

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

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

**Minutes of a Meeting of the Resources and Performance Panel  
held on Tuesday 26 June 2012, at 7.18pm, in the Committee Suite, King's Court,  
Chapel Street, King's Lynn.**

**PRESENT:**

Councillors P Beal (Chairman), C Manning (Vice-Chairman), Mrs J Collop, S Collop,  
P Cousins (Substitute for C J Crofts), M Chenery of Horsbrugh (Substitute for H  
Humphrey), M Langwade, J Loveless, D Tyler, A White, A Wright

Apologies for absence were received from Councillors A Beales, C Crofts, N  
Daubney, T de Winton, H Humphrey and A Morrison

ARC19: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk  
Committee meetings held on 29 May 2012 and 14 June 2012 were confirmed  
as a correct record and signed by the Chairman.

ARC20: **DECLARATIONS OF INTEREST**

There were none.

ARC21: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC22: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC23: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC24: **MATTERS REFERRED TO THE PANEL FROM OTHER COUNCIL BODIES  
AND RESPONSES MADE TO PREVIOUS PANEL  
RECOMMENDATIONS/REQUESTS**

Members noted the responses made by Cabinet at its meeting held on 19  
June 2012 to the recommendations made by the Resources and Performance  
Panel – Audit and Risk Committee at its meeting held on 14 June 2012 in  
respect of the following items:

- (i) Revenue Outturn
- (ii) Capital Programme and Resources 2011/2013

**ARC25: HEALTH AND SAFETY INTERNAL AUDIT REPORT**

The Audit Manager presented the report and explained that an audit of Health and Safety had been carried out by the Internal Audit team. She explained that the report had been presented to the Committee as it had an overall conclusion of 'limited assurance'. The Safety and Welfare Adviser had identified that the current process for developing and maintaining procedure manuals for individual service areas required a review of the procedure to establish a simpler method of updating the system.

The Panel was informed that the results of the internal audit recommended commissioning an external specialist to review all Health and Safety documents and procedures.

In response to a question from Councillor Chenery of Horsbrugh, the Safety and Welfare Adviser explained that to obtain a specialist to conduct the review he had sent out an invitation to tender and received twelve responses. One company had been selected to carry out the necessary review.

Councillor Langwade asked if the Health and Safety service could be contracted out or shared with another Local Authority. The Safety and Welfare Adviser explained that the audit did not identify a need for assistance with the service, just a review of the documents and procedures to ensure a corporate streamlined approach. The Audit Manager commented that the Audit Section did not have the relevant expertise to audit Health and Safety Policy documents so therefore an external specialist was required.

The Audit Manager explained that the findings from the specialist review would be monitored and a follow up report would be created.

**RESOLVED:** The Committee noted the report.

**ARC26: INTERNAL AUDIT ANNUAL REPORT 2011/2012**

The Audit Manager presented the report which provided members with an overview of the work undertaken by the Internal Audit Section and provided an assurance opinion to support the Annual Governance Statement.

The Audit Manager explained that the Council's External Auditors had confirmed that they were satisfied with the work carried out by Internal Audit.

During the year thirty reports had been issued and assessed and follow up reports provided as necessary.

The report concluded that the system of internal control was designed to a reasonable level.

**RESOLVED:** The Committee noted the report.

ARC27: **REVIEW OF THE EFFECTIVENESS OF THE INTERNAL AUDIT SERVICE**

The Audit Manager presented the report which provided the Committee with the results of the review. She explained that the results had been included in the Annual Governance Statement.

The review was supported by completion of the CIPFA Checklist for Compliance with the Code of Practice for Internal Audit 2006.

In response to a question from Councillor Loveless, the Audit Manager confirmed that the format of the report was the same as last year and the same checklist and questions had been used.

Councillor Cousins drew attention to page 23 of the report, point 1.2.4: 'Is the Audit Manager consulted on all major projects, programmes and policy initiatives to offer advice on the associated control arrangements and risks?' and asked if the Audit Manager was satisfied that this target had a rating of 'partially met'. The Audit Manager confirmed that she was satisfied with this rating as she was always aware of ongoing issues.

