

Borough Council of  
**King's Lynn &  
West Norfolk**



# **Audit Committee**

## **Agenda**

**Wednesday, 30th May, 2018**  
at 5.00 pm

in the

**Council Chamber  
Town Hall  
Saturday Market Place  
King's Lynn  
PE30 5DQ**

Borough Council of  
**King's Lynn &  
West Norfolk**



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18 May 2018

Dear Member

**Audit Committee**

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Wednesday, 30th May, 2018 at 5.00 pm** in the **Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

**AGENDA**

**1. Appointment of Vice Chairman for the Municipal Year 2018/2019**

**2. Apologies**

**3. Minutes (Pages 5 - 9)**

To approve the minutes from the Audit Committee held on 12 February 2018.

**4. Declarations of Interest**

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a disclosable pecuniary interest is declared, the Member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on any item or simply

observing the meeting from the public seating area.

**5. Urgent Business Under Standing Order 7**

To consider any business which, by reason of special circumstances, the Chairman proposed to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

**6. Members Present Pursuant to Standing Order 34**

Members wishing to speak pursuant to Standing Order 34 should inform the Chairman of their intention to do so and on what items they wish to be heard before the meeting commences. Any Member attending the meeting under Standing Order 34 will only be permitted to speak on those items which have been previously notified to the Chairman

**7. Chairman's Correspondence (if any)**

**8. Training/Briefing - Internal and External Audits**

The Committee will receive a training session on Internal and External Audits from the Shared Internal Audit Manager.

**9. Certification of Claims and Annual Report 2016/2017 (Pages 10 - 18)**

Dan Cooke from Ernst and Young will present the report.

**10. Exclusion of Press and Public**

To consider passing the following resolution:

“That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 or 3 of Part 1 of Schedule 12A to the Act”.

**11. Exempt Report: Risk Based Verification Policy Update (Pages 19 - 35)**

**RETURN TO OPEN SESSION**

**12. Corporate Risk Register (Pages 36 - 43)**

**13. Draft Annual Governance Statement covering the 2017/2018 year (Pages 44 - 73)**

**14. Internal Audit Annual Report and Opinion 2017/2018 (Pages 74 - 81)**

15. **Intenal Audit Full Year Progress Report 2017/2018** (Pages 82 - 89)

16. **Audit Committee Effectiveness Report** (Pages 90 - 110)

17. **Committee Work Programme 2018/2019** (Pages 111 - 114)

To note the Committee's Work Programme for 2018/2019.

18. **Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on Monday 30 July 2018 at 5 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

To:

**Audit Committee:** Mrs J Collingham, J Collop, P Kunes, C Manning, G Middleton (Chairman), D Pope, T Smith, T Tilbrook and A White

**Portfolio Holders:**

Items 9 & 10: Councillor A Lawrence, Housing and Community  
Items 11, 12, 13, 14: Councillor P Hodson, Performance  
Item 15: Councillor B Long, Leader

**Management Team Representative:**

Lorraine Gore, Executive Director

**Appropriate Officers:** The following officers are invited to attend in respect of the Agenda item shown against their name

Item 8: Kathy Woodward, Shared Internal Audit Manager  
Item 9: Dan Cooke, Ernst and Young  
Item 10: Jo Stanton, Revenues and Benefits Manager  
Items 11 & 12: Ged Greaves, Senior Policy and Performance Officer  
Item 13, 14 & 15: Kathy Woodward, Shared Internal Audit Manager

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 12th February, 2018 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** Councillor D Pope (Chairman)  
Councillors Mrs J Collingham, J Collop, Mrs S Fraser, P Kunes, C Manning,  
G Middleton and T Smith

**Portfolio Holders**

Councillor P Hodson  
Councillor B Long, Leader

**Officers:**

Becky Box, Policy, Performance and Personnel Manager  
Lorraine Gore, Executive Director – Finance Services  
Kathy Woodward, Audit Manager

**By Invitation:**

Sadaf Zahid, Ernst and Young – External Auditors

A58 **APPOINTMENT OF VICE CHAIRMAN**

**RESOLVED:** That Councillor Mrs J Collingham be appointed Vice-Chairman for the meeting.

A59 **APOLOGIES**

Apologies for absence were received from Councillors M Hopkins and T Tilbrook.

A60 **MINUTES**

The minutes of the Audit Committee held on 27 November 2017 were agreed as a correct record and signed by the Chairman.

A61 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A62 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A63 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillor L Bambridge for Item 7 – Cost Reduction Programme.

A64 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was none.

A65 **TRAINING - COST REDUCTION**

The Committee received an update on the Cost Reduction Programme from the Executive Director – Finance Services.

The Executive Director – Finance Services and Councillor B Long, Leader responded to questions relating to:

- Capital Project funding.
- Capital receipts.
- Building housing units for private rent which would generate an income greater than traditional investments.
- Housing development in rural areas by private developers.

The Chairman, Councillor Pope thanked the Executive Director – Finance Services for the update.

A66 **BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK  
AUDIT PLANNING REPORT - YEAR ENDED 31 MARCH 2018**

S Zahid, Ernst and Young presented the Audit Planning Report for year ended 31 March 2018 which provided the Committee with a basis to review Ernst and Young's proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the national Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The Committee's attention was drawn to the following sections of the report:

- Overview of the 2017/18 Audit Strategy.
- Audit Risks and areas of focus.
- Materiality.
- Audit scope.
- Audit risks.
- Other areas of audit focus.
- Value for Money.
- Audit process and strategy.

- Audit timeline.
- Independence.
- Appendix A – Fees.
- Appendix B – Regulatory Update.
- Appendix C – Required communications with the Audit Committee.
- Appendix D – Additional Audit Information.

The Executive Director – Finance Services informed the Committee that additional work was required in 2016/17 and the additional fee of £4,000 had been agreed.

The Chairman, Councillor Pope commented that the Borough Council had met the earlier deadlines in 2017 and had every confidence that the 2018 deadline would be met.

In response to questions, the Executive Director – Finance Services confirmed that the fee levels were in line with authorities of a commensurate size to the Borough Council.

The Chairman, Councillor Pope thanked Sadaf Zahid from Ernst and Young for attending and presenting the Audit Planning Report.

**RESOLVED:** That the Audit Committee noted the Audit Planning Report for year ended 31 March 2018.

A67

**UPDATE ON PROGRESS WITH THE ANNUAL GOVERNANCE STATEMENT COVERING THE 2017/18 YEAR**

Members were reminded that at its meeting in May 2017, the Audit Committee approved the Council's Annual Governance Statement (AGS) covering and reflecting back on the 2016/17 year.

During the 2015/16 year it had been agreed that the Committee should receive an update halfway through the year on the progress being made with the Action Plan arising from the Annual Governance Statement report. This report provided that update in relation to the action plan for the 17/18 year.

In response to questions, the Policy, Performance and Personnel Manager advised that work was currently underway to draft Annual Governance Statement which would be presented to the Audit Committee at its meeting on 30 May 2018.

The Chairman, Councillor Pope referred to the Action Plan for 2017/18, Item 5 – Business Rates Audit and enquired if the date 31 March 2017 should read 2018. The Policy, Performance and Personnel Manager confirmed that the date should read 31 March 2018 and undertook to amend the Action Plan.

The Chairman, Councillor Pope thanked the Policy, Performance and Personnel Manager for presenting the update report.

**RESOLVED:** The Committee reviewed the progress made and endorsed the approach being taken to achieve the actions arising from the 2016/17 Annual Governance Statement, as detailed on the 2017.18 AGS Action Plan.

A68

**STRATEGIC INTERNAL AUDIT PLAN 2018/23**

The Audit Manager presented the report which provided Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2018/23.

The Committee was reminded that the Audit Manager had to provide an annual Internal Audit opinion on the system of internal control to support the Annual Governance Statement.

The Committee's attention was drawn to the following sections of the report:

- Appendix 1 – Internal Audit Plan 2018/19.
- Appendix 2 – Strategic Internal Audit Plan 2019/23.
- Appendix 3 – Internal Audit Strategy 2018/19 (The strategy was updated on an annual basis).

In response to questions, the Audit Manager explained that CRISYS was the lone work scheme which the Borough Council had adopted for employees.

Following a question relating to the Audit result of the Refuse Collection and Recycling service in 2016/17 being reported as limited, the Audit Manager explained that there were four categories of assessment:

- Non-compliant.
- Limited.
- Substantial.
- Full.

The Audit Manager advised that a significant weakness had been identified whilst undertaking the Refuse and Recycling Audit. An audit was undertaken every 2 years to ensure to check that the recommendations made had been implemented to a suitable level.

In response to questions regarding risk ratings, the Audit Manager advised that risk ratings were reviewed when changes occurred to specific legislation and when audits were carried out.



The Audit Manager advised that the Audit Plan was flexible and if other audits were required that had not been included in the Plan, then the Plan could be revised to undertake the required work.

In response to a question from the Chairman, Councillor Pope, the Audit Manager explained that 60 days contingency had been allocated in the Audit Plan to deal with any work which occurred which had not been included in the Plan.

The Chairman, Councillor Pope thanked the Audit Manager for presenting the Strategic Audit Plan 2018/23.

**RESOLVED:** The Committee acknowledged the Internal Audit resources and agreed the work planned for 2018/23.

A69 **BUDGET MONITORING REPORT - DECEMBER 2017**

The Executive Director explained that as at 31 December 2017 there was no variance to report.

Members' attention was drawn to Section 5 – Cost Reduction Target. The Committee was advised that savings to date amounted to £105,490.

The Executive Director responded to questions relating to management fees for Alive Leisure.

**RESOLVED:** The Committee noted the Budget Monitoring Report – December 2017.

A70 **COMMITTEE WORK PROGRAMME 2018/2019**

The Committee noted the Work Programme for 2018/2019.

Councillor Kunes suggested that a training session on Internal and External Audits be scheduled for 30 May 2018 to which the Committee agreed.

The Chairman, Councillor Pope invited the Committee to forward any suggestions for future training sessions or Agenda items.

A71 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on Wednesday 30 May 2018 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

**The meeting closed at 5.58 pm**

# Certification of claims and returns annual report 2016/17

Borough Council of King's Lynn & West Norfolk Council

2 February 2018

Ernst & Young LLP



Building a better  
working world

The Members of the Audit Committee  
Borough Council of King's Lynn & West Norfolk  
Kings Court, Chapel Street  
King's Lynn  
Norfolk  
PE30 1EX

2 February 2018

Direct line: 07541 346507  
Email: [MHodgson@uk.ey.com](mailto:MHodgson@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2016/17 Borough Council of King's Lynn & West Norfolk**

We are pleased to report on our certification assurance work. This report summarises the results of our work on Borough Council of King's Lynn & West Norfolk Council's 2016/17 claims.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2016/17, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions (DWP) and did not undertake an audit of the claim.

### **Summary**

Section 1 of this report outlines the results of our 2016/17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £38,974,106. We met the submission deadline. We issued a qualification letter to the DWP and details of the qualification matters are included in section 1. Our certification work also found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification work is summarised in section 2. The housing benefits subsidy claim fees for 2016/17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).



We welcome the opportunity to discuss the contents of this report with you at the 12 February Audit Committee.

Yours faithfully

**Mark Hodgson**  
Associate Partner  
Ernst & Young LLP  
Enc

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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£38,974,106
Amended/Not amended	Amended - subsidy increased by £181
Qualification letter	Yes
Fee - 2016/17	£22,000
Fee - 2015/16	£18,556
Recommendations from 2015/16	Findings in 2016/17
None	Ensure all new cases and changes in circumstances are assessed under the risk based verification policy, see section 4.

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We identified errors in rent allowance cases and carried out extended testing in the following areas:

- Incorrect income assessment due to incorrect additional income disregard application;
- Misclassification of overpayments between eligible and local authority error; and
- Misclassification of prior year overpayments between eligible and local authority error.

We reported the extrapolated value of these errors in our qualification letter to the DWP.

Extended and other testing identified errors on non-HRA subsidy which the Council amended. This had a small net impact on the claim, increasing subsidy by £181. We also identified a case where standard verification procedures were used rather than risk based verification. While this did not impact the subsidy awarded we are required to report this to the DWP, see section 4 of this report. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

## 2. 2016/17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2016 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2016/17	2016/17	201/-16
	Actual fee £'s	Indicative fee £'s	Actual fee £'s
Housing benefits subsidy claim	22,000	23,460	18,556

During 2016/17 the Council performed the initial housing benefit testing for the first time. This has enabled us to return £1,460 of the audit fee (subject to formal approval from Public Sector Audit Appointments Ltd (PSAA)).

The housing benefit subsidy claim certification fee has still increased for Borough Council of King's Lynn & West Norfolk from 2015/16 as the fees, set by the PSAA, are based on the quantum of work performed in previous years. During the 2016/17 audit we have performed work on three additional extended testing samples when compared to the work performed in 2015/16.

### 3. Looking forward

#### 2017/18

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2017/18 is £18,556. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:  
<https://www.psaa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

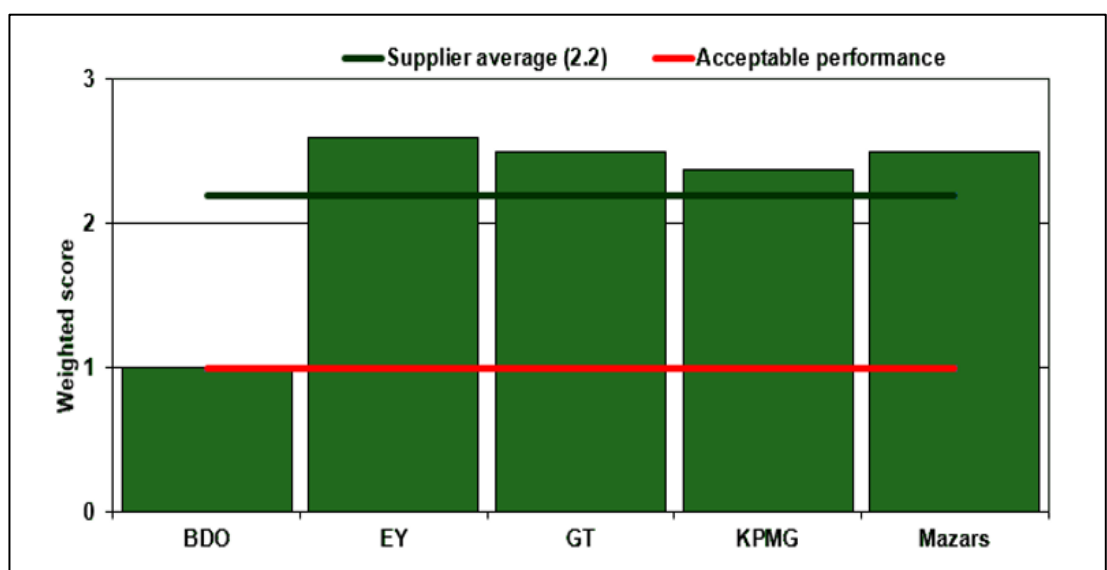
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Executive Director - Finance Services before seeking any such variation.

