

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 31 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, D J Collis, J Collop,
Mrs S Collop, C Crofts, T de Winton (*arrived at 6.06 pm*), H Humphrey, J Loveless,
C Manning (*substitute for Councillor D Tyler*), A Morrison, G Wareham and A White

Apologies for absence were received from Councillors M Hopkins and D Tyler

ARC96: **MINUTES**

The minutes of the meeting held on 4 January 2012 were confirmed as a correct record and signed by the Chairman.

ARC97: **DECLARATIONS OF INTEREST**

There were no declarations of interest.

ARC98: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC99: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC100: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC101: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS RECOMMENDATIONS/REQUESTS**

There were none.

ARC102: **INTERNAL AUDIT STRATEGIC AUDIT PLAN 2012 - 2015**

The Audit Manager presented the report which provided Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2012 – 2015.

Members were informed that the plan indicated the work proposed by the Audit Manager for the Internal Audit function for the next three years. The intention of the Strategic Audit Plan was outlined as set out below:

- To ensure all identified areas were audited over the life of the plan, taking into account clients' audit requirements and the major risks facing the Council.
- To ensure there were adequate resources to undertake the required audits.
- To provide a basis for monitoring actual performance of the Internal Audit function.

The plan had been produced on the assumption that the Council would continue in its current form and with the risks that had been identified in the Corporate Risk Register. It was explained that if either of those changed significantly, the plan would need to be reviewed for any impact on the workload and structure of the Internal Audit function. Any proposed amendments to the plan would be reported to the Committee.

The Audit Manager advised that there were 9 Core Audits that were considered by the external auditors, PricewaterhouseCooper (PwC), and the Audit Manager to be fundamental and were carried out on an annual basis. Those audits covered systems that were essential to the business of the Council, or presented a significant risk to the achievement of the strategic objectives. Those audits were:

- Council Tax and Non-Domestic Rates.
- Creditors and Payments.
- General Ledger (including Budgetary Control).
- Housing and Council Tax Benefits.
- Treasury and Cashflow Management (including Bank Reconciliations).
- Payroll.
- Sundry Debtors.
- Inventories and Asset Management.
- Car Parks.

The Committee was informed that the remainder of the plan consisted of the audit of other, non-fundamental systems and computer systems that were not integral to other audits. There was some allowance for specific tasks that

were known to be required and contingencies for other work that previous experience had shown could arise.

The Audit Manager explained that before work was started on compiling the plan, the Audit Manager met with each of the Executive Directors to discuss the impact of changes to the structure of the service in the past year and the potential effects of any other expected changes. In addition to the Executive Directors' comments, the following factors were also taken into account:

- Internal Audit's own risk assessment system.
- Corporate Risk Register.
- PwC comments in the 2010/2011 Annual Audit Letter.
- Protocol for liaison between internal and external auditors 2011/12. The Protocol for 2012/13 had not yet been produced, but it was noted that very little changed from year to year.
- Date and result of the previous audit.
- Any other reviews relating to specific services.

It was highlighted that Service Plans were not available for consideration, but once these had been produced, the relevant one would be used by the auditors as each audit arose.

Members were advised that once the plan had been drafted, the Executive Directors were sent the sections relevant to their service to review and either approve or meet with the Audit Manager to discuss further. After approval by all the Executive Directors, the plan was agreed with the Deputy Chief Executive who was the S151 officer.

Both the Audit Manager and the Deputy Chief Executive were satisfied that the resources were sufficient, after the level of contingencies had been adjusted, and that the proposed plan would provide the level of assurance required.

During the course of the year, the Committee may request that additional audits were undertaken or that ones already in the plan were brought forward, and the resulting reports presented at future meetings.

The Audit Manager explained that as part of the plan preparation some audit lines had been discontinued and new ones added. A summary of the changes were outlined as set out at section 4 of the report.