Councillor Chenery of Horsbrugh asked if any further Audit training would be offered to Members, especially as the membership of the Audit and Risk Committee had changed since the last training session. The Audit Manager explained that she was happy to arrange further training if Members expressed interest.

Councillor Cousins drew attention to page 27 of the report, point 5.1.1(a): 'Is there a protocol that defines the working relationship for Internal Audit with Management?' and asked if the Audit Manager was satisfied with a rating of 'partially met'. The Audit Manager confirmed that she was satisfied with the rating, as although there was no formal protocol in place, the Audit Manager had access to the Executive Directors and could arrange meetings with them as necessary.

**RESOLVED:** The Committee noted the contents of the review and the resulting actions required.

ARC28: **REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE**

The Audit Manager presented the report which provided Members with the results of the review. The review was supported by completion of the CIPFA Checklist for Compliance with the Code of Practice for Internal Audit 2006.

Councillor J Collop expressed concern on the size of the Audit Committee. He felt that membership should be decreased to a more manageable size. He also asked if it was possible for Members to meet with the external Auditors

without officers being present. The Executive Director, Finance and Resources, explained that he had previously asked for clarification on this issue with the external Auditors, who had confirmed that they could be directly approached by Members. The Executive Director, Finance and Resources explained that it would be difficult to invite the External Auditors to the Audit Committee without any officers being present as the meeting would likely be held in open session anyway so members of the public and press would be entitled to attend.

The Chairman asked the Committee if they shared Councillor J Collop's concerns. Councillor Langwade commented that he trusted Officers and Executive Directors and would always approach them direct if he had any concerns. Councillor Loveless reiterated Councillor Langwade's comments.

The Committee discussed the membership of the Audit Committee and if it should be a separate make up from the Resources and Performance Panel and there was no further support for Councillor J Collop's proposal. Councillor White commented that membership was the same to prevent occurring additional costs.

The Chairman noted Councillor J Collop's concerns.

**RESOLVED:** The Committee noted the contents of the review and the resulting actions required.

#### ARC29: **CABINET REPORT – ANNUAL TREASURY REPORT 2011/2012**

The Chief Accountant presented the report which looked back over 2011/2012 and covered the following:

- The Council's overall borrowing need
- The Council's treasury position and performance
- The strategy for 2011/2012
- The economy in 2011/2012
- Borrowing rates in 2011/2012
- The borrowing outturn for 2011/2012
- Compliance with treasury limits and prudential indicators
- Investment rates for 2011/2012
- Investment outturn for 2011/2012
- Debt rescheduling

Councillor Cousins drew attention to point 3.2 of the report which detailed the treasury position and performance as at 31 March 2012 and asked why there was a substantial difference in the cash flow in 2011 compared to 2012. The Chief Accountant explained that this figure was taken at a certain point in time, 31 March 2012, and would vary from the previous year due to temporary borrowing and investments for the daily cash position.

The Executive Director, Finance and Resources confirmed that the investments were approximately the same compared to the previous year, the

figures set out in the report were affected by on the day cash flow.

In response to questions from Councillor Chenery of Horsbrugh, the Chief Accountant explained that the UK still had its AAA rating and the Borough Council was able to apply for a public loan from the PWLB, who were the government lending body, if required.

Councillor J Collop queried why the Borough Council had withdrawn investments from Santander UK, to which the Chief Accountant explained that the Borough Council's Treasury Advisers had advised the Council to withdraw investments due to the current issues in Spain. She also explained that the Borough Council had followed the Treasury Advisers advice to keep all investments short term and to use part-nationalised banks when available.

Councillor Cousins asked for information on the security of the Borough's net assets, to which the Chief Accountant explained that investments were always made in accordance with the Council's Treasury Strategy and advice from our Treasury Advisers including a spread across a number of institutions to spread any residual risk. The Executive Director explained that the Borough Council were currently investigating other income streams such as property ownership, as currently the Borough Council was not getting great return on investments. Investigations would be carried out on the implications of property ownership and how it could be managed as a long term investment.

**RESOLVED:** That Cabinet be informed that the Resources and Performance – Audit and Risk Committee support the recommendations as set out in the Cabinet Report.

ARC30: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC31: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee was scheduled to take place on 24 July 2012.

**The meeting closed at 8.11pm**