#### 2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published around January 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As we have been appointed by PSAA in December 2017 as your statutory auditor we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.



## 4. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing benefits subsidy claim: Application of risk based verification policy	Medium	As per the Council's policy, all new cases and changes in circumstances should be assessed under the risk based verification policy and not standard verification	31 March 2018	Jo Stanton

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**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	30 May 2018		
TITLE:	Corporate Risk Monitoring Report April 2018		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

PURPOSE OF REPORT/SUMMARY:
This report presents the changes to the Corporate Risk Register since the last monitoring report in October 2017. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.
KEY ISSUES:
It is proposed to remove 1 risk from the register and add 6 new risks. Following the review, the risk scores for 2 entries have been proposed to change.
OPTIONS CONSIDERED:
Not applicable
RECOMMENDATIONS:
Members are requested to consider the contents of the Corporate Risk Register and confirm agreement with Management Team's assessment of the risks to the Corporate Objectives.
REASONS FOR RECOMMENDATIONS:
In order to ensure the Council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.

**REPORT DETAIL**

**1. Introduction**

- 1.1 The Risk Management Policy and Risk Management Strategy were presented to the Audit and Risk Committee in February 2016 and approved by Cabinet on 1st March 2016.
- 1.2 The Terms of Reference for the Audit and Risk Committee include responsibility for monitoring the management of risk by Management Team. To this end, the Committee receives reports on a half-yearly basis on the position of the Corporate

Risk Register, with the last one, as at October 2017, being presented in November 2017.

- 1.3 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Strategy. The definitions are attached for reference in Appendix 2.
- 1.4 The Risk Register is reviewed by the Executive Directors on a 6-monthly basis. Any existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are removed and new risks considered in the context of current circumstances are added. The risk reference numbers are not reallocated when risks are removed from the register, to enable the history to be maintained.
- 1.5 A summary of the changes to the Risk Register since the last monitoring report are detailed in section 2 below. Details of the 'Very High' risks are given in Appendix 1 together with a list of the 'High' risks.
- 1.6 The full Risk Register, as agreed by Management Team, has been provided to the Audit Committee in hard copy, for reference.

## **2. Changes to the Register**

- 2.1 The Risk Management Policy states that to 'ensure it is effective, risk management needs to be aligned with corporate aims, objectives and priorities'. As such the format of the risk register is ordered to reflect the Priorities as contained in the Corporate Business Plan. This makes the link between the Priorities and the management of associated risks clearer.
- 2.2 Apart from small changes made from a fresh review of the content and updates on progress for various entries, the main changes since October 2017 are listed below.
- 2.3 **Risk proposed to be removed:**

It is proposed to remove one risk from the register, from Priority 1.

1.20 – King's Court

The risk was originally added to reflect potential for disruption to and loss of/impact upon services delivered at this site and financial risks relating to income and implementation costs. The Department of Work and Pensions moved into the building in April 2018 and snagging issues are being dealt with by the project team.

- 2.4 **Proposed new risks identified:**

Six new risks have been added to the register:

- 1.24 - Financial Ledger software replacement
- 1.25 - Provision of leisure services
- 2.7 - West Winch/North Runcton Strategic Growth Area
- 3.6 - Modern slavery
- 3.7 - Homelessness Reduction Act 2017
- 3.8 - New regulations regarding Houses of Multiple Occupancy

#### 1.24 - Financial Ledger software replacement

Management Team has agreed with the inclusion of this risk on the register given the potential impact on service delivery associated with the procurement and implementation of this new system. Robust procedures are in place to govern the procurement of the new system, with appropriate staff resources being allocated to the project. An implementation plan will be developed to ensure effective implementation once the new provider is identified.

#### 1.25 - Provision of leisure services

Management Team has identified that given the review of leisure arrangements and potential consequences for service delivery this should be included on the register. Specialist advice has been obtained and an implementation plan will be developed once the review has been concluded.

#### 2.7 - West Winch/North Runcton Strategic Growth Area

Management Team has agreed that this risk be included on the register given the implications of the development. Progress and key issues will continue to be reported to Cabinet.

#### 3.6 - Modern slavery

This is an emerging national issue highlighted by LGA guidance published in December 2017. Management Team propose to include this on the register to assess with partners the potential local impact, referral arrangements and training and development requirements.

#### 3.7 - Homelessness Reduction Act 2017

Management Team has agreed to include the implementation of these responsibilities on the register given that it will take time to embed and refine new processes and procedures.

#### 3.8 - New regulations regarding Houses of Multiple Occupancy

Management Team has agreed to include the implementation of these new regulations on the register given that work to assess the impact and potential need to change systems/procedures will take time to embed.

### **2.5 Risk Rating Amendments**

The risk rating scores for two entries on the register have been changed for this update:

#### Increased Risk Score

##### 1.23 - General Data Protection Regulations (GDPR)

New requirements are effective from May 2018. Briefings and staff development have been undertaken and service areas are reviewing their activities, preparing Records of Processing Activities, updating consent notices and reviewing retention of

records, refreshed Records Management and Disposal Policy with Retention Schedule drafted and Senior Information Risk Owner proposed with Information Asset Owners and Information Asset Administrators. Management Team proposed raising the likelihood one level from Unlikely to Possible pending implementation of preparatory works.

### Decreased Risk Score

#### 1.22 – Revenues and Benefits Software Tender

Following completion of the tender process the contract was awarded to existing supplier, Civica, in January 2018. An implementation plan is in place and resources allocated to ensure effective implementation and training for staff. It is proposed to reduce the impact one level from Major to Moderate.

### **3. Conclusion**

The Corporate Risk Register continues to be actively monitored by Senior Management on a regular basis.

### **4.0 Corporate Priorities**

The Corporate Risk Register is aligned with the Corporate Priorities and displayed under the 6 'Priority' headings.

### **5.0 Policy Implications**

None

### **6.0 Financial Implications**

6.1 The Corporate Risk Register is a document designed to assist Senior Management to identify and manage any financial implications identified through normal operations.

### **7.0 Personnel Implications**

None

### **8.0 Statutory Considerations**

8.1 Account and Audit Regulations 2015 - s3(c). The Council must ensure that it has 'effective arrangements for the management of risk'.

### **9.0 Equality Opportunity Considerations**

None

### **10.0 Risk Management Implications**

10.1 The Council has in place a Risk Management Policy (last adopted in March 2016) and an associated Risk Management Strategy.



10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the Council's objectives. It is a tool used by the Chief Executive and the Executive Directors (Management Team) to help manage risk within the Authority and is a key document within the governance controls applied within the Council.

#### **11.0 Recommendations**

11.1 Members are requested to consider the contents of the risk register and confirm agreement with Management Team's assessment of the risks to the Corporate Objectives.

#### **12.0 Declarations of Interest / Dispensations Granted**

None

#### **Background Papers**

October 2017 Corporate Risk Register

Previous Corporate Risk Registers

Risk Management Policy – approved in March 2016

Risk Management Strategy

CORPORATE RISK REGISTER MONITORING REPORT  
APRIL 2018

<b>Risk name: Business Rates</b>	<b>Responsible Director: Finance Services (s151 Officer)</b>
----------------------------------	--

Ref	Description	Mitigation	Progress
1.16	<p>The risk is that:</p> <p>The financial plan may be adversely affected as a result of substantial events that affect the Business Rates due to the Council. Such events may be appeals being agreed leading to substantial Rateable Value reductions; reliefs being granted; failure to grow the business rate tax base or closure of a large business; and uncertainty relating to the 100% retention of Business Rates in future.</p>	<p>Reserves created for measurable risks and membership of the Norfolk Business Rates Pool. Continue to monitor potential areas of risk and work with LGA where possible. Continue working with major businesses to reduce the possibility of closure.</p> <p>VOA has changed its appeal process - now check, challenge and appeal.</p>	<p>A contingent liability has been noted in the Statement of Accounts in respect of the possible backdating of business rates to the QE hospital following advice they have received regarding their possible charitable status - this is a situation raised across the country and we await further information. Membership of the Business Rates Pool provides some provision to offset some of the impact, should it occur. Reserves have been created to provide some funding protection from the impact on business rates income in the event of the closure of major businesses. The movement in the overall business rates position is monitored on a monthly basis. The Council has responded to consultation on 100% retention arrangements and the s151 Officer has attended workshops. The MHCLG invited applications for 100% business rates retention for pilots for 2018/2019, but the Norfolk submission was unsuccessful. NHS Foundation Trusts have initiated legal action and the Council has contributed to the LGA's response. Progress with the legal case is being monitored.</p>

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<b>Risk Score:</b>		
Impact	Extreme	5
Likelihood	Possible	3
Total score		15

**Risks categorized as 'High Risk' (Score 10-12)**

- 1.10 - Fraud and Corruption
- 1.12 - Financial Plan
- 1.24 - Financial Ledger software replacement
- 2.3 - Major housing developments
- 2.4 – 5 year land supply
- 2.5 - Housing Market
- 2.6 - Strategic Land and Property Acquisition
- 3.1 - Emergency Response (External)
- 3.4a - Waste and Recycling Contract
- 3.5 - Health and Safety
- 4.2 - THi 2 Application to the Heritage Lottery Fund

CORPORATE RISK REGISTER MONITORING REPORT  
APRIL 2018

**After April 2018 review**

LIKELIHOOD	5 Almost Certain	(Green)	(Orange)	(Red)	(Red)	(Red)
	4 Likely		(Green)	(Orange) 2.4, 2.5	(Red)	(Red)
	3 Possible		(Green) 3.6, 3.8	(Green) 1.2, 1.3, 1.9, 1.17, 1.19, 1.22, 1.23, 1.25, 2.7, 3.3, 3.7, 4.1, 6.1	(Orange) 1.10, 1.12, 1.24, 2.3, 2.6, 3.1, 3.5, 4.2	(Red) 1.16
	2 Unlikely			(Green) 1.7, 1.11, 1.13, 3.2	(Green) 1.1, 1.4, 1.8, 1.15, 1.21, 2.1, 2.2, 3.4b	(Orange) 3.4a
	1 Rare					(Green)
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
	<b>IMPACT</b>					

<b>Risk Category</b>	<b>How the Risk should be managed</b>
Very High Risk (15 – 25) (Red)	Immediate action required. Senior Management must be involved.
High Risk (10 – 12) (Orange)	Senior Management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Green)	Manage by specific monitoring or response procedures. Responsibility to be allocated by Management Team to a named Service Manager.
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	30 May 2018		
TITLE:	Draft 2018 Annual Governance Statement – covering the 2017-18 year		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

**PURPOSE OF REPORT/SUMMARY:**

The Terms of Reference of the Audit Committee<sup>1</sup> state:

*“The main areas of responsibility for the Audit Committee will be to: ...  
b. Review the Council’s assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.”*

This report brings the Council’s draft Annual Governance Statement (AGS) 2018 to the Committee for review, challenge and an opportunity to input prior to the AGS being finalised and considered at the Committee’s meeting in July 2018.

The preparation and publication of an Annual Governance Statement (AGS) is a statutory requirement<sup>2</sup>. The AGS is a public statement that describes and evaluates the Council’s overall governance arrangements, in particular how it has complied with its Code of Corporate Governance during a particular financial year. The draft AGS is attached at Appendix A.

**KEY ISSUES:**

1. CIPFA<sup>3</sup> issue guidance and a template to aid authorities in their work on their AGS; this is used as a framework, but the document is written with fresh content each year.
2. Section 7 refers to the draft Action Plan devised for the 2018/19 year (shown on the final page of the document)
3. Input has been collated from Executive Directors, Service Managers and Internal Audit for the draft statement
4. External Audit will review the final version prior to the final version coming to the Audit Committee in July 2018.

**OPTIONS CONSIDERED:**

Options do not apply; the Council must prepare, approve and publish a statement.

**RECOMMENDATIONS:**

The Committee is invited to

1. Review the draft Annual Governance Statement 2018 (as attached) and determine

<sup>1</sup> As agreed by Full Council in June 2016

<sup>2</sup> Accounts and Audit Regulations 2015, regulation 6(1)

<sup>3</sup> Chartered Institute of Public Finance and Accountancy

whether the work undertaken to review the governance arrangements in place during the 2017/18 year is appropriate and whether there are any gaps

2. Determine any additional actions the Committee would like to be taken to inform the final version of the document which will be brought to the Committee in July 2018.

#### REASONS FOR RECOMMENDATIONS:

In order to ensure that the Audit Committee have the opportunity to review, challenge and provide input prior to the AGS being finalised and brought to the Committee for approval in July 2018.

## **REPORT DETAIL**

### **1. Introduction**

1.1 The Council's Local Code of Corporate Governance sets out six core principles of good governance that focus on the systems and processes for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. These core principles include:

- Focusing on the purpose of the Council
- Roles and responsibilities of members and officers
- Standards of conduct and behaviour
- Decision making, scrutiny and risk management
- Developing capacity and capability of members and officers
- Engaging with local people and stakeholders

1.2 The extent to which the Council adheres to these principles is described in the Annual Governance Statement (AGS).

1.3 The preparation and publication of the AGS is a statutory requirement. The AGS is a public statement that describes and evaluates the Council's overall governance arrangements during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.

### **2. The draft Annual Governance Statement**

2.1 The draft AGS has been produced in accordance with relevant professional guidance and notable practice and a comprehensive review has taken place to ensure that the suggested areas are included in the Council's AGS for 2017/18.

2.2 As the statement is being brought to the Audit Committee at an earlier stage than in previous years, a minor amount of information and a date remains to be clarified and this is highlighted in yellow (page 18 of the draft AGS).

