

**BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK**

**RESOURCES AND PERFORMANCE – AUDIT AND RISK COMMITTEE**

**Minutes of a Meeting of the  
Resources and Performance – Audit and Risk Committee,  
held on Tuesday 29 November 2011 at 6.57 pm, in the Committee Suite  
King's Court, Chapel Street, King's Lynn**

**PRESENT:**

Councillors Mrs K Mellish (Chairman),  
P Beal (Vice-Chairman), D J Collis, C Crofts, T de Winton,  
J Collop, Mrs S Collop, H Humphrey, J Loveless,  
C Manning (*substitute for Cllr Mrs J Collingham*),  
A Morrison, D Tyler, G Wareham and A White

**Portfolio Holder:**

Councillor Mrs E Nockolds, Portfolio Holder for Shared Services  
and External Relations

Apologies for absence were received from Councillors Mrs J Collingham and  
M Hopkins

ARC73: **MINUTES**

The minutes of the meeting held on 25 October 2011 were confirmed as a  
correct record and signed by the Chairman.

ARC74: **DECLARATIONS OF INTEREST**

Councillor H Humphrey declared a personal and prejudicial interest in ARC83  
and left the room during consideration of the item.

ARC75: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC76: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC77: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC78: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS RECOMMENDATIONS/REQUESTS**

Members noted the response made by Cabinet at its meeting held on 1 November 2011 to the recommendation made by the Resources and Performance Panel – Audit and Risk Committee at its meeting held on 25 October 2011 in respect of the following item:

- Business Continuity Policy and Strategy.

ARC79: **DOCUMENT RETENTION POLICY**

At the invitation of the Chairman, Councillor Mrs Mellish, the Audit Manager introduced the Internal Audit Team to the Committee.

In presenting the report, the Audit Manager explained that the report set out the background for the need to change the current policy for the retention of documents and records of the Council.

Members were advised that as a result of training courses run by the East of England Development Agency (EEDA) on Data Protection and Freedom of Information, it was identified that the current arrangements for the retention of records were insufficient to cover the range of documents held within the Council. Currently, document retention was included as an appendix in Financial Regulations which initially covered finance related documents and had grown over time to incorporate other areas as they had been identified.

The Audit Manager explained that it was clear that the current policy was insufficient as the retention of documents was not simply a finance function, but had wider implications in respect of Data Protection, Freedom of Information and ISO 15489 (the International Standards on Records Management which was the standard adopted by the Corporate Scanning Team).

It was highlighted that the Council may need to prove (to a court of law or some other statutory body) that the contents of a particular document or data file created or that existed within an Electronic Management System had not changed since the time of storage.

The Committee was informed that on developing the policy reference was made to the National Archives guidelines and service areas had been contacted for their input regarding the type of documents stored and length of storage time. External Audit had also been consulted on the type of document they would accept for audit purposes.

The Retention Policy would provide a corporate policy framework to govern

decisions on whether a particular record should be retained and for what period. The policy also set out the criteria to be followed in making a decision whether to retain or dispose of a record and the format it was kept in, either hard copy, scanned or electronic.

The Audit Manager explained that the future management and review of the policy would be the responsibility of the Document Management System Manager and would form part of any future information management system.

Members were advised that there were no direct financial implications, but that there was the requirement to reduce the amount of space each service area required as the Council was looking to maximise the potential income by letting parts of the building, and there were associated costs for the external storage of unnecessary documents.

In response to questions from Councillor Humphrey, the Audit Manager explained that the retention of certain documents was stipulated by legislation, and it was therefore not possible to standardise the retention period of documents across the authority. However, personal data was only kept for the period required by the Council and then disposed of in accordance with adopted procedures.

Councillor D J Collis asked if the information forwarded from North Norfolk District Council (NNDC) was readily accessible to the Borough Council. In response, the Audit Manager explained that the information would be received in compliance with DWP requirements. The Deputy Chief Executive explained that it was anticipated that the history and background to claims would be available from NNDC. All "live" data would be transferred and previous data would be archived in accordance with the retention policy. The document imaging system would eventually replace the paper based system. The Courts had now acknowledged that electronic documents were acceptable as evidence. The Deputy Chief Executive added that it was anticipated that a common policy would be adopted by NNDC and the Borough Council.