In conclusion, the Audit Manager explained that as in 2011/2012, she would continue to produce quarterly monitoring reports indicating:

- The audit work completed in the quarter.
- The results of follow-ups carried out, especially any issues outstanding.

- Work ongoing and work intended for the next quarter.
- Progress against the Audit Plan.
- Results against the Performance Indicators.

Councillor Loveless referred to page 6 of the report, project code 714 Local Authority Company/Trust and commented that if the Council was considering a Leisure Trust, should it not include project code 709 theatres. In response, the Audit Manager explained that the two projects would remain as separate codes until the Leisure Trust had been confirmed.

The Deputy Chief Executive explained that Local Authority Company/Trust had been allocated 10 hours because the Internal Audit Team would need to be satisfied that there were adequate internal audit and financial controls in place when setting up the Local Authority Company/Trust.

In response to further questions from Councillor Loveless, the Audit Manager explained that the Audit Team in liaison with Executive Directors would look at the programme of activities and allocate the appropriate number of hours. During the next financial year, the plan would be refreshed and reviewed and updated accordingly.

Councillor Crofts referred to project code 505 – s106 and commented that this would be replaced with the Community Infrastructure Levy (CIL) and suggested that the wording be amended to reflect the change to which the Audit Manager undertook to action.

RESOLVED: That the Committee note the Strategic Internal Audit Plan for 2012 – 2015.

ARC103: **INTERNAL AUDIT PLAN 2011/2012 – PROGRESS REPORT FOR THE QUARTER OCTOBER TO DECEMBER 2011**

The Audit Manager presented the report which showed the Internal Audit activity for the quarter October to December against the Strategic Audit Plan 2011/2014.

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 Manager outlined the audit work undertaken in the quarter October to December 2011 as set out at section 2 of the report. It was noted that all the audits planned for the quarter were either completed or close to completion as expected. Of the 23 satisfaction questionnaires issued during the year, 16 had been returned, of which 95% had satisfactory scores.

Work planned for the next quarter January to March 2012 was outlined as detailed at section 4 of the report.

In summary, the Audit Manager advised that progress to date was satisfactory and at this point 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.

In response to a question from the Chairman relating to the satisfaction scores on the returned audit questionnaires, the Audit Manager explained that the 5% with lower scores arose from two audits for the same line manager, who had since met with herself to discuss the scoring. The line manager emphasised that he had no issues with the conduct or knowledge of the auditor concerned, but had expected to be more actively involved in the process.

Councillor Loveless commented on the Internal Audit Team being involved in the practical elements of ensuring the Civil Parking Enforcement arrangements were in place to a satisfactory standard. In response, the Audit Manager advised that the Internal Audit Team undertook operational as well as financial audits. The audit for Civil Parking Enforcement had been undertaken at the request of the Executive Director and had identified three medium recommendations relating to ensuring appropriate road marking was maintained; review and revision of the Car Parking Orders/maps; and establishing a timetable for the production of policies, procedures and reports.

Following comments made by Councillor Humphrey on the CIC Manager receiving training for media duties, the Audit Manager explained that the CIC Manager would only undertake such duties in the event of an emergency. At the time of the audit, the training had not been arranged. A follow-up audit had not yet taken place and would be scheduled for 6 months time. The Communications Manager was currently updating the Communications Strategy, but had not completed the work. The Chief Executive added that the Communications Manager was awaiting the new Corporate Business Plan and that the Communications Strategy would reflect it.

Councillor Beal referred to Appendix 1, page 17 – Sports Development, GEAR and enquired what the low recommendation was that had been identified. In response, the Audit Manager explained that it was not normal practice to list the details in the summary reports, but a full copy of the audit

could be viewed on InSite.

RESOLVED: That the Committee note the report.

ARC104: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC105: **DATE OF NEXT MEETING**

The Committee noted that the next meeting would be held on Tuesday 28 February 2012.

The meeting closed at 6.23 pm