2.3 Sections 1 and 2 are broadly the same as with the 2017 AGS, these are 'introductory sections'.

- 2.4 Section 3 is the main body of the document and uses the CIPFA guidance as headings, the content has been updated to reflect practices during the year under review.
- 2.5 Section 4 contains information based on standard reports and events that inform the Review of Effectiveness.
- 2.6 Section 5 draws attention to the 'Areas of special interest in terms of governance' that the Council has in place.
- 2.7 Section 6 covers 'Known Changes in the 2018/19 year'.
- 2.8 Section 7 refers to the Action Plans devised for the 2017/18 year (see Appendix B) and for the year ahead 2018/19 (see Appendix C).
- 2.9 The development of the draft AGS, and the consultation process, has engaged Service Managers and Executive Directors. In particular, input has been obtained at this stage from the Audit Manager, the S151 Officer, the Monitoring Officer, the Democratic Services Manager, the ICT Manager, the Policy, Performance and Personnel Manager and the Assistant Director - Central and Community Services.

### **3. Issues for the Panel to Consider**

- 3.1 The following areas have been identified as aspects the Committee may wish to consider:
- i. Does the AGS cover all areas of our operations?
  - ii. Is it meaningful, easy to read and underpinned by robust evidence?
  - iii. Does it accurately reflect our control structure and a sense of its risks, vulnerabilities and resilience to challenges?
  - iv. Has compliance with the Code of Corporate Governance been assessed and have any departures from it been disclosed and explained?

#### **4.0 Corporate Priorities**

Not applicable, statutory requirement.

#### **5.0 Policy Implications**

None.

#### **6.0 Financial Implications**

None.

#### **7.0 Personnel Implications**

None.

#### **8.0 Statutory Considerations**

- 8.1 The adoption of the Annual Governance Statement will be required in July 2018 to comply with the Accounts and Audit Regulations.

## **9.0 Equality Opportunity Considerations**

None.

## **10.0 Risk Management Implications**

10.1 The Annual Governance Statement forms part of the Council's risk management process and will provide reasonable assurance once adopted in July 2018 (as defined in section 8 of the AGS itself) that the Council is complying with the adopted Code of Corporate Governance.

10.2 The Audit Committee is having input at a draft stage to assist in maintaining an effective approach to producing the AGS. If this approach is not taken, it may lead to the Council being:

- unable to meet its statutory duty
- unable to demonstrate it has effective corporate governance arrangements in place
- open to criticism from external audit.

## **11.0 Recommendations**

The Committee is invited to

1. Review the draft Annual Governance Statement 2018 (as attached) and determine whether the work undertaken to review the governance arrangements in place during the 2017/18 year is appropriate and whether there are any gaps
2. Determine any additional actions the Committee would like to be taken to inform the final version of the document which will be brought to the Committee in July 2018.

## **12.0 Declarations of Interest / Dispensations Granted**

None

## **Background Papers**

CIPFA/SOLACE Framework including Guidance Notes and Addendum

Cabinet / Panel agendas

Code of Corporate Governance

Various policies, strategies, procedures

Council Constitution



Borough Council of  
**King's Lynn &  
West Norfolk**



# Draft Annual Governance Statement 2018

Covers the 2017/18 financial year

## **1. Scope of responsibility**

- 1.1 The Borough Council of King's Lynn and West Norfolk is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of the above.
- 1.2 The Council has a Code of Corporate Governance in place which sets out how the Council intend to apply the principles of corporate governance, in accordance with 'Delivering Good Governance' within the Local Government CIPFA/ SOLACE Framework. A copy of the code is on our website at [www.west-norfolk.gov.uk](http://www.west-norfolk.gov.uk). The code was reviewed during 2014/15 and the update was approved by Council in March 2015.
- 1.3 This Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) which requires all relevant bodies to conduct a review of the effectiveness of the system of internal control and prepare a statement.

## **2. The purpose of the governance framework**

- 2.1 The governance framework comprises the systems, policies, procedures and operations by which the authority is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the authority to monitor the achievement of its strategic objectives and outcomes and to consider whether those objectives have led to delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:
  - identify and prioritise the principal risks to the achievement of the Council's policies, agreed priorities and objectives
  - evaluate the likelihood and potential impact of those risks being realised
  - manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2018 and remains in place to date.

## **3. The governance framework**

The Council's governance framework is made up of the many systems, policies, procedures and operations we have in place to do the following:

### **3.1 Publish our aims for local people and others who use our services**

- 3.1.1 The Council publishes a Corporate Business Plan which sets out the broad framework for the Council's aims for the period covered by the plan. The plan currently in place was agreed by Council in January 2016.
- 3.1.2 The plan outlines six priority aims, supported by 18 objectives in areas of key importance to the authority. The six priority aims within the plan are:
1. Provide important local services within our available resources
  2. Drive local economic and housing growth
  3. Work with our communities to ensure they remain clean and safe
  4. Celebrate our local heritage and culture
  5. Stand up for local interests within our region
  6. Work with our partners on important services for the borough
- 3.1.3 The Corporate Business Plan is aligned with the Council's Financial Plan and both documents are available on our website in order to be clear and transparent to local people, service users and stakeholders.
- 3.1.4 During 2017/18, the Council developed elements of its Local Development Scheme which provides information on the documents that make up the Council's Local Plan (in relation to Planning) and also provides a timetable for the Local Plan production and the Local Plan Review. The scheme provides details of documents we intend to prepare over the period 2017-2019.

### **3.2 Review our aims and the implications on our governance arrangements**

- 3.2.1 The Council has a Code of Corporate Governance in place, which sets out how the Council intends to apply the principles of corporate governance, in accordance with CIPFA/SOLACE guidance. The Code includes a chart to demonstrate the different parts of the framework and reflects the Council's current processes and procedures. The Code will be reviewed every three years to reflect any changes in the Council's governance framework and/or any revised guidance. The three statutory officers will meet quarterly to review high risk projects and identified issues.
- 3.2.2 Progress towards achieving the aims outlined in the Council's Corporate Business Plan was monitored through the Corporate Business Plan Monitoring Report which was collated quarterly during 2017/18. Updates at the end of quarters 2 and 4 were taken to the Corporate Performance Panel for review and progress checking. As part of collating and reviewing the monitoring report, the Council's senior management team consider and review the aims, actions underway and progress made. The governance arrangements in place for the year under review were appropriate for delivery of our aims.

### **3.3 Measure the quality of our services, make sure we provide them in line with our aims and that they provide value for money**

- 3.3.1 The Council has a Performance Management Framework which is, in effect, a summary of the key internal processes and components through which the Council sets, delivers, monitors and reports on its priorities and services. The framework encompasses elements of strategy, finance, performance, people, risk management and reporting and accountability. The framework describes how the Council

measures and monitors the performance of its services and is available on the Council's website. A number of updates occurred in 2017/18 including:

- The framework was generally refreshed during the 2017/18 year to ensure it reflects current arrangements.
- Several new Planning related indicators were added at the request of members.
- A Scrutiny Review proposed that overview and scrutiny panels should monitor their own indicators rather than solely report indicators to Corporate Performance Panel.

3.3.2 Through reviews by external auditors, external agencies, Internal Audit, and the Policy/Efficiency Team, the Council seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised for example a review of Support Services – Environment and Planning was undertaken in May 2017. A high level options appraisal, supported by Local Partnerships, commenced in Winter 2017 to consider collaboration with South Holland and Breckland district councils.

#### **3.4 Define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions**

3.4.1 The Council's Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. This defines, amongst other things the roles of the Council, Cabinet, how scrutiny and overview is undertaken, the Scheme of Delegation, and the roles and responsibilities of officers and members. The different elements of the Constitution are subject to periodic change either through national legislation or local decision. In the 2017/18 year, the Council's Scheme of Delegation was updated in July 2017.

3.4.2 Within the Constitution, full Council sets the overall budget and policy framework of the Council, while Cabinet makes decisions within this framework, and is held to account by the overview and scrutiny arrangements. Meetings are open to the public except where exempt or confidential matters are being disclosed. In addition, senior officers of the Council can make decisions under delegated authority. The Council publishes a Forward Decision List which contains details of key decisions to be made by the Council, its bodies and Executive Directors under their delegated powers.

3.4.3 Following work undertaken during the preceding two years, in April 2016 Council agreed changes to the scrutiny arrangements of the authority. Then changes were made to seek to make the roles and functions of the Council's policy development and scrutiny panels more effective, thereby enhancing the good governance of the Council. All changes have been operating during the 2017/18 year. The Scrutiny Structures Task Group commenced in August 2017, reviewed the changes, consulted upon proposals with final recommendations taken to Cabinet in January 2018. All changes made were fully defined and documented within the constitution documents.

### **3.5 Develop, communicate and embed codes of conduct which define the standards of behaviour for members and staff**

3.5.1 The Council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers). These include the:

- Anti-Fraud and Anti-Corruption Strategy
- Employee Handbook (includes employee code of conduct)
- Members Code of Conduct
- Members Code of Good Practice for Planning
- Protocol for Member/Officer Relations
- Register of Disclosable Pecuniary Interests
- Safeguarding Policy
- Data Quality Policy & Strategy
- Disciplinary / Grievance procedures
- Fraud Response Plan
- Health, Safety & Welfare General Policy
- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- ICT Security Policy
- Whistleblowing Policy

3.5.2 The Code of Practice for Planning was updated in September 2017 setting out standards regarding social media.

3.5.3 The five ICT related policies are reviewed annually and refreshed when appropriate to ensure they are in line with the latest ICT technology advancements and information security guidelines. Keeping information securely is vital for public confidence and the efficient conduct of business.

3.5.4 The Baseline Personnel Security Standard (a new requirement in 2014/15) continues as standard practice within the Council's recruitment and appointment processes, to ensure that employees who access information held on the Public Services Network (PSN) meet a minimum baseline standard of security checks. It is a pre-appointment check which aims to ensure the Council employs people who are entitled to work in the UK and who have the honesty, integrity and values needed. The BPSS will be reviewed will in 2018/19.

3.5.5 The Performance Management Framework also describes how staff performance, including conduct, is managed; this document has been refreshed during the 2017/18 year. The staff performance related pay scheme was reviewed later in the year and trialled new grades. All employees have detailed job descriptions and person specifications.

3.5.6 The Council also has a Harassment Procedure in place for staff, which demonstrates the belief that all employees have a right to be treated with dignity and respect, and that the Council will take steps to ensure this right is protected. All policies are available to all staff and Councillors via the Council's Intranet.

3.5.7 The revised Equalities Policy approved by Cabinet in January 2018 sets out the roles and responsibilities of the local authority including those for employees, members and third party organisations and contractors. It also includes new equality objectives. Implementation will be supported by a training programme to be rolled out during 2018.

- 3.5.8 Training was rolled out in January 2018 for Management Team, Extended Management Team and wider staff to inform and support the Council's response to the General Data Protection Act Regulations. This includes a short briefing session and a bespoke e-learning package. Eastlaw worked with service managers to review the implications for their areas of responsibility to inform planning for any changes that may be required, helped identify data and records management issues and with completion of statutory registers. The Data Protection Policy was reviewed to ensure conformity with the GDPR, working practices and emerging UK legislation and an Information Risk Framework has been introduced.
- 3.5.9 In Spring 2016, Cabinet agreed to update the Council's Child Protection Policy and introduce an overarching Safeguarding Policy to ensure that the Council meets its statutory duties with respect to child and adult safeguarding. Cabinet agreed the Safeguarding Policy in April 2017 and this was subsequently approved by Council in July 2017. The new policy clarifies roles and responsibilities and referral mechanisms and a "risk assessment" process for contracts/service level agreements and grants.

**3.6 *Review the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality***

- 3.6.1 Effective management is based on a framework of regular management information, financial regulations, standing orders and a structure of varying levels of responsibility, including arrangements for delegating decision making. The Council has all these elements in place, including those which meet 'The Openness of Local Government Bodies Regulations 2014', and we regularly review these to ensure they remain relevant and fit for purpose. The Constitution was revised during 2017/18. There is a protocol for recording and broadcasting of meetings. Decisions are made in open, public meetings, or via the various delegation arrangements in place and all adhere to the policy position in place – for example, Planning decisions are taken with regard to the adopted Local Plan and all other relevant guidance.
- 3.6.2 The Council works in partnership at many different levels. Continued participation is reviewed regularly to ensure it remains effective. Decision making in partnerships is governed by the structure outlined within the appropriate constitution. As in one example, the Norfolk Coast Partnership (a formal partnership with Great Yarmouth Borough Council, North Norfolk District Council, DEFRA and Norfolk County Council) there is a 'Memorandum of Agreement' which was renewed in April 2015 and runs for 3 years. This outlines how decisions will be made within the partnership.
- 3.6.3 A Memorandum of Association for the Wash & North Norfolk Marine Partnership, which brings together the interests, skills and resources of 21 local authorities, environmental interest groups and national agencies to address matters of mutual interest in and around the Wash is under development.
- 3.6.4 During the 2017/18 year, the Council worked in partnership with other public sector organisations in Norfolk in the 'One Public Estate' programme running across the county following a successful 2016 bid for funding towards feasibility work. Formal governance for the partnership is outlined within the 'Norfolk Partnership Services & Assets Delivery Plan' document.

3.6.5 The Council has a Data Quality Policy and Strategy in place and available on its website. Having this in place indicates that the Council understands the importance of data quality and is committed to being consistent in its management of data quality within the organisation and in partnership with others. It also means that the Council ensures that the data produced adheres to the 7 principles of data quality. The Policy was reviewed, and the Strategy was refreshed during the 2016/17 year<sup>1</sup>. Training was delivered during the 2017/18 year for officers who collect data used for corporate performance measures to support the application of the strategy.

3.6.6 Following a review of the Council's scrutiny function by the Centre for Public Scrutiny in 2015, the cross party Scrutiny Structures and Policy Development Task Group made recommendations to Panels, Cabinet and Council on the Scrutiny and Policy Development Structure. Those recommendations were implemented and have been in operation for two years. The Task Group reconvened in August 2017 to review the revised operation and structures. The Task Group's proposals were considered by the policy and review panels and were approved by Cabinet in January 2018. Implementation of the changes will take place during the remainder of 2017/18 and into the new municipal year. These changes include:

- the attendance of Audit Members for Audit training becoming obligatory as it is for Planning and Licensing initial training.
- Panels being encouraged to use the powers available to them and therefore making clear recommendations on items coming before them so they can be incorporated into reports in the progress of being prepared, or taken into account at Cabinet.
- Panels considering their own performance indicators and being encouraged to monitor the progress in line with the Corporate Objectives through that route.
- the number of post implementation reviews undertaken being monitored by the Joint Chairs meetings.
- when working on policy development and reviews and project programme work, Panels being encouraged to have discussions with portfolio holders :
  - For example – Cabinet Members could attend a Panel meeting at the beginning of the year to discuss their plans for the year in order to incorporate potential items into work plans in accordance with the Business Plan.
- the Leader nominating the Panel/Committee Chairs for agreement at Council with the Vice-Chairs to be appointed by the Panels/Committee.
- terms of reference being approved for Chairs of Scrutiny bodies.
- the appraisal of Chairs being investigated.
- the review of the amended arrangements after a further 12 months of operation.