In response to questions from Councillor de Winton regarding the Council's off-site storage facility, the Deputy Chief Executive explained that as documents were being scanned, the amount of paper based files would be reduced. At present the boxes sent to off-site storage were clearly marked with a destruction date.

Councillor de Winton commented that the Borough Council currently had a good Internal Audit Team. The Deputy Chief Executive informed the Committee that audit arrangements would be included in the Partnership Agreement.

**RESOLVED:** That Cabinet be advised that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as set out in the report to Cabinet as follows:

For Cabinet to recommend that Council approve the Retention Policy.

ARC80: **UPDATE TO FINANCIAL REGULATIONS**

The Audit Manager explained that the report presented proposed amendments to the Financial Regulations to reflect recent changes in the Management Team.

The Committee was advised that the Financial Regulations were last reviewed in January 2009. Since then changes to the service structure and Management Team had meant that responsibility for certain functions in the regulations had been re-allocated. It was therefore necessary to update some references and at the same time review the regulations as a whole to ensure that they remained relevant and fit for purpose. The draft revised version of 'Financial Regulations' was attached as Appendix 1 to the report.

The Summary of Changes was outlined as set out at section 2 of the report.

The Audit Manager explained that there were no direct financial implications, but the document affected all financial systems throughout the Council.

Councillor de Winton referred to page 72, paragraph 12.4 – use of Council credit cards and commented that credit cards were a cost effective method for the payment of expenses and questioned why petty cash was being used. In response, the Audit Manager explained that petty cash was only used for payments up to the value of £20.00. Employees were also encouraged to use the electronic purchasing system. The Deputy Chief Executive advised that there was a cost involved for the provision of credit cards within the authority. He explained that it was important that some staff held credit cards for business continuity reasons and gave an example of the loss of King's Court.

**RESOLVED:** That Cabinet be advised that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as set out in the report to Cabinet as follows:

For Cabinet to recommend that Council approve the amended Financial Regulations.

ARC81: **FRAUD AND INVESTIGATIONS UNIT – HALF YEARLY REPORT**

The Fraud and Investigations Manager presented the report which provided Members with information regarding the work undertaken during the first half

of 2011/2012 financial year.

Members were informed that the administration of the national Housing Benefits Scheme by the Council was the biggest single service provided by the Council. In 2010/2011 just over £48 million was paid to over 14,522 claimants on low incomes to enable them to pay their rent and council tax payments. The number of people currently claiming was 14,441 with an estimated benefit cost for 2011/2012 of £48,475,772.

The Fraud and Investigations Manager explained that every year, the Investigations Unit received fraud referrals from a number of sources. Each case was risk assessed for investigation. The work undertaken in the first half of 2011/2012 was outlined as set out in section 3 of the report. It was highlighted that of the 292 cases that were formally investigated, 23 cases resulted in fraud being proven where formal action was taken. Three cases were taken forward for prosecution and the following sentences were given:

- £400 fine.
- 100 hours unpaid work and £100 costs.
- 6 month Conditional Discharge.

The Committee was also advised that in addition, 12 cases were offered and accepted an Administrative Penalty and 8 other cases were offered and accepted a Simple Caution.

The Fraud and Investigations Manager explained that in the past, the work of the Investigations Unit was directly funded by the Government with rewards for achievements of targets. Costs towards fraud prevention and detection were now all included within the Administrative Subsidy that the Council received to administer the Housing Benefit Scheme.

The Investigations Unit did still generate income in addition to the government funding through the costs awarded against proven cases and the repayment of overpayment of benefits.

In response to questions from Councillor Humphrey relating to paragraph 4.2, the Deputy Chief Executive undertook to find out the detail relating to costs towards fraud prevention and detection being included within the Administration Subsidy and circulate the requested information to the Committee.

