executive Director responded to questions relating to management fees for Alive Leisure.

RESOLVED: The Committee noted the Budget Monitoring Report – December 2017.

A70

COMMITTEE WORK PROGRAMME 2018/2019

The Committee noted the Work Programme for 2018/2019.

Councillor Kunes suggested that a training session on Internal and External Audits be scheduled for 30 May 2018 to which the Committee agreed.

The Chairman, Councillor Pope invited the Committee to forward any suggestions for future training sessions or Agenda items.

A71

DATE OF NEXT MEETING

The next meeting of the Audit Committee will take place on Wednesday 30 May 2018 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

The meeting closed at 5.58 pm