**3.7 *Ensure the framework for identifying and managing risks, and for developing counter-fraud and anti-corruption arrangements are effective and well-maintained***

3.7.1 The Council has a Risk Management Policy and Strategy in place. The Council's risk appetite is formally recognised within the Policy, and the Strategy provides a means

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<sup>1</sup> Presented to Cabinet in February 2017

of escalating risks from service and project level to the Corporate Risk register if necessary. The Corporate Risk Register is reviewed regularly by the Council's Executive Directors and the Audit Committee receives reports on a half-yearly basis on the position of the register. In April 2017, the responsibility for collation of the Risk Register on behalf of the Senior Management Team was moved to the Policy, Performance and Personnel team. This change has strengthened the arrangements in place and provides additional resilience. In line with good practice, risk management continues to be closely linked to the achievement of the Council's objectives.

- 3.7.2 During 2016/17 the Council's Anti-Fraud and Anti-Corruption Strategy, which details the approach to its arrangements, has been reviewed and updated<sup>2</sup>. The Strategy covers the roles of elected Members, employees and managers (including contractors and agents), the Internal Audit and Fraud team and External Audit.
- 3.7.3 The Council investigates fraud relating to Council Tax and Business Rates payments, and also deals with National Fraud Initiative work. Responsibility for investigating benefit fraud transferred to the Department for Work and Pensions in 2015 and a referral system is in place between the Council and the DWP if fraud is suspected in respect of housing benefit and / or council tax support.

### **3.8 *Ensure effective management of change and transformation***

- 3.8.1 Over recent years, the Council has adopted a policy of seeking efficiencies and different ways of delivering services producing significant levels of savings. The savings achieved have been the result of considerable change and transformation. In October 2016 the Council published an 'Efficiency plan'<sup>3</sup> in order to fix a four-year financial settlement from the Government and work continues within all Directorates to produce the changes required to deliver the savings identified, before 2020/21. Executive Directors and all Service Managers and are directly involved in monitoring the work being completed and savings achieved are reported in the monthly budget monitoring reports. Where savings are achieved in advance of 2020/21 these will be transferred to reserves to fund investment in major capital projects which will provide future revenue income.
- 3.8.2 One of the corporate priorities is to deliver our 'channel-shift' programme. The key document for delivery is the 'Switched On' Transformation Plan which was refreshed during the 2016/17 year to keep account of elements that were delivered. The plan sets out how the authority is approaching service transformation, and introducing improved digital services across the organisation and is underpinned by communications and training plans to support employees through the changes required, equipping them with the skills they will need to implement new ways of working.
- 3.8.3 The Council's shift towards digital services progressed well during 2017/18 with improved take up of My Account, use of online integrated forms and the online help function. These are key parts of the channel shift programme and provide the foundation for much of the work planned in this area over the remaining life of the Corporate Business Plan. The new website is fully responsive and works well across

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<sup>2</sup> Presented to Cabinet in February 2017

<sup>3</sup> [https://www.west-norfolk.gov.uk/info/20160/budgets\\_and\\_spending/511/efficiency\\_plan\\_2016-2020](https://www.west-norfolk.gov.uk/info/20160/budgets_and_spending/511/efficiency_plan_2016-2020)



a wide range of devices such as tablets and mobile phones. Feedback received on the change and how the change was managed was positive from both external customers and internal staff. During 2017/18, new/revised online forms were introduced for:

- Garden waste bin application forms with integrated online payments
- Landlord e-Registration
- Make an arrangement to pay your council tax arrears
- Apply for a Temporary Event Notice
- Housing Needs Enquiry Form
- Landlord and Agent – Tell us about a change of tenant
- Taxi licensing
- Street collection permit

There are also several new forms in development for Licensing which are awaiting functionality to process multiple payments which will be available during Spring 2018.

- 3.8.4 Take up of the new forms has been high with over 20,000 forms completed by customers since they went live. High levels of take up demonstrate the ease of use and benefit that being able to complete forms at a time convenient to the customer has enabled. Benefit forms integrate directly with our back office system and further work in 2017/18 will be completed to integrate revenues and environmental health forms into the respective back office systems.
- 3.8.5 During 2017/18, the Council 'Web Chat' function enabled customers browsing its website to chat directly to a customer services advisor. An average of 15 chats a day are now taking place and the data collected from the chats is being used to improve the information on the Council's website.
- 3.8.6 Throughout 2017/18, the Council promoted its 'My Account' service. Customers are able to create accounts from which they can register for personalised data such as council tax and benefit information, find information via a variety of frequently asked questions and submit and track requests for service. The system also enables them to upload documents to support their service request. To date, 13,500 accounts have been opened by customers.
- 3.8.7 The Council continues to encourage take up of digital services by providing assisted self-service facilities supported by Online Support Officers at the King's Court offices. It is hoped that this will help and encourage customers to self-serve themselves when they next need a Council service.
- 3.8.8 The Council's Performance Management Framework outlines how the corporate priorities, including channel shift and the associated transformations, translate into targets for staff.
- 3.9 *Ensure the authority's financial management arrangements conform to the governance requirements of the CIPFA statement on the 'Role of the Chief Financial Officer in Local Government'. Where they do not, explain why and how they deliver the same impact***

- 3.9.1 The CIPFA statement describes the roles and responsibilities of the Chief Financial Officer, who is bound by both professional standards and also legislative responsibilities, with a fiduciary duty to the local taxpayer.
- 3.9.2 The Council's arrangements fully comply with the principles described: the Chief Financial Officer reports directly to the Chief Executive, and is a member of the senior management team (called the Leadership Team in the CIPFA statement). Additionally during the 2016/17 year, the postholder's role title was re-designated as Executive Director, Finance Services and to strengthen our arrangements, a senior member of the Financial Services team was appointed as Deputy Section 151 Officer.
- 3.10 *Ensure the authority's arrangements conform to the governance requirements of the CIPFA statement on the 'Role of the Head of Internal Audit'. Where they do not, explain why and how they deliver the same impact***
- 3.10.1 The role referred to by CIPFA as the Head of Internal Audit has a critical role in delivering the organisation's strategic aims by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
- 3.10.2 The arrangements in place for 2017/18 conformed to the requirements outlined in the above statement.
- 3.10.3 During 2017/18, the shared arrangement with Fenland District Council to manage the Internal Audit team was embedded<sup>4</sup>. The handover period began in November 2016 and a Section 113 agreement is in place to underpin the arrangement.<sup>5</sup> These arrangements have been entered into in order to provide a cost saving to the Borough Council, whilst at the same time continuing to provide an effective internal audit function through a different model of delivery. Care was taken when devising the new arrangements to ensure that the shared Internal Audit Manager will be able to provide the assurance required by management and Members, and issue an Audit Opinion for the Annual Governance Statement.
- 3.10.4 During the 2017/18 year, the Council tendered for new External Auditors as the transitional arrangements put in place following the close of the Audit Commission ended on 31 March 2018.
- 3.10.5 The Council's external auditor during 2017/18 was Ernst & Young, and the Council needed to have a new auditor in place before the end of the 2017/18 year. At its meeting on 5 September 2016, the Audit Committee recommended that the Council "opt-in" to the procurement process being run by the national sector led body Public Sector Audit Appointments Ltd (PSAA). Full Council approved this approach at the Council meeting on 17 November 2016.
- 3.10.6 The PSAA is completing the major procurement process to identify the firms which will carry out audits under contract to PSAA and the successful suppliers were announced in June 2017.

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<sup>4</sup> Cabinet report August 2016

<sup>5</sup> Section 113 of the Local Government Act 1972

### **3.11 Ensure effective arrangements are in place for the discharge of the Monitoring Officer and Head of Paid Service functions**

Effective arrangements are in place for the discharge of both roles.

3.11.1 The Council employs a Monitoring Officer who is responsible for ensuring compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to full Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Monitoring Officer's Annual Report summarises the more important matters arising from the Monitoring Officer's work for the Council from 1 April 2017 to 31 March 2018 and comments on other current issues. This was considered by Standards Committee on 12 April 2018. No contraventions have been identified or reported.

3.11.2 The Chief Executive is the Council's Head of Paid Service and has overall responsibility for the management and co-ordination of the employees appointed by the Council. The Chief Executive is required to report to the Council as appropriate with regard to the way in which the different functions of the Council are co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed and the way in which they are appointed.

### **3.12 Carry out the main functions of an Audit Committee, as identified in CIPFA's 'Audit Committees: Practical Guidance for Local Authorities'**

3.12.1 From April 2016, the Council has had a standalone Audit Committee in place providing increased opportunity for effective assurance about the adequacy of financial and operational management and reporting.

3.12.2 The Terms of Reference of the Audit Committee were reviewed in September 2017 and amended in the 2017/18 year. Changes were made which included:

- Development of a Quality Assurance Improvement Programme (QAIP).
- Deletion of the Deputy Chief Executive role and transfer of responsibilities to Executive Director – Financial Services (S151 Officer).
- Change in title from 'Audit and Risk Committee' to 'Audit Committee'.
- Updates in relation to the Accounts and Audit Regulations 2016.

3.12.3 Training has been provided during 2017/18 to the members of the Audit Committee in key areas. Examples include training on undertaking audits, the Budget and a briefing on ICT back-up systems in the context of business continuity.

3.12.4 Each year, a review is undertaken of the effectiveness of the Audit Committee. For the year covered by this statement, the review was presented to the Audit Committee in May 2017. The review concluded that the Committee is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.

### **3.13 Ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is legal**

- 3.13.1 The Council's Constitution provides a comprehensive framework for the management of the authority's business and ensures compliance with relevant laws, regulations, internal policies, codes of practice and procedures. The Council is the statutory body for many laws and the range of policies and codes of practice we have in place help to ensure compliance. Policy Review and Development Panels assist Cabinet and Council to ensure that compliance is considered where appropriate; report templates for those panels and for Cabinet ensure all elements are given consideration at the time the report is presented. Statutory Officers – Head of Paid Service, Monitoring Officer and Chief Financial Officer – are in post to monitor and ensure adherence.
- 3.13.2 All initiatives undertaken, including those with financial elements, are either progressed due to being a statutory requirement or because it will contribute to a key aim of the Council. All initiatives are reviewed by regular meetings of the Management Team and senior managers in order to ensure compliance and that spend is legal.
- 3.13.3 Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal. One example is the ICT Development Group; a small group which for the 2017/18 year consisted of the Portfolio Holder, a second Cabinet Member, the Executive Director and the ICT Manager. The group manages the ICT capital budgets, reviews all new proposed ICT developments and keeps up to date with pertinent legislation. Officers write a report to the group outlining their business case and decisions are taken on spend to ensure that it complies with the Council's priorities. The group monitors project delivery and items are recorded via agendas and minutes and met twice in 2017/18.
- 3.13.4 The Council remained 'Payment Card Industry (PCI) Compliant' in 2017/18; this is an increasingly important regulation in light of the Council's move towards more digital services and the public's reduced use of cheques. Compliance is judged in two ways – via an on-site audit, and through quarterly scans on behalf of the banks to try to find any vulnerability.
- 3.13.5 A Budget Monitoring Report is produced and provided to all Councillors on a monthly basis to ensure timely information is available on the Council's financial position. These changes are formally approved by Cabinet in order to form the base on which the new Financial Plan is then formulated. The report for the 2017/18 year was taken on February 2018.
- 3.13.6 Additionally, to ensure that senior members are kept abreast of relevant matters in a timely manner, the Chief Executive (or another representative from Management Team) meet weekly with the Leader of the Council.
- 3.13.7 The Council's insurance arrangements are sufficient and there are clear procedures and responsibilities established for reviewing insurance needs. Procedures are in place regarding new assets acquired during the year, how these are insured, logged in the authority's asset register and notified to the nominated insurance officer.

#### 3.13.8 The Council:

- has adequate security arrangements, which are clearly understood and applied by all officers and members, to ensure that buildings, valuable equipment and other key assets are safeguarded.
- maintains inventories of all equipment and assets and that these are checked on a periodic basis.
- has in place procedures and processes for the movement, transfer and disposal of all key assets which ensure that they are authorised and recorded as appropriate.

3.13.9 The Council holds significant levels of personal and confidential data requiring robust data protection, information governance and security systems and processes to effectively protect and manage it. The Council also shares personal and confidential data with partners and providers. The General Data Protection Regulations (GDPR) impose additional obligations on the Council in its discharge of effective information governance. An authority wide training programme was deployed in early 2018 and is supported with online materials.

#### **3.14 *Ensure arrangements are in place for whistleblowing and receiving and investigating complaints from the public***

3.14.1 The Council has a Whistleblowing Policy in place, produced in accordance with the provisions of the Public Interest Disclosure Act 1998. This policy is available to all staff and members on the Council's Intranet and was updated during the 2016/17 year.

3.14.2 The Council has a Corporate Complaints procedure in place, available on the Council website. The Council also deals with any incidents of racial complaints, or complaints relating to a disability, in a similar but separate process. The complaints received are analysed and results presented to the Corporate Performance Panel on an annual basis.

#### **3.15 *Identify development needs of members and senior officers in relation to their strategic roles, supported by effective training***

3.15.1 The Council provides a comprehensive programme of learning and development to officers and members. Learning and development needs for staff are identified through the performance management process and in response to organisation/service level needs and these are translated into an annual training programme. The Council has a commitment to management training and delivers a range of development activities to support managers at all levels, including specific training to support the development of service managers. A group of service managers completed a Level 7 management programme in 2017 and a second cohort managers are undertaking the same programme. A number of one-off 'Extended Management Team Development Sessions' have been arranged to ensure Service Managers are kept up-to-date on current issues. Senior Officers also participate in relevant sessions relating to changing technical requirements to ensure the up to date position is known and to feed in to relevant central government departments at appropriate times; examples are attendance at Efficiency Plan

preparation sessions, Cabinet Office briefing, Electoral Commission meetings and 100% Business Rates Retention sessions.