**RESOLVED:** That the report be noted.

ARC82: **Internal Audit Plan 2011/12 – Quarterly Progress Report for the Quarter July to September 2011**

The Audit Manager presented the report that showed the Internal Audit activity for the quarter July to September 2011.

Members were reminded that the CIPFA Code of Practice for Internal Audit in Local Government required Internal Audit to have an annual plan. Performance against the plan should be monitored by the Audit Manager and reported during the year to the Audit and Risk Committee. The Code also required the Audit Manager to record the findings, conclusions and recommendations arising from the audits undertaken and to obtain assurances that recommendations were being implemented. The report satisfied those requirements.

The Strategic Audit Plan 2011/2014, endorsed by the Audit and Risk Committee on 3 March 2011, set out the work Internal Audit expected to carry out during the year 2011/2012.

The audit work undertaken in the quarter July to September 2011 was outlined as set out at section 2 of the report.

Members' attention was drawn to section 3 of the report – Performance Indicators. The Audit Manager explained that regarding the delivery of the Audit Plan, a target of 95% had been set to take into account any work that may overlap at year end, and also to allow for any additional work that may arise during the year. The table at 3.1 of the report summarised the position against the approved Audit Plan 2011/2012. All the audits planned for the quarter were either completed or close to completion as expected.

The Committee was informed that a target of 70% had been set for the full year for the Productive Time performance target. This was the total amount of time available in terms of working days throughout the year, less holiday entitlements, an allowance for training, and any administration and management time required for the normal running of the team. In this quarter productive time had been 67%.

The Audit Manager outlined the work planned for the next quarter October to December 2011 as detailed at section 4 of the report.

In conclusion, the Audit Manager advised that progress to date was satisfactory and that nothing had arisen to suggest that the plan would not be completed within the year, subject to any adjustments reported to the Committee in the quarterly progress reports.

The Chairman, Councillor Mrs Mellish, invited Members to forward any items for inclusion within the Audit Work Plan 2012/13.

The Audit Manager informed the Committee that at the 4 January meeting she would be giving a presentation on accessing Audit reports on the Council's Intranet.

In response to questions from Councillor J Collop on accessing burial records relating to the Hardwick Cemetery, the Audit Manager explained that some work had been undertaken at the Hardwick Cemetery.

Following further questions from Councillor J Collop on reviewing the level of expenditure on grounds maintenance for open cemeteries, the Audit Manager explained that during the internal audit process the level of expenditure on grounds maintenance was investigated in relation to Mintlyn Crematorium and open cemeteries. Following the audit, a suggestion was made that staff should look at how the costs were allocated.

**RESOLVED:** That the report be noted.

ARC83: **Corporate Risk Monitoring Report**

Councillor H Humphrey left the room during consideration of this item.

The Audit Manager presented the Corporate Risk Monitoring Report which outlined the changes to the Risk Register since the last monitoring report in April 2011 and gave details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.

Members were reminded that the Committee received reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one being presented in April 2011.

The Risk Register was reviewed by the Executive Directors on a quarterly basis. Any existing entries on the register were considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that were no longer relevant were removed and new risks considered in the context of current circumstances were added. A summary of the changes to the Risk Register since the last monitoring report in March 2011 were detailed in section 2. Details of the 'Very High' risks were given in Appendix 1 together with a list of the 'High' risks.

The Audit Manager explained that the full Risk Register was on InSite, within the Risk Management section on the Corporate Documents tab.

The movements in risk were outlined as set out at section 2 of the report.

Councillor de Winton referred to page 21 paragraph 2.2 – HMOs and commented that it was pleasing to see that the level of risk had improved since the report was last presented to the Committee. The Audit Manager

advised that since a follow up Audit had been undertaken, a considerable amount of work had been progressed in the service area to improve the level of performance.

**RESOLVED:** That the report be noted.

ARC84: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

**RESOLVED:** That the Committee's Work Programme be noted.

ARC85: **DATE OF NEXT MEETING**

The Committee noted that a meeting to consider the Statement of Accounts was to be held on **Wednesday 4 January 2012.**

**The meeting closed at 7.47 pm**