

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 – Audit and Risk Committee held on Tuesday 26 March 2013, at 6.00pm, in the Committee Suite, King's Court, Chapel Street, King's Lynn.

PRESENT:

Councillors P Beal (Chairman)
D J Collis, J Collop, Mrs S Collop, C J Crofts,
M Chenery of Horsbrugh (substitute), H Humphrey, M Langwade,
J Loveless, C Manning (Vice-Chairman), A Morrison, D Tyler and A Wright

Portfolio Holders:

Councillor Mrs E Nockolds - Portfolio Holder for Health and Well Being

Apologies for absence were received from Councillor N Daubney,
Councillor A White and Councillor T De Winton

ARC76: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 26 February 2013 were confirmed as a correct record and signed by the Chairman.

ARC77: **DECLARATIONS OF INTEREST**

There were none.

ARC78: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC79: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC80: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC81: **MATTERS REFERRED TO THE PANEL FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS PANEL RECOMMENDATIONS/REQUESTS**

There were none.

ARC82: **STRATEGIC INTERNAL AUDIT PLAN 2013/2014**

The Audit Manager presented the report which provided Committee Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2013-2014. She explained that the approach to preparing the plan had changed, normally the plan would follow a 3-year cycle of system audits with some adjustments to allow for identified areas of concern which required investigating before the next routine audit was due. This approach was adequate in a relatively stable and unchanging environment where risk areas could be readily identified year on year. However for some time now the Council had been undergoing change and in particular for this year, some major projects were expected to commence and changes to the Council structure becoming more apparent. These present high levels of risk to the Council in terms of resources and the achievement of stated objectives in the Corporate Business Plan. Therefore the Strategic Audit Plan only looked at 2013-2014 and would concentrate on the significant changes and projects within the Council, such as the Joint Venture with Norfolk County Council, the Leisure Trust and the Material Recycling project.

The Audit Manager also explained that during the next year she intended to carry out work to map out the new structure of the Council and analyse potential risk areas which should enable a more risk-based approach to be taken for future audit plans. This would also utilise the resources of the Internal Audit Team more effectively in a changing climate. She explained that in addition to this work and in view of the increasing interest by Central Government in fraud detection, the Council's approach to preventing and detecting fraud would be reviewed and an assessment made of whether the current resources were sufficient or if they need increasing in the future. The Anti-Fraud and Anti-Corruption Strategy and Whistleblowing Policy would also be reviewed at the same time.

The Audit Manager also explained that within the plan, the core audits would remain and would continue on an annual basis and were considered to be essential and cover systems that were fundamental to the business of the Council. She highlighted that the format of the core audits had been changed to reflect the end of the Council Tax Benefit and National Non-Domestic Rate (NNDR) schemes. Council Tax and NNDR would no longer be audited together. The Council Tax audit would include the Local Council Tax Support Scheme and a new audit line had been added for the Business Rates Retention Scheme to replace the old NNDR element. The previous Housing and Council Tax Benefit audit would be reduced to just Housing Benefit.

The Audit Manager explained that the early retirement of the Executive Director, Environmental Health and Housing had resulted in some movement of responsibilities to other Executive Directors and this had been reflected in the Strategic Plan. The affected audits had been reallocated under the relevant Directorate headings. The Internal Audit Team had also gained some additional work relating to external bodies and this had been shown in the plan under a new section entitled 'External Work'. It had been reported to the Committee in July 2012 that the Water Management Alliance had agreed

to appoint the Council's Internal Audit Team to carry out their internal audit services for 2012-13. The Audit Manager also explained that the Revenues and Benefits Shared Services Partnership Agreement indicated that the accounts would be audited by the Council's internal audit team. There were two aspects to this work, one would be the comparison of the project costs against the agreed budget. This would be an initial ad hoc review which would not be required in future years. The second would be an ongoing review of the Partnership accounts for sharing costs and savings between the two Councils.

It was explained that the Audit Manager would continue to produce quarterly monitoring reports which would enable Members to monitor progress against the agreed annual plan and identify any specific reports of interest to be brought to the next meeting.

In response to a query raised by Councillor C J Crofts, the Audit Manager explained that if more external work was undertaken, more resources would be required. However, this element would also form part of the review that was being undertaken to ensure that any resources were deployed effectively.

Councillor H Humphrey referred to the Strategic Internal Audit Plan 2013-16 (Appendix One), audit reference CO5: Treasury & Cashflow Management and the associated note/comment made in that a "move to property investment from financial investment" and questioned, given the current negative property market, whether this was advisable. The Audit Manager explained that there was potential to invest and purchase property at a reduced price but if this route was taken, any associated risks would be fully investigated. The Deputy Chief Executive also explained that there was the potential to invest in the property market and this formed part of the approved Treasury Management Strategy. Any such investment would not happen overnight but if the opportunity arose, investments could be made both in the residential and commercial property market which would allow capital money to be converted into revenue streams.

Councillor J Collop referred to page 1, section 2.1 of the report which stated that the Strategic Audit Plan was intended to ensure that there were adequate resources to undertake the required audits and questioned whether there was any increase in the number of staff within the audit team and whether there was any additional capacity to undertake more work. The Audit Manager explained that budget provision had been allocated if a need was identified for additional resources, however as part of the plan, existing resources would be reviewed to ensure that they were being utilised effectively.

In response to Councillor J Loveless query on Section 3.6 of the report which referred to "the new structure of the Council", the Audit Manager explained that this was in reference to the retirement of the Executive Director, Environmental Health and Housing which had resulted in some movements in responsibilities to other Executive Directors with the relevant audits being reallocated under the relevant Directorate headings. The review would ensure that any future audit plans reflected this new structure.

In response to a request for clarification from Councillor J Loveless on Sections 5.3 and 5.4 of the report which was in relation to the Revenues and Benefits Shared Services Partnership Agreement, the Audit Manager explained that audits in relation to Council Tax and the Business Rates Retention Scheme, would continue to be conducted separately by the Borough Council and North Norfolk District Council, however as part of the Partnership Agreement, accounts would be produced which would be audited by the Council's own internal audit team. She reiterated that there would be an initial ad hoc review in relation to the comparison of the project costs against the agreed budget but an ongoing review of the Partnerships accounts for sharing costs and savings between the two Councils. The Deputy Chief Executive also explained that with a number of major projects commencing which presented high levels of risk to the Council and changes in the management structure, the Strategic Internal Audit Plan for 2013-14 reflected a different approach to ensure these elements were incorporated.

In response to a question raised by Councillor Morrison, the Audit Manager explained that within the plan, the core audits would remain to ensure the systems that were fundamental to the business of the Council were covered so that there was no potential for complacency.

RESOLVED: The Committee endorsed the new approach to developing the Strategic Internal Audit Plan and noted the work proposed for 2013-2014.

ARC83: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC84: **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 **Tuesday 23 April 2013** in the **Heritage Room, Town Hall**.

The meeting closed at 6.18pm