- 3.15.2 Member's development needs are identified through use of a questionnaire following their election, and are also identified during the year as matters arise at meetings and questions of training needs arise. Particular emphasis has been given to ICT training for Councillors during the 2016/17 year to continue to support the ongoing change to paperless agendas for the majority of meetings and other changes such as electronic expenses claims, which went live in April 2016. Feedback forms following any training undertaken continue to be used to develop training in areas where further needs have been identified. Plans are in place for an additional training needs analysis to take place during the 2017/18 year to ensure members training needs are being met. The Disability Awareness e-learning package currently available for staff is to be extended to Elected Members, funded from the Member Development budget. As part of awareness raising for the Council's updated policy, Members have received training on Safeguarding in January 2018.
- 3.15.3 The Policy Review and Development Panels regularly receive updates on relevant topics as part of their agenda, particularly around any new or current initiatives, and training is run throughout the year as identified. Topics for updates or training are identified either by officers or members and helps to ensure members are better informed and have input at an early stage. The Audit Committee have received specific briefings / training throughout the year due to the Committee's updated remit.
- 3.15.4 Briefings are offered to members prior to virtually every Full Council meeting on a wide range of topics; topics covered in the year under review have included Devolution and the work of the Boundary Commission for England. Members have also had the opportunity to tour the Town Hall following completed development work.

**3.16 *Establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation***

- 3.16.1 The Council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes. Examples of consultations undertaken with the public in 2017/18 are: 2018/19 Council Tax Support Scheme, [closure of public toilets](#), [public space protection order relating to Mintlyn Wood Road to prevent flytipping](#) and the [Hunstanton Coastal Management Plan](#).
- 3.16.2 For the annual consultation on the local Council Tax Scheme during the year under review, we tried a new approach, utilising Borough Councillors and Parish Councils, asking them to engage with their constituents to provide opinions. Members of the public are also able to ask questions on a topic or service within the Council's control at Full Council meetings.
- 3.16.3 A King's Lynn Area Consultative Committee is in place, which is made up of the Councillors for the unparished area of King's Lynn and West Lynn. The Committee's Terms of Reference state that the Committee is to act as a consultative forum and to encourage community engagement. The Committee meets 5-6 times a year to

discuss and make recommendations on issues relating to the unparished area of King's Lynn and West Lynn.

- 3.16.4 There is an expectation from the majority of Parish Councils in the Borough for the relevant Borough Councillor(s) to attend most, if not all, of their meetings; this assists with maintaining effective communication with Parish Councils and therefore the communities that they serve.
- 3.16.5 The Council uses a variety of corporate communication tools including a website, intranet site, a newsroom, newsletters, media releases and social media to communicate and engage with the community and staff. [Facebook](#) and [Twitter](#) are used effectively to update on service provision. Social media is used for specific events, such as the [Hanse Festival](#), and the Town Hall has its own [Twitter](#) and [Facebook](#) accounts to help engage with potential customers and promote the venue. Results of all methods of communication are fed back into service delivery, ensuring accountability. The Council also monitors feedback from residents and service users through compliments and complaints received.
- 3.16.6 A West Norfolk Partnership initiative called "[Love West Norfolk](#)" was launched in January 2018. 'Love West Norfolk' aims to create pride and aspiration within the local area and give people a voice on what they believe makes the area so special. The campaign is being headed up by key community leaders, including the Chief Executive and Leader of the borough council, and the Chief Executives of the Queen Elizabeth Hospital, the College of West Anglia, Freebridge Community Housing, Community Action Norfolk, and the Clinical Commissioning Group. It is also supported by Norfolk County Council. People will be able to share their views on what they love about the area via social media and events. Companies will also be getting involved and will be running consultation and engagement activities for employees and customers to share what they think sets west Norfolk apart.
- 3.16.7 During 2017/18, the Council was an active partner in the Wash East Coastal Management Strategy Stakeholder Forum and was leading plans to manage risk to Hunstanton's coastline. The forum includes a wide range of public, private and voluntary sector organisations and consulted upon plans for managing a beach and addressing flood and coastal erosion risks. The Council has contributed officer and financial resources to this activity.
- 3.16.8 During 2017/18 the Council has complied with the requirements of the Local Government Transparency Code 2014. The Code makes it a legal requirement for local authorities to publish specified data by prescribed deadlines and thereafter annually. The Council publishes all specified data on its website, in the prescribed format, by the required deadline. This makes a direct line to the requirement to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- 3.16.9 [The Statement of Community Involvement](#) was approved by Council in June 2017 and outlines how the Council will consult with the public as part of the Local Plan process, on Planning Applications, and also on Neighbourhood Plans.
- 3.16.10 Cabinet approved a protocol and Terms of Reference for four Member Champions who act as an advocate or spokesperson for a specific area of the Council's business. The main responsibility of each member champion is to encourage communication and positive action over the issue they represent. The

Council member champions are for Disability, Armed Forces, Heritage and Coastal issues.

**3.17 Incorporate good governance arrangements in respect of partnerships and other joint working and reflect these in the authority's overall governance arrangements**

- 3.17.1 The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others in terms of the potential for a detrimental impact on the Council should the partnership fail. Some arrangements are formal, and are a way to deliver the Council's duties and obligations, such as CNC Building Control and the shared audit management with Fenland District Council. These arrangements are subject to formal governance arrangements and include processes for reviewing the delivery of benefits, and, where performance is unsatisfactory, arrangements for termination.
- 3.17.2 The Council, as a responsible authority<sup>6</sup>, is a member of Norfolk Community Safety Partnership with a district based multi-agency Operational Partnership Team and Norfolk Community Safety Scrutiny Sub Panel.
- 3.17.3 District councils not only affect public health through their direct roles and functions but also through their power to influence other bodies such as county councils, the local NHS, and health and wellbeing boards. The Council is a member of Norfolk Health and Wellbeing Board and the related Norfolk Health Overview Scrutiny Committee.
- 3.17.4 There are a range of countywide collaborative partnerships that the Council engages with. Examples include Norfolk Business Rates Pool, Norfolk Arts Forum Executive, Norfolk Coast Partnership Management Group, Norfolk Joint Museums and Archaeology Committee, Norfolk Local Authority Tourism Group, Norfolk Parking Partnership Joint Committee, Norfolk Police and Crime Panel, Norfolk Rail Policy Group, Norfolk Records Committee and Norfolk Waste Partnership.
- 3.17.5 Focusing on the Norfolk Waste Partnership, discussions have been held with neighbouring councils in Norfolk to consider the most cost effective and economically advantageous approach to the procurement of the waste and recycling functions. The review had identified that the most cost effective service would best be achieved through a joint procurement of the service. The potential for savings in the procurement of a collection contract for waste and recycling are more likely to be achieved by joint procurement and savings could also be made through the sharing of the costs of procurement exercise. The Executive Director for Commercial Services was authorised to commence a joint procurement for the Borough council's refuse and recycling contract undertaken with North Norfolk District Council and other potential partners.
- 3.17.6 Turning to spatial matters, the Council contributed to the development of the [Norfolk Strategic Framework](#) which documents areas of agreement that the Norfolk local planning authorities had reached and which they would follow when they prepared their individual local plans. It had been prepared by an officer team drawn from all of the Norfolk Authorities supported by others from organisations such as the Environment Agency, Anglian Water and the New Anglia LEP (the Greater

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<sup>6</sup> Crime and Disorder Act 1998



Cambridge Greater Peterborough Enterprise Partnership had also endorsed it). The Framework will help ensure that the Council discharges its legal duty to co-operate with neighbouring authorities in relation to strategically important land use issues which cross administrative boundaries. The result of such co-operation is expected to be better planning outcomes.

- 3.17.7 There are also a number of partnerships and outside bodies at or within borough level which are independent from the Council, but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected councillors, sit on the various committees and forums that are responsible for them. Examples include West Norfolk and King's Lynn Girls School Trust, West Norfolk Chamber of Commerce Council, West Norfolk Community Transport Project, West Norfolk Sports Council Management Committee, West Norfolk Tourism Forum Executive Forum. Oversight of these is a responsibility of the appropriate scrutiny panel.
- 3.17.8 Other partnerships are of a contractual nature, such as the delivery of leisure services via Alive Leisure, procurement support to Boston Borough Council, delivery of the Council's payroll processing or the Housing Strategy and Enabling Service that the Council will deliver for neighbouring Breckland District Council. In February 2018, Cabinet agreed to deliver the Notice Processing for on and off street parking for Great Yarmouth and South Norfolk councils in addition to North Norfolk, Breckland and Broadland. These partnerships are also subject to formal governance arrangements, are reviewed regularly, deliver benefits to the Council such as additional income, provide good value for money for the receiving organisation as the Council maximises its own existing infrastructure, but are not delivering our own statutory obligations.
- 3.17.9 The Council also continues to participate in an informal, collaborative partnership with local partners via the West Norfolk Partnership Strategy Group. The strategy group agrees priority issues which will benefit from a combined and coordinated response from partners. New terms of reference were implemented in April 2017 and have been adhered to during 2017/18.
- 3.17.10 The Council is mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements. It therefore actively supports open and transparent arrangements in all its partnership working.

### **3.18 Appendix A**

The table at Appendix A demonstrates how the core and supporting principles of corporate governance, as detailed in the Council's adopted Code of Corporate Governance have been upheld during the 2017/18 year.

## **4. Review of effectiveness**

- 4.1 The Council has a responsibility to review the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit and the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, the Monitoring Officer's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates, where undertaken.

4.2 The process of maintaining and reviewing the effectiveness of the system of internal control includes the following measures and actions:

- The Audit Committee has oversight of the activities of the Council's internal and external audit functions. Members of the Audit Committee are provided with copies of all reports produced by Internal Audit and the external auditors, and also receive regular reports on matters relating to finance, fraud investigation and risk management. The Committee approves the annual plans for Internal and External Audit, and receives regular progress reports throughout the year. The Audit Manager submits to the Committee an Annual Report and Opinion, and the external auditors submit an Annual Audit letter. The Audit Manager has included an audit opinion on the adequacy and effectiveness of the council's systems of internal control in the Annual Report and Opinion on work completed during 2017/18 which went before the Audit Committee on 30 May 2018. The report states that in the Audit Manager's opinion, the Council's control arrangements were adequate and effective in 2017-18, with sound controls in all key areas.
- The Audit Manager has also completed a review of the effectiveness of the Audit Committee itself. **The result was reported to Cabinet on [25 June 2018]** and concluded that the Committee is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.
- During 2017/18 Internal Audit has issued 3 reports with a 'Limited Assurance' rating. There were no instances of 'No Assurance' reports being issued.
- The Council's external auditors review the activities of the Council, approve the annual accounts and certify grant claims (where required). Conclusions and significant issues arising are detailed in various reports from the auditors. Their 'Audit Results Report – ISA (UK and Ireland) 260' went before the Audit Committee on 31 July 2017 and the Annual Audit Letter went before the Audit Committee on 27 November 2017. These reports from the external auditors refer to the 2016/17 financial year (the latest available) and they confirmed that the Council had put in place proper arrangements to secure value for money in its use of resources, and that the financial statements gave a true and fair view of the financial position of the Council as at 31 March 2017.
- A Member / Officer protocol is in place and forms part of the Council's constitution.
- The Monitoring Officer issued an Annual Report covering the 2017/18 year which went before the Audit Committee on x and provides an overall opinion on the adequacy and effectiveness of the Governance framework. The report stated that the systems of internal control administered by the Monitoring Officer were adequate and effective during the year between April 2017 and March 2018 for the purposes of the latest regulations.
- Additionally, it is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements. There have been no issues arising during 2017/18 which have required the full Council to exercise its role.

4.3 To summarise this section: a review of the Council's overall governance arrangements for the 2017/18 year has been undertaken; the review has not highlighted any issues

of significant weaknesses in governance or internal control during the year. All arrangements outlined in section 4 are in place and operating as planned.

## **5. Areas of special interest in terms of governance**

### Leisure arrangements

5.1 The Council's leisure and arts facilities have been operated and managed through an independent Trust and wholly owned Local Authority Company since 1 September 2014. Full details of the arrangements in place are contained within the Council's 2016 and 2017 Annual Governance Statements (covering the 2015/16 and 2016/17 years) and are therefore not repeated here as there have been no material changes to the arrangements.

### Legal arrangements

5.2 The Council's legal service continues to be delivered via a delegated agreement on an annual, rolling basis, with Eastlaw (the in-house legal team at North Norfolk District Council). The agreement is designed to provide resilient and quality legal services to the Borough Council and includes provision of a Monitoring Officer; one of the Council's designated statutory posts. Eastlaw provide the client role for commissioned legal services, as well as providing general advice and support for processing Freedom of Information requests and the General Data Protection Regulation.

### Local Authority Housing Company

5.3 In August 2016, Cabinet resolved<sup>7</sup> to set up a wholly owned Local Authority Company the main purpose of which is to help meet the Council's statutory housing duties, by holding property that will be purchased and / or leased from the Council in order to create and provide affordable housing. The company is called the West Norfolk Housing Company Ltd and is a company limited by shares. Governance elements were set out in the 2017 Annual Governance Statement and are therefore not repeated here. At its meeting on 31 October 2017, the Board adopted new articles of association, appointed a Chief Operating Officer, considered new terms of reference, appointed a vice-chairman, aligned its financial reporting with that of the Council and endorsed role descriptions of Board Members and the Chair.

### West Norfolk Property

5.4.1 The 2017 Annual Governance Statement set out governance arrangements for this vehicle to hold new private rented sector stock in the Borough.

5.4.2 Cabinet in January 2018 agreed:

That the Housing Company be called "West Norfolk Property"

That the Membership of the new West Norfolk Property Housing Board be made up of the following:

- 3 Councillors: Portfolio Holders for Corporate Projects and Assets, Housing and Community and the Leader
- 2 Officers: Strategic Housing Manager and Chief Executive

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<sup>7</sup> 2 August 2016

- the Executive Director – Financial Services appointed as Company Secretary.

### West Norfolk Wins (local lottery)

5.5 The introduction of a local lottery requires two licences approved by the Gambling Commission. These are held by the Executive Director – Finance Services (Section 151 Officer) and the Executive Director – Environment and Planning. In addition Norfolk Community Foundation to provide an independent due diligence review of these arrangements.

## **6. Known changes in the 2018/19 year**

### 6.1 Timetable for Accounts

It is a statutory requirement for the closedown of the 2017/18 accounts (which will be completed in the 2018/19 year) and each year thereafter, to be adopted by 31 July rather than 30 September. In preparation for this, the Council's accounts for the 2017/18 year (being completed within the 2018/19 year) are being prepared for adoption early, at the Audit Committee on 30 July 2018. All processes have been brought forward, including those undertaken by the external auditors in order to ensure that the revised statutory timescales can be met.

