

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 28 October 2014, 6.00 pm, in the Committee Suite, King's Court, Chapel Street, King's Lynn

PRESENT:

Councillor P Beal (Chairman)
M Chenery (*substitute for Councillor de Winton*), J Collop, I Gourlay,
H Humphrey (Vice-Chairman), C Manning, Mrs K Mellish, D Tyler,
G Wareham, A Wright and Mrs S Young

Portfolio Holders:

Councillor N Daubney, Leader
Councillor A Lawrence, Portfolio Holder for Housing and Community

Apologies for absence were received from Councillor A Tyler, T de Winton,
M Langwade and J M Tilbury

ARC53: **SUSPENSION OF STANDING ORDER 36 – RECORDING OR BROADCASTING OF MEETINGS**

RESOLVED: In order to comply with Statutory Instrument 2014 no 2095, The Openness of Local Government Bodies Regulations 2013, Standing Order 36 be suspended for the duration of the meeting.

ARC54: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meetings held on 22 July and 8 September 2014 were confirmed as a correct record and signed by the Chairman.

ARC55: **DECLARATIONS OF INTEREST**

There were none.

ARC56: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC57: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC58: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC59: **MATTERS REFERRED TO THE COMMITTEE FOR OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

The Committee noted the responses made by Cabinet at its meetings held on 29 July 2014 and 10 September 2014 to the recommendations made by the Resources and Performance Panel – Audit and Risk Committee at its meetings held on 22 July 2014 and 8 September 2014 in respect of the following items:

- Review of the Effectiveness of the Audit and Risk Committee.
- Statement of Accounts 2013/2014 report to those charged with Governance (ISA UK&1) 260).
- Annual Governance Statement 2013/2014

ARC60: **CABINET REPORT: MID YEAR REVIEW TREASURY REPORT 2014/2015**

In presenting the report, the Chief Financial Officer reminded the Committee that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (2011) and remained fully compliant with its requirements.

The Committee was informed that one of the primary requirements of the Code was:

Receipt by Council of an annual strategy report (including the annual investment strategy report) for the year ahead, a mid year review report and an annual review report of the previous year.

It was noted that the Mid-Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered the following:

- An economic update for the first six months of 2014/2015.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy 2014/2015.
- The Council's capital expenditure (prudential indicators).
- A review of the Council's investment portfolio for 2014/2015.
- A review of the Council's borrowing strategy for 2014/2015.
- A review of any debt rescheduling undertaken during 2014/2015.
- A review of compliance with Treasury and Prudential Limits for 2014/2015.

Councillor Wareham referred to section 6.5 of the report and asked if the Council had considered other options for investment including property

investments as an alternative to the traditional investments. In response, the Chief Financial Officer advised that to date the Council had not considered other options. Officer recommendations would be brought forward for Members to consider. The Deputy Chief Executive added that preparation work was currently being undertaken and a report would be submitted to Cabinet for consideration at the appropriate time.

Councillor Humphrey also referred to section 6.5 of the report and commented that the Council should look at potential investments that would bring a good return. He suggested that within the guidelines the risk and security of the Council's income be mentioned.

Councillor Humphrey referred to section 5.5 – the Joint Venture on the NORA site and the unsold houses. He added that a sentence to explain that the Housing Company had been established to cater for any unsold units should be inserted into the report.

In response to questions from Councillor Collop on the impact of inflation reducing, the Chief Financial Officer explained that any impact regarding inflation has been built into the Council's current Financial Plan for the period 2014 – 2017. However, since the approval of the current Financial Plan in February, inflation assumptions had been revised and would be fed into the Financial Plan for the period 2015 – 2018.

Following further questions from Councillor Collop on the inflation rates having an effect on the Council's income, the Chief Financial Officer explained that during the past few years a zero rate for inflation had been inserted into the support and service budget figures in order to achieve savings.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as follows:

- (1) Cabinet is asked to note the report and the treasury activity.
- (2) As part of the budget process and setting of the Treasury Management Strategy for 2015/2016 it is suggested that Cabinet ask officers to bring forward schemes that could generate higher levels of return.

ARC61: **EXTERNAL QUALITY ASSESSMENT – COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

The Audit Manager presented the report and explained that Internal Audit were required to undergo an external assessment at least every five years to ensure the service was complying with the Public Sector Internal Audit Standards. The required assessment had been completed and the resulting report was presented to the Committee.

The Committee was informed that the initial internal assessment was

completed by the new Auditor, on the basis that there was a ‘fresh pair of eyes, without preconceived views and had sufficient experience within audit to provide a valid perspective.’ The new Auditor’s work was then subjected to a validation process by a person appointed by the Chartered Institute of Internal Auditors. This involved reviewing the results of the new Auditor’s work and a sample of audit files, and discussions with members of the Audit Team. Key personnel were interviewed including the Chief Executive, Executive Director – Resources, and the Chief Financial Officer to gain a management view of Internal Audit. The Chairman of the Audit and Risk Committee was also interviewed.

The Audit Manager advised that a report had been issued which was attached at Appendix 1 to the Agenda and contained agreed actions to achieve compliance with the Standards, and recommendations for further improvement to the service.

In conclusion, the Committee was advised that work had begun to implement the agreed actions. The external assessment had provided assurance over the work of Internal Audit, and offered practical recommendations for the improvements required to comply with the Public Sector Internal Audit Standards.

The Chairman, Councillor Beal invited the Committee to ask questions or comment on the report.

There were no questions or comments from the Committee.

RESOLVED: The Committee noted the report and confirmed the Audit Manager’s responses to the recommendations made.

ARC62 **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee would take place on **Tuesday 25 November 2014** at 6 pm in the Committee Suite, King’s Court.

The meeting closed at 6.27 pm