

**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 Wednesday 4 January 2012 at 6.00 pm, in the Committee Suite  
King's Court, Chapel Street, King's Lynn**

**PRESENT:**

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

Apologies for absence were received from Councillor D J Collis and T de Winton

ARC86: **MINUTES**

The minutes of the meeting held on 29 November 2011 were confirmed as a correct record and signed by the Chairman.

ARC87: **DECLARATIONS OF INTEREST**

There were no declarations of interest.

ARC88: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC89: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC90: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC91: **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 6 December 2011 to the recommendations made by the Resources and

Performance Panel – Audit and Risk Committee at its meeting held on 29 November 2011 in respect of the following items:

- (i) Document Retention Policy.
- (ii) Update to Financial Regulations.

ARC92: **ANNUAL AUDIT LETTER**

At the invitation of the Chairman, Councillor Mrs Mellish, Mr J Rickett, the Council's External Auditor presented the Annual Audit Letter to Members and highlighted the following areas:

- The purpose of the Letter.
- Scope of Work.
- Audit Findings.

Members were invited to comment and ask questions on the Annual Audit Letter.

Councillor J Collop asked the External Auditor if the information was available on the additional cost incurred by the Council during the preparation of the audit work. In response, the External Auditor explained that PricewaterHouse Coopers were now in a position to present the final bill for 2010/11 to the Council. With the permission of the Deputy Chief Executive, the External Auditor explained that other councils had also experienced similar difficulties preparing their accounts due to the new requirements of the IFRS Code of Practice for Local Authority Accounting. In recognition of this, the Audit Commission had extended the deadline by an extra month.

The External Auditor advised that the External Auditor's fee had been allocated at £127,000 in the budget in April 2011, but it had been identified later in the process that because of the implications of the new IFRS requirements and financial systems, the original budget had to be increased which was above the Audit Commission scale fee to £144,000. However, due to the issues outlined to the Committee in September 2011, the findings of the Annual Audit letter and information provided to the Deputy Chief Executive, the revised fee was £174,000.

In response to questions from Councillor J Collop, the External Auditor explained that pending discussions and understanding the issues and factors arising when setting the budget, he was not aware the External Auditor's fees would be set in excess of the Audit Commission scale for 2011/2012.

Following further questions and comments from Councillor J Collop on the General Fund Balance, the External Auditor advised that it was not for PricewaterhouseCoopers to state what level of reserve the Council should allocate. The Council had a thorough and robust governance process in

place. However, if it was felt that the General Fund Balance was thought to be below a reasonable level then the External Auditor would suggest the Council considered improving the level of reserve.

Councillor Humphrey made reference to page 6 of the Annual Audit Letter – Reconciliation to operating activities within the cash flow statement. He asked if the Council's Finance Team would be seeking to identify what the figure of £33,000 related to. In response, the Chief Accountant explained that the Council had changed the asset management arrangements and had purchased a cash flow financial toolkit for the new IFRS requirements. The toolkit therefore had to be populated for the first time and the cash flow toolkit would be reworked during the next financial year and it was anticipated that the £33,000 would then be identified.

Councillor Humphrey commented that it was reassuring to learn that the IFRS requirements were causing difficulties in other councils. He was pleased to hear that the External Auditor issued an unqualified value for money conclusion.

In response to questions from Councillor Humphrey on the recommendations, of which four had not yet been implemented, the External Auditor explained that the initial recommendations had been considered and the Council's Management Team had agreed to implement some of the recommendations. If the External Auditor felt that the recommendations were so fundamental relating to the financial control or use of resources they would be referred to in separate sections. The Deputy Chief Executive advised that at this stage Management Team had agreed that further efforts and resource would not be put into implementing four of the recommendations as they were near to perfection. He gave an example of CO<sub>2</sub> emissions in council buildings. The Council did not currently have the resource to undertake the necessary work. However, a portfolio of the Council's buildings had been produced, together with the Council's Asset Management Plan which the External Auditor was aware of.

The Chairman, Councillor Mrs Mellish thanked Mr Rickett for attending the Audit and Risk Committee meeting.

In response to comments made by Councillor Loveless on External Audit documents being available to the Committee, the Deputy Chief Executive undertook to arrange for the documents mentioned at tonight's meeting and future documents to be published on InSite.

**RESOLVED:** (1) That the Committee note the Annual Audit Letter.

(2) The External Audit documents be published on InSite.

ARC93: **PRESENTATION OF AUDIT DOCUMENTS AVAILABLE ON INSITE**

The Audit Manager gave a presentation on how Members of the Committee could access audit documents available on InSite.

**RESOLVED:** (1) That the Committee noted the audit documents published on the Council's Intranet which were available to Members.

(2) The External Audit documents would be published on InSite for Members to view.

ARC94: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC95: **DATE OF NEXT MEETING**

The Committee noted that the next meeting would be held on Tuesday 31 January 2012.

**The meeting closed at 6.34 pm**