### 6.2 Boundary Commission for England review

The Local Government Boundary Commission for England is progressing with its ward boundary review for the Council. The preliminary stage of the review, which considered the number of Councillors required commenced in February 2017 and concluded in May 2017. A Cross-Party Boundary Review Task Group was established in April 2017 to move forward the second part of the review concerned with identifying the ward boundaries and is currently underway. The review is scheduled for completion in April 2018.

### 6.3 Equalities Policy

Cabinet in January 2018 approved a revised Equalities Policy incorporating changes to legislation with regards to equalities issues, which have been reflected in the Council's procedures and practices but which were not reflected in the previous policy. An implementation plan will be developed, with a particular focus on ensuring the Council meets its equality objectives. A review of existing equalities training is also planned and will include consideration of training for Elected Members, in consultation with the Leader, Portfolio Holder and Democratic Services.

### 6.4 New policy review and implementation of policy guidance

Following the Internal Audit and review of policies, guidance has been approved by Management Team. The policy register will be updated through 2018/19 and policies brought forward during the year will be developed using the guidance. The intranet will also be updated.

### 6.5 New cultural prospectus

The prospectus will be used to assist with engagement with key partners and potential co-investors and assist with an application to become a National Portfolio

Organisation (NPO) through the Arts Council. The Council will seek to integrate its current approach to areas such as bid development, partnership delivery, infrastructure development, creative employment, heritage and the public realm and master planning. This will ensure that our efforts are more joined-up, and that our key partners better understand our plans and how they can best support us to accelerate growth.

6.6 Implementation of Tree and Woodland Strategy 2017 to 2027

The Council's strategy has been developed in consultation with the Environment and Community Panel and the draft strategy proposes a 10 year plan for managing the valuable stock of trees and woodland. The strategy is anticipated to be approved in 2018/19.

6.7 Testing business continuity arrangements and refreshing the business continuity plan

The Council's business continuity arrangements were tested in January 2018 (Metis 17) with a desktop exercise that involved senior officers and the Leader of the Council. An evaluation report was presented to Management Team in February 2018. A further test is planned to take place later in 2018. The business continuity plan will be refreshed during 2018/19.

6.8 Review of retention and disposal policy and schedule

The Council's retention and disposal policy and schedule will be refreshed during 2018/19 reflecting changes in legislation such as the General Data Protection Regulation, ICT systems and operational practices.

6.9 Updating Contract Standing Orders

A refresh of Contract Standing Orders will take place during 2018/19 amending it to accommodate electronic tendering, rolling out updated digital content and training for officers.

6.10 Health, Safety and Welfare General Policy

The Council's Health, Safety and Welfare General Policy will be reviewed and considered by the Joint Safety and Welfare Committee prior to seeking Full Council approval in May 2018. The revisions will relate to legislative and procedural changes.

## **7. Action Plan**

7.1 In the Annual Governance Statement for 2016/17 an action plan for 2017/18 was set out to deal with governance issues identified during the review for that year and is attached at Appendix B.

7.2 A draft action plan for 2018/19 is attached at Appendix C.

## **8. Assurance summary**

8.1 From the review undertaken, the assessment and ongoing monitoring work completed<sup>8</sup> and supported by the verification work undertaken by Internal Audit, we

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<sup>8</sup> By the Audit Committee during 2017/18

have reached the opinion that key systems are operating soundly and that there are no fundamental weaknesses.

- 8.2 No system of internal control could provide absolute assurances against material misstatement or loss; this statement is intended to provide reasonable assurance. We are satisfied that an on-going process for identifying, evaluating and managing key risks exists. These risks are reflected in the audit plan, the Corporate Risk Register and are the subject of separate reports during the course of the year.
- 8.3 We propose over the coming year to take steps to address matters identified to further enhance our governance arrangements. We are satisfied that the steps outlined at Appendix C will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

Cllr Brian Long  
Leader of the Council  
Date:

Ray Harding  
Chief Executive  
Date:

Cllr Graham Middleton  
Chair of the Audit Committee  
Date:

**APPENDIX A: EVIDENCE LIST – HOW THE PRINCIPLES OF CORPORATE GOVERNANCE HAVE BEEN ADHERED TO DURING THE 2017/18 YEAR**

<b>Policies, Rules &amp; Codes</b>	<b>Strategies, Processes and Frameworks</b>	<b>Key documents</b>	<b>Functions</b>
<ul style="list-style-type: none"> <li>• Anti-fraud and Anti-corruption Strategy</li> <li>• Capital Strategy</li> <li>• Code of Conduct</li> <li>• Computer usage policy</li> <li>• Constitution</li> <li>• Data Protection and FOI policies</li> <li>• Data Quality Strategy</li> <li>• Employment rules</li> <li>• Equality policy</li> <li>• Financial procedure rules and standing orders (within Constitution)</li> <li>• Financial regulations</li> <li>• Health and Safety Policy</li> <li>• ICT strategy and action plan</li> <li>• Medium Term Financial Strategy</li> <li>• Member/Officer protocol</li> <li>• Members' allowances scheme (Constitution)</li> <li>• Members' code of conduct (Constitution)</li> <li>• Officers' code of conduct (Constitution)</li> <li>• Pay policy statement</li> <li>• Procedure rules (contracts, employment, meetings) (Constitution)</li> <li>• Procurement regulations</li> <li>• Procurement strategy</li> <li>• Protocol on member / officer relations (Constitution)</li> <li>• Prudential code</li> <li>• Record Retention Policy and Schedule</li> <li>• Risk Management Strategy</li> <li>• Safeguarding Policy</li> <li>• Scheme of Delegation (within Constitution)</li> <li>• Training abroad with Council devices policy</li> <li>• Treasury Management Policy statement</li> <li>• Whistleblowing policy</li> <li>• Workforce learning and development</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• Budget consultation</li> <li>• Budget process</li> <li>• Business continuity framework</li> <li>• Car Park Management</li> <li>• Civil Parking Enforcement</li> <li>• Competency frameworks</li> <li>• Complaints process</li> <li>• Corporate Business Plan</li> <li>• Customer Care Standards</li> <li>• Customer feedback process</li> <li>• Environment policy</li> <li>• Environmental Statement</li> <li>• EQIA policies</li> <li>• Equality Monitoring</li> <li>• Extended Managers Meetings</li> <li>• Health and Safety policy</li> <li>• Induction process (member and officer)</li> <li>• Internal Audit Strategic Plan</li> <li>• Job evaluation process</li> <li>• Legal Services</li> <li>• Managing performance (people) framework (including appraisal process)</li> <li>• Meeting timetable</li> <li>• Member allowances publication</li> <li>• Member training</li> <li>• MRF Partnership Care &amp; Repair</li> <li>• MT/Union meetings</li> <li>• Officer membership of professional bodies</li> <li>• Performance Management (business) framework</li> <li>• PRP targets</li> <li>• Risk management process</li> <li>• Scrutiny framework (Constitution)</li> <li>• Senior Staff Salary publication</li> <li>• Staff Briefing</li> <li>• Training for Chairs</li> </ul>	<ul style="list-style-type: none"> <li>• Agendas &amp; Minutes</li> <li>• Alive Trust/Management Suite</li> <li>• Annual audit letters</li> <li>• Annual Directorate Plans</li> <li>• Annual Governance Statement</li> <li>• Assurance Statements</li> <li>• CCTV Operating Manual</li> <li>• CNC Building Control</li> <li>• Committee reports, agendas and minutes</li> <li>• Complaints reports</li> <li>• Consultation register</li> <li>• Corporate Risk Register</li> <li>• Council tax booklet</li> <li>• Council website</li> <li>• Delegation Agreement &amp; SLA</li> <li>• Employee Handbook</li> <li>• Enforcement Policy</li> <li>• External inspection / review reports</li> <li>• Harassment Procedure</li> <li>• Internal Affairs</li> <li>• Intranet</li> <li>• JNC terms &amp; conditions</li> <li>• Job descriptions/specs</li> <li>• Key decisions (within Constitution)</li> <li>• Law &amp; governance</li> <li>• Local Plan</li> <li>• Members Bulletin</li> <li>• Neighbourhood Development Plans</li> <li>• Publication Scheme (FOI)</li> <li>• Quarterly Performance Reports</li> <li>• Record of decisions</li> <li>• Registers of interest</li> <li>• Report templates</li> <li>• Salary scales</li> <li>• Senior management remuneration report</li> <li>• Service level agreements</li> <li>• Service plans</li> <li>• Standard timetable for circulation of agendas</li> <li>• Statement of Accounts</li> <li>• Statement of Internal Control (part of AGS)</li> <li>• Timetable of council meetings</li> <li>• Training programmes</li> <li>• Transparency publications</li> <li>• West Norfolk Partnership</li> <li>• Workforce development and plans</li> <li>• Working Protocol</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Community Information Points</li> <li>• Democratic Services</li> <li>• External audit (and other reviews)</li> <li>• Finance service</li> <li>• Functions and responsibilities of senior officers and councillors (within Constitution)</li> <li>• Head of Paid Service</li> <li>• Health and Safety Officer</li> <li>• Human Resources</li> <li>• ICT Development Group</li> <li>• Independent remuneration panel</li> <li>• Internal Audit</li> <li>• Local Government Ombudsman (report)</li> <li>• Management Team</li> <li>• Monitoring Officer</li> <li>• Monitoring Officer report</li> <li>• Policy Development and Review Panels</li> <li>• PR/Communication</li> <li>• S151 officer</li> <li>• Social media</li> <li>• Standards Committee</li> <li>• Statutory reports</li> <li>• Terms of reference for committees (Constitution)</li> <li>• Website</li> <li>• Weekly CEO/Leader meetings</li> </ul>

## APPENDIX B: ACTION PLAN FOR THE 2017/18 YEAR

	Item	Action	Responsible Officer	Target Date	Status (Complete or add notes)
1	Financial Sustainability (Underpinned by Financial Plan 2016-2021)	Ensure robust processes are in place for identifying, delivering and monitoring cost reduction efficiencies and income generation	Executive Director, Finance Services	March 2018	Progress is reported in the monthly monitoring report, reviewed bi-monthly by Management Team and was reviewed with EMT on 10 October 2017.  Monitoring arrangements for corporate projects being developed now that the Performance and Information Officer in Property Services is now in post.  Monthly updates to Management Team on corporate projects.
2	Internal Audit	Embed and monitor new Internal Audit arrangements	Executive Director, Finance Services	March 2018	A shared internal audit manager with Breckland District Council took over from 1 April 2017. Progress meetings are held weekly with Exec Director Finance Services. Section 113 agreement in place, signed copy held by HR
3	External Audit	Ensure a robust tender process takes place to put in place new external audit arrangements	Executive Director, Finance Services	March 2018	PSAA undertook tender process. Ernst and Young are the proposed external auditor for the Council the appointment to be confirmed at the meeting of the PSAA on 14 December 2017.
4	Accounts Payable Audit	An audit of the Accounts Payable for the past 6 financial years by an external organisation to take place	Executive Director, Finance Services	March 2018	Liaison have undertaken the audit review and have identified less than £10k of payments over the 6 year period which are potential duplicate payments. This is against creditor payments of around £200m over the period. Liaison are now contacting suppliers to obtain refunds and will take their fee from monies returned.
5	Business Rates Audit	Further review of transitional relief processes / arrangements	Executive Director, Finance Services	March 2018	Audit will be undertaken before 31 March 2018.
6	Public Services Network (PSN) compliance	Ensure PSN compliance during 2017/18 including progressing any actions identified as a result of the 2016 audit	Executive Director, Central and Community Services	March 2018	ICT are rectifying health check recommendations as outlined in August 2017 by NTA monitoring our external penetration testers and will submit a compliance document to the Cabinet Office during November.
7	Payment Card Industry (PCI) compliance	Respond to issues identified during the 2015 PCI audit	Executive Director, Central and Community	March 2018	Issues outlined in the 2015 audit have been resolved. ICT are in the process of preparing for the 2017/18 audit, which is to take



	Item	Action	Responsible Officer	Target Date	Status (Complete or add notes)
			Services		place at the end of October / early November 2017.
8	Risk Management	Embed revised arrangements for production of the Corporate Risk Register	Executive Director, Central and Community Services	March 2018	Responsibility for supporting production of the Corporate Risk Register transferred to the Policy, Performance and Personnel team from 1st April 2017. Prior to this work was undertaken with the officer who formerly held this responsibility to ensure a smooth transition and clear understanding of the work that needed to be undertaken was obtained. The first update to the register under the new arrangements was successfully reported to Audit Committee in May. The second update was reported to Audit Committee in November 2017.
9	Review of Ward Boundaries (Review by Local Government Boundary Commission for England)	Ensure active participation in the review in order to ensure the best possible evidence based outcome for West Norfolk	Executive Director, Central and Community Services	March 2018	The review was completed by Members and officers and agreed by Council at a special meeting on 31 August 2017 and submitted to the LGBC within their deadline of 4 September 2017. We will now await the considerations of the LGBC.
10	Corporate policies	Introduce arrangements to co-ordinate and monitor the publication and updating of agreed policies	Executive Director, Central and Community Services	March 2018	Work to compile a register of all current policies and a template, with associated guidance, to support policy development going forward is well underway. The new Safeguarding Policy, and forthcoming new Equality Policy, have been developed using this guidance as a trial run of our recommendations. Management Team agreed guidance at the end of the financial year 2017/18.

## APPENDIX C: PROPOSED ACTION PLAN FOR THE 2018/19 YEAR

	Item	Action	Responsible Officer	Target Date
1	Code of Corporate Governance	Review Code of Corporate Governance and gain Council approval to demonstrate good governance.		December 2018
2	Scrutiny changes	Implementation of recommendations from Scrutiny review 2017/18.		March 2019
3	Baseline Personnel Security Standard	Completion of review.		March 2019
4	Business Continuity	Testing arrangements and refresh of the business continuity plan.		March 2019
5	Corporate policies	Implement new arrangements including update to intranet, refresh of policy register and application of template to policies developed during 2018/19.		March 2019
6	Cultural prospectus	Consideration of governance issues regarding new arrangements to access funding.		March 2019
7	General Data Protection Regulations	Roll out of training programme and completion of e-learning package.		March 2019
8	Service manager development programme	Completion of programme by Cohort 2		Summer 2018
9	Review of Ward Boundaries (Review by Local Government Boundary Commission for England)	Ensure active participation in the final stage of the review in order to ensure the best possible evidence based outcome for West Norfolk		December 2019
10	Equalities Policy	Delivery of implementation plan including training for officers and members.		March 2019
11	Retention and Disposal Policy and Schedule	Update the Retention and Disposal Policy and Schedule.		March 2019
12	Data Quality Policy Statement and Strategy	Review of policy and strategy to ensure conformity with the GDPR and emerging UK legislation.		March 2019
13	Review Of Contract Standing Orders	Undertake a review Of Contract Standing Orders and roll out updated digital content and training for officers.		March 2019
14	Health, Safety and General Welfare Policy	Review the policy to consider legislative and procedural changes.		May 2018
15	West Norfolk Housing Company Limited	Review the governance arrangements for West Norfolk Housing Company Limited with an objective of being a not for profit organisation.		June 2018

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	30 <sup>th</sup> May 2018		
TITLE:	Internal Audit Annual Report and Opinion 2017-18		
TYPE OF REPORT:	Scrutiny		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Kathy Woodward, Shared Internal Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
To provide the Audit Committee with an overview of the work undertaken by Internal Audit during 2017/18 and provide the Audit Managers annual opinion on the system of internal control.
<b>KEY ISSUES:</b>
Under the Accounts and Audit 2015, the Council ' <i>must conduct a review of the effectiveness of the system of internal control</i> '. The work of Internal Audit forms part of the assurance provided to Councillors and Management Team and supports the Annual Governance Statement.  Public Sector Internal Audit Standards (PSIAS), which are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, state that the Audit Manager ' <i>must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement</i> '. This report fulfils that requirement.  The report includes consideration of the effectiveness of the internal audit team and the basis of the Audit Manager's opinion.
<b>OPTIONS CONSIDERED:</b>
Not applicable
<b>RECOMMENDATIONS:</b>
To receive the annual audit opinion and note the work of Internal Audit for 2017-18.
<b>REASONS FOR RECOMMENDATIONS:</b>
To comply with the requirements of the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS).

## **REPORT DETAIL**

### **1. Introduction**

- 1.1 Under the Accounts and Audit 2015, the Council '*must conduct a review of the effectiveness of the system of internal control*'. The work of Internal Audit forms part of the assurance provided to Councillors and Management Team and supports the Annual Governance Statement.
- 1.2 Public Sector Internal Audit Standards (PSIAS), which are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, state that the Audit Manager '*must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement*'. This report fulfils that requirement.
- 1.3 The Internal Audit Annual Report states the Audit Manager's opinion on the system of internal control and the sources of assurance used to form this opinion.
- 1.4 To support the stated opinion, this report describes the work carried out by Internal Audit during 2017-18 and summarises the resulting findings. It also reflects on the performance against the strategic plan and the effectiveness of the Internal Audit team.

### **2.0 Audit Manager's Opinion**

- 2.1 On the basis of the work undertaken during the year, it is considered that the key systems operate in a sound manner and that there has been no fundamental breakdown in control resulting in material discrepancy. However the Audit Manager's opinion can only provide a reasonable, not absolute, level of assurance as to the adequacy and effectiveness of these systems.
- 2.2 Bearing this in mind, in the Audit Manager's opinion, the Council's control arrangements were adequate and effective in 2017-18, with sound controls in all key areas.

### **3.0 Effectiveness of the Internal Audit team**

- 3.1 The Internal Audit team consists of a part time Shared Internal Audit Manager, 1.7 FTE Auditors and 1 full time Investigation Officer/Internal Auditor. The Shared Internal Audit Manager is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The Internal Auditors have either achieved a Practitioner status of the IIA or hold equivalent qualifications. The Investigation Officer/ Internal Auditor is PINS (Professionalism in Security) qualified and also an Accredited Counter Fraud Manager, and is currently training as an Internal Auditor. The full time Auditor is also undergoing training and has received mentoring support from within the team.
- 3.2 This year is the first full year of the new Shared Internal Audit Management arrangements with Fenland District Council.
- 3.3 At the start of the year recruitment was still underway to the vacant Auditor post, which was completed in May 2017. The successful applicant has received mentoring support and this has meant a reduction in resource during this year. This temporary reduction in resource

had a minor impact on the planned work that could be completed in the year, resulting in planned low risk audits being removed from the plan and more work being continued into 2018/19 than previously anticipated. However sufficient work was completed in 2017/18 to enable the Audit Manager to reach a valid conclusion on the effectiveness of the internal control systems.

- 3.4 All members of the team undertake training as part of their Continued Professional Development (CPD). This can take the form of attending externally run courses or in-house provision. A list of the courses attended is attached as **Appendix 1**. The training covers not only technical audit issues, but also subjects that the team have to consider as part of the various audits. This all forms part of the 'Knowledge of the Business' that is fundamental to the conduct of constructive audits. The team are also expected to be aware of reports going to the various panels and committees.
- 3.5 Where specialist IT audit skills are required the Audit Manager has the facility to use the IT audit services provided under the contract between Eastern Internal Audit Services (formerly the Norfolk Internal Audit Consortium), based at South Norfolk District Council, and TIAA Ltd.
- 3.6 The Internal Audit service is independent of any operational responsibilities and manages its own budget. During 2017-18 line management was through the Executive Director – Finance Services (s151 Officer), but direct access to the Chief Executive, Leader, or Chair of the Audit Committee was available if required.
- 3.7 Internal Audit have Terms of Reference which were approved by the Audit Committee on 04<sup>th</sup> September 2017. These describe the scope and objectives of the service, confirm the independent status, authority and standards by which the team operate, and define the responsibilities. The audit style and content, reporting lines and resources are also included.
- 3.8 All work in 2017/18 has been performed according to the Public Sector Internal Audit Standards (PSIAS) which are mandatory. The standards, based on the Chartered Institute of Internal Auditors' (CIIA) International Professional Practices Framework and augmented by the Local Government Application Notes (LGAN), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 3.9 To ensure the internal audit function meets the PSIAS requirements, an independent external quality assessment is required every five years. Such a review was carried out in 2014 by the CIIA and the next review is due in 2019.
- 3.10 The self-assessment checklist produced by the Chartered Institute of Internal Auditors (CIIA), consisting of 207 questions, is completed in the intervening years to ensure that the team continue to comply. The overall result for 2017/18 was positive. The completed PSIAS Conformance checklist is available to Members of the Audit Committee on InSite.

#### **4.0 Basis of Assurance**

- 4.1 Each year a Strategic Audit Plan is prepared by the Audit Manager, showing specific audits for the next financial year and proposals for the next few years. This is then presented to the Audit Committee to endorse. The plan for 2017/18 was agreed on 13th February 2017.
- 4.2 The Strategic Audit Plan for the year is constructed using the Assurance Framework as a basis, with no limitations in scope. The Assurance Framework is a risk based tool that divides the activities of the Council into five high level, and a sixth operational / service based domains. Within these domains various activities are risk assessed and the frequency of audits for each area is based on the results. The risk assessment includes any assurance that can be gained from external sources such as the internal audit carried out by Bedford Borough Council for payroll processing. Other sources include the work of Health and Safety specialists and Security Industry Authority 'Approved Contractor' status for CCTV.

In addition to the Assurance Framework, the Shared Internal Audit Manager has regard for:

- Corporate Business Plan
  - Discussions with the Executive Directors
  - Entries on the Corporate Risk register
  - Comments from the external auditors
- 4.3 At the end of each audit a formal report is issued, containing an action plan agreed with the relevant managers to address any control weaknesses identified during the audit. The audit reports are entered in to a restricted area of InSite for members of the Management Team and the Audit Committee to view.
- 4.4 Each report attributes a level of assurance gained for the area being audited as below:

Full Assurance	A sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
Limited Assurance	A system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	A fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

- 4.5 During the year 11 internal audit reports have been issued and the results are summarised in the table at **Appendix 2**. Whilst most of the audits indicate a 'Full' or 'Substantial' level of assurance, three cases produced a result of 'Limited Assurance':
- Housing Standards. There were a number of issues relating to calculation of fees and charges and the development of a robust enforcement policy. A plan of action has been agreed with Management Team and is being implemented.
  - Planning Control. This is a complex area for the council as it involves both officers and members. The reason for the limited assurance surrounds the Major Planning Application appeals process. The Planning inspectorate have introduced new targets for the appeals and we are at significant risk of breaching these targets. The impact of this would mean we could be put into special measures by the planning

inspectorate, potentially resulting in a loss of income from all Major Planning Applications.

- S106 funds, CIL and Habitat Mitigation Levy. Responsibilities for monitoring the application of the agreements has recently been transferred to a new post and the administrative systems are still being established. Progress has been good and it is anticipated that the follow-up will show considerable improvement.

There were no instances of 'No Assurance' reports being issued.

- 4.6 Each audit is followed up approximately six months after the report has been issued to establish if recommendations are being implemented in accordance with the agreed action plan. Follow-up reports for 2017/18 indicate a good level of implementation with no major concerns raised and I would like to thank all managers for being receptive to our comments and recommendations.
- 4.7 Progress against the strategic plan, including summaries of the reports issued and any amendments to the plan were reported to the Audit Committee during the year.

## **5.0 Anti-Fraud and Anti-Corruption Procedures**

- 5.1 Work with the National Fraud Initiative (NFI) has continued this year, with checks on the majority of matches from the 2016/17 exercise and the Flexible Matching Service being completed.
- 5.2 Data is currently being collated for the 2018/19 NFI data matching exercise and work will commence on investigating the reported matches.
- 5.3 Throughout 2017/18 we have explored other routes available to us to be more proactive in our attempts to prevent, detect and deter fraud and error. There are currently three possible schemes we are looking into:
- DWP Joint Working
  - Norfolk Counter Fraud Hub
  - NFI Business Rates Pilot
- 5.4 The Internal Audit Team did not conduct any internal fraud investigations during 2017/18.

## **6.0 Risk Management**

- 6.1 The process for reviewing and updating the Risk Register has transferred to the Performance and Efficiency Manager, but responsibility for risk management lies with the Senior Management Team (SMT). As well as receiving the Internal Audit reports for their respective areas, which provide an indication of any weaknesses in the control environment, the SMT also review the Corporate Risk register on a 6-monthly basis in April and October. If any significant issues arise in the intervening period, they are discussed at the time and the register amended. The Audit Committee receive the Corporate Risk Register after it has been updated at the regular 6-monthly intervals.

## **7.0 Conclusion**

7.1 The system of internal control is designed to manage risk to a reasonable level, and therefore cannot provide absolute assurance.

7.2 Notwithstanding the above, based on the audit work completed during 2017-18, it is the opinion of the Audit Manager that:

- Adequate assurance can be gained in respect of the overall systems of internal control operating within the council.
- Risk management systems and corporate governance arrangements are satisfactory.

## **8. Background Papers**

Strategic Internal Audit Plan  
Public Sector Internal Audit Standards (PSIAS)  
Half year progress report  
Year end progress report



**Training undertaken by Internal Audit 2017/18 included:**

Project Management

Mental Health Awareness

GDPR

Business Continuity

Internal Audit Away Day

Introduction to Internal Auditing

PACE (Police and Criminal Evidence) and Interviewing skills

Stress Management

Performance Management

Corporate Induction training

## Audit reports issued during 2017/18 showing assurance levels

<b>Audit title</b>	<b>Full Assurance</b>	<b>Substantial Assurance</b>	<b>Limited Assurance</b>	<b>No Assurance</b>
Informing the Customer		✓		
Information Management	✓			
Creditors and Payments		✓		
Housing Standards			✓	
Emergency Planning and Management	✓			
Cemeteries and Crematorium	✓			
Planning Control			✓	
Payroll	✓			
Industrial Estates		✓		
Insurance		✓		
S106 Funds, CIL and Habitat Mitigation Levy			✓	

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	30 <sup>th</sup> May 2018		
TITLE:	Internal Audit Full Year Progress Report 2017-18		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Cllr Hodson, Performance		
REPORT AUTHOR:			
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
To provide Members with an update on progress against the Internal Audit Strategic Plan 2017-18 that was endorsed by the Audit Committee at the meeting on 13th February 2017.
<b>KEY ISSUES:</b>
Section 5 of the Accounts and Audit Regulations 2015 state that <i>'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'</i>
The work of the Internal Audit team throughout the year is directed towards compliance with this requirement as well as aiming to add value to the Council's services by identifying opportunities to improve efficiency and effectiveness.
The Audit Committee Terms of Reference require it to monitor the delivery of the internal audit activity.
<b>OPTIONS CONSIDERED:</b>
Not applicable.
<b>RECOMMENDATIONS:</b>
To review the progress against the planned work and ensure that it complies with the requirement of the Accounts and Audit Regulations 2015.
<b>REASONS FOR RECOMMENDATIONS:</b>
To ensure the Council is complying with section 5 of the Accounts and Audit Regulations 2015.

## 1. Introduction

- 1.1 The Strategic Audit Plan 2017-18, endorsed by the Audit Committee on 13<sup>th</sup> February 2017, sets out the work Internal Audit expect to carry out during the year. This work complies with the requirements of the Accounts and Audit Regulations 2015:

*Section 3 – A relevant authority must ensure that it has a sound system of internal control which:*

- a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- b) Ensures that the financial and operational management of the authority is effective*

*Section 5 - A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*

- 1.2 Performance Standard 2060 of the Public Sector Internal Audit Standards (PSIAS) requires the Audit Manager to report to the Audit Committee on the internal audit activity and performance relative to this plan.
- 1.3 The Terms of Reference for the Audit Committee require the Committee to monitor delivery of the internal audit activity to ensure that the resources and work are sufficient to fulfil the requirements of the Accounts and Audit Regulations.

## 2. Monitoring Report

- 2.1 On completion of each audit a formal report is issued to the relevant line managers, the Executive Director and Portfolio Holder. Copies are sent to the Chief Executive, Executive Director – Finance Services (s151 Officer), and the external auditors, Ernst and Young. A copy is also placed on InSite in the restricted area for members of the Audit Committee to view. Each report contains an action plan, with target dates, that has been agreed with the managers to address any observations and recommendations raised by the Internal Auditor. This forms the basis of the follow-up audit, which is carried out approximately six months later to assess progress in implementing the agreed actions.
- 2.2 The following audits have been completed during the second half of 2016-17 and reports issued as described above:
- Cemeteries & Crematorium
  - Planning Control
  - Payroll
  - Industrial Estates
  - Insurance
  - Attendance Management follow-up

A summary of the reports is attached as **Appendix 1** and the full versions are available under the relevant year to members of the Audit Committee on InSite.

- 2.3 The following audits were ongoing at the end of the year and will be reported to the Committee in the next progress report:
- Alive Leisure and Management
  - Care & Repair
  - Asset Management

- Accounts Receivable
- Partnerships
- Flood and Water Management
- Ethical Culture
- Council Tax and Business Rates
- Benefits

Of these, in four cases the majority of the work has been completed. Reports have been drafted to be discussed with managers and actions agreed before the final report is issued.

- 2.4 In addition to the standard audits, Internal Audit also undertook other work during the second half of the year including the following:
- External Auditor appointment for Grant Certification work
  - Providing support to the Revenues and Benefits software tender process, ensuring compliance with relevant regulations and legislation.
  - Providing support to the Finance system software tender process, ensuring compliance with relevant regulations and legislation.
  - Observation of the annual Business continuity exercises (METIS), and to provide informative feedback.

- 2.5 An appointment to the vacant post was made commencing the on 2<sup>nd</sup> May 2017. This post has received mentoring support throughout the year on audits and a number of audits have been 'doubled up' resulting in a lower output of productive work throughout this training phase. These mentoring arrangements will cease in 2018/19.

As normal a few audits are ongoing at the end of the year and five have been carried over to the 2017-18 audit plan. It is not unusual for this to happen as the timing of the planned work is not exact.

The audit of ICT network security has been removed from the plan. Discussions at the start of the audit revealed that the level of audit carried out by the external bodies to comply with the requirements of the Payment Card Industry (PCI) and Public Services Network (PCN) is in excess of the work that could be completed by the Audit team here. Therefore it is reasonable to place reliance on the external work and remove this audit from the plan. A note has been made on the Assurance Framework and the position will be monitored each year to ensure the position remains the same.

### **3. Investigations work October 2017 – April 2018**

- 3.1 There are currently 2 themes of National Fraud Initiative (NFI) reporting being completed:

The Flexible Matching Service – This is carried out annually, focusing primarily on Council Tax data matches in need of investigation. The Flexible Matching Service deals with matches mainly consisting of:

- Council Tax Single Person Discount (SPD) - the outstanding matches are for Council Tax accounts that do not match Electoral Register information that require further investigation.
- Additionally some matches refer to details where the second adult is due to turn 18 between now and the end of the financial year.

The NFI National Exercise 2016/17 – This is a council wide data matching exercise, focusing on all possible areas of the council including Creditors, Payroll, Council Tax and Housing Benefits. This exercise is undertaken every two years.

- 3.2 The “NFI National Exercise 2016/17 report” identified 3,227 matches in January 2017, with only 157 left to be processed.

The “Flexible Matching Service Exercises” for January and April 2017 datasets identified 3,124 matches, with only 178 left to process.

The “Flexible Matching Service Exercises” for January 2018 datasets identified 4,114 matches, with 665 left to process.

- 3.3 In total there are 1,000 matches still to be processed.

- 3.4 The total fraud and error identified (including NFI work) during 2017/18 is as follows:

	£
Council Tax Reduction Scheme error	8,088.56
Council Tax Reduction Scheme fraud	0
Administrative Penalty	0
Housing Benefit and Council Tax Benefit	9,233.73
Council Tax error	29,576.43
Council Tax penalties	70.00
Non Domestic Rates (Business Rates)	1,429.19
Duplicate invoices	1,423.01
Beach Hut lease/rent	2,062.44
<b>Total additional fraud and error</b>	<b>51,883.36</b>

- 3.5 Investigation work is now also being conducted on an adhoc basis to attempt to trace debtors/absconders who have not advised of their address/contact information but have outstanding Council Tax/National Non-Domestic Rate/Sundry Debts arrears with the Authority. Investigations will be carried out to attempt to trace these individuals and any new address/contact information is being passed on to the relevant section for recovery purposes. 89 cases were traced during the financial year 2017/18 to the value of £108,888.55. Council Tax collection rate figures for the last 5 years are as follows:

- 2013/14 = 97.1%
- 2014/15 = 97.22%
- 2015/16 = 97.6%
- 2016/17 = 97.7%
- 2017/18 = 97.69%

- 3.6 The Revenues department have undertaken a Single Person Discount review with “DataTank”. This resulted in 292 matches being identified where Single Person Discount required review and also identified potential overpaid benefit. These are still being reviewed and investigated with 220 left to process.

- 3.7 Throughout the year we have explored other routes available to us to be more proactive in our attempts to prevent detect and deter fraud and error. We are currently looking into three of these schemes as follows:

- DWP Joint working: A joint working scheme will be organised by the DWP. It is voluntary for Local Authorities and the joint working will initially be conducted for Council Tax Support and Housing Tenancy fraud cases. This joint working will

consider the totality of the fraud against both organisations. A successful pilot has been undertaken by the DWP with 5 local authorities in the UK. The DWP will be taking forward any prosecutions raised from joint working (meaning no prosecution costs for the Local Authority). We are now awaiting further details from the DWP as to when the scheme will be in place in our region. Being able to share resources and expertise as well as information in this way with the DWP is likely to help to identify further fraud and error.

- Counter Fraud Hub: A presentation was attended on 19<sup>th</sup> January 2018 regarding a regional Counter Fraud Hub. This initiative is intended to initially facilitate data sharing between all of the authorities in Norfolk, including the County Council for fraud detection and prevention purposes. The long term vision is that in due course the hub will be expanded to cover the whole of East Anglia. There are a number of alternative models being explored at this stage.
- NFI Business Rates Pilot: The NFI have been asking for volunteer regions to pilot a new data matching exercise regarding Business Rates. As an Authority we have registered our interest in this pilot, as have all Norfolk Local Authorities, with Norfolk County Council taking the lead. We are currently waiting to hear if our application has been successful. This exercise will examine Small Business Rates Reliefs and Business Rates avoidance.

#### **4. Issues for the Panel to Consider**

- 4.1 The Committee needs to consider if the work completed by the Internal Audit team during 2017-18 is sufficient to support an opinion on the systems of internal control within the Council.

#### **5. Corporate Priorities**

- 5.1 The internal audit activity supports the achievement of the Corporate Business Plan by adding value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

#### **6. Any other Implications/Risks**

- 6.1 Monitoring the work of the Internal Audit Team enables the Audit Committee to receive assurance on the state of the internal control system of the Council.

#### **7. Conclusion**

- 7.1 The Strategic Internal Audit plan provides the basis for the Internal Audit team to carry out the work necessary to provide assurance on the systems of internal control. Monitoring progress against the plan ensures sufficient work is completed to provide an Annual Audit Opinion for the Annual Governance Statement and to fulfil the requirements of the Accounts and Audit Regulations 2015.

#### **8. Background Papers**

Strategic Internal Audit Plan 2017-18.  
Accounts and Audit Regulations 2015

## Notes to support the summary in Appendix 1

The following tables provide an explanation of the terms used to grade the recommendations contained in the final audit reports, and the overall opinion attributed as the result of each audit.

### Recommendations

The observations and recommendations are allocated a grading High, Medium or Low as defined below|:

High	Major risk requiring action by the time the final report is issued.
Medium	Medium risk requiring action within six months of the issue of the draft.
Low	Matters of limited risk. Action should be taken as resources permit.

Please note – ‘Low’ recommendations are not summarised in this report due to the insignificant nature of the issue.

### Audit Opinion

At the conclusion of the audit an overall audit opinion is formed for the audit area. The definition for each level of assurance is given below.

Full Assurance	A sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
Limited Assurance	A system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	A fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.



Audits completed October to March 2017-18	Overall Opinion
<p><u>Cemeteries and Crematorium</u>            Report published February 2018            1 High recommendation and 1 Low recommendation was made. The High recommendation was to the explore the potential for an increase in fees.</p>	Full Assurance
<p><u>Planning Control</u>            Report published February 2018            5 High, 3 Medium and 1 Low recommendation were made. Three of the high recommendations relate to Major Planning Application appeals involving training of both Councillors and Officers and monitoring procedures to ensure we do not slip into special measures. One high recommendation relates to the Extensions of Time for planning applications and our process for dealing with these on Uniform for accurate reporting. The remaining high recommendation and two of the medium recommendations relate to the online web service for paying application fees. The final medium recommendation relates to the reconciliation process for allocation of planning fees.</p>	Limited Assurance
<p><u>Payroll</u>            Report published in October 2017            2 Medium recommendations to ensure compliance with policies around Leavers and Return to work interviews.</p>	Full Assurance
<p><u>Industrial Estates</u>            Report published in May 2018            3 Medium recommendations were made. They relate to displaying consistent data on advertising websites, develop and review a diary process to aid with rent reviews and termination of tenancies and to ensure appropriate measure are in place to inform our insurer of vacant properties.</p>	Substantial Assurance
<p><u>Insurance</u>            Report published in May 2018            10 Medium recommendations were made. Four of the recommendations have been implemented already and will be revisited at the follow up stage. The remaining recommendations relate to review and governance of heritage assets, managing vacant properties, driving entitlement for lease car drivers, monitoring open caseloads and cash handling security.</p>	Substantial Assurance

Follow-up audits completed October to March 2017-18	Original report	Follow-up progress
<u>Attendance Management</u> The report published in October 2016 contained 1 High recommendation and two Medium recommendation, one medium recommendation is still being monitored to determine of action is required by management. The remaining recommendations have been completed satisfactorily.	Oct 2016 Substantial Assurance	Sept 2017 Very Good

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	30 May 2018		
TITLE:	Audit Committee Effectiveness 2017/18		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):			
REPORT AUTHOR:	Kathy Woodward, Shared Internal Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

**REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
It is considered to be good practice for the Audit Committee to present Cabinet with an annual report on the work carried out by the Committee in the preceding year. This report reviews the work of the Audit Committee during the year 2017/18 and considers if the Committee has effectively fulfilled its role.
<b>KEY ISSUES:</b>
The report indicates the training received by the Committee in order to be able to fulfil their governance role, the reports received and a summary of the points discussed.
<b>OPTIONS CONSIDERED:</b>
Not applicable.
<b>RECOMMENDATIONS:</b>
That the Audit Committee considers the content of the report and decides if it accurately reflects the work of the Committee in 2017/18.  That the Audit Committee confirms their agreement to the Chair taking the report to Cabinet as evidence that the Committee operated effectively.
<b>REASONS FOR RECOMMENDATIONS:</b>
To comply with best practice and to enhance the effectiveness of the Audit Committee.

## REPORT DETAIL

### 1. Introduction

The Audit Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). These were reviewed and updated as part of the review of the scrutiny arrangements in June 2016.

Under the Accounts and Audit Regulations 2015, a council is required to '*ensure that it has a sound system of internal control which:*

*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*

*(b) ensures that the financial and operational management of the authority is effective; and*

*(c) includes effective arrangements for the management of risk.'*

Good corporate governance requires independent, effective assurance about the adequacy of financial and operational management and reporting. This assurance is best delivered by a committee that is independent from the executive and scrutiny functions. This was provided by the Audit Committee during 2017/18.

In order to ensure that this monitoring of governance is carried out effectively, a regular review of the role and activities of the Audit Committee is necessary.

### 2. Review Details

The review was completed by the Audit Manager using a checklist compiled by CIPFA. The completed checklist is attached as **Appendix 1** of this report. In addition information has been compiled on the reports considered by the Committee and attached as **Appendix 2**. The resulting draft report was then considered by the Chair and Vice Chair of the Audit Committee.

The responses in the checklist are ticked as:

- 'Y' – Yes. The criteria have been met and no action is required.
  - 'P' – Partial. The criteria have only been met in part, some action may be required.
- 'N' – No. The criteria have not been met and action may be required

### 3. Items considered during 2017-18

Throughout 2017-18 the Audit Committee held 6 meetings and received a total of 22 reports on a number of issues, including:

#### Internal Audit and Fraud

- Internal Audit Annual Report and Opinion 2016-17
- Internal Audit Plan 2016-17 – End of year progress report
- Internal Audit Terms of Reference
- Audit and Fraud half year progress report
- Strategic Internal Audit Plan 2018-23

#### External Audit

- Annual Audit Letter for year ended 31 March 2017
- External ISA 260 report
- External Audit Plan

#### Finance

- Annual Treasury Report
- Statement of Accounts 2016-17
- Mid-year Treasury Report
- Budget Monitoring reports – October, November, December 2017

#### Corporate Governance and Risk

- Draft Annual Governance Statement
- Annual Governance Statement
- Monitoring Officer Report 2016-17
- Audit Committee Effectiveness Review 2016-17
- External Auditor Appointment for Grant Certification Work
- Business Continuity Annual Update
- Update on the Annual Governance Statement
- Risk Register Update November 2017

A summary of the content of each report and the subsequent discussion has been compiled by Democratic Services and is attached as **Appendix 2**.

The Committee received 5 training sessions during the year on:

- Cost Reduction Programme
- Budget Cycle
- IT Back up Systems
- Statement of Accounts
- How to undertake an Audit

#### **4. Conclusion**

During 2017-18 the Audit Committee received and commented on all relevant reports and actively monitored risk and internal controls. As a result it is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.

#### **5. Background Papers**

Accounts and Audit Regulations 2015.

## Borough Council of King's Lynn and West Norfolk

For the year 2017-18

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
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**1. ESTABLISHMENT, OPERATION AND DUTIES****Role and Remit**

1.1	Does the audit committee have written Terms of Reference?	Y			The Terms of Reference were reviewed and approved by Council on 30 June 2016.	
1.2	Do the Terms of Reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y				
1.3	Are the Terms of Reference approved by the council and reviewed periodically?	Y			The next review is due in May 2019.	
1.4	Can the audit committee access other committees and full council as necessary?	Y			All Members attend Full Council and can attend any other Panel or Committee meeting under Standing Order 34.	
1.5	Does the authority's Annual Governance Statement include a description of the audit committee's establishment and activities?	Y			Section 4 'Review of Effectiveness' includes a description of the Audit Committee's function.	
1.6	Does the audit committee periodically assess its own effectiveness?	Y			An annual review is carried out.	

**Membership, Induction and Training**

1.9	Has the membership of the audit committee been formally agreed and a quorum set?	Y			Formally appointed by Council. Quorum set through Standing Orders.	
1.10	Is the chair independent of the executive function?	Y				

## Borough Council of King's Lynn and West Norfolk

For the year 2017-18

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
1.11	Has the audit committee chair previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	Y			The Chair has attended all training offered to the Committee, which included Financial training. The Chair has also attended external training during 2017/18 covering financial aspects of the role.	
1.12	Are new audit committee members provided with appropriate induction?	Y			Training is offered to all Members by Democratic Services. The training is carried out prior to the start of a meeting to maximize participation.	
1.13	Have all member's skills and experiences been assessed and training given for identified gaps?	Y			Members training requirements are discussed at each meeting to identify any gaps and a training programme has been designed to cover all previously identified training needs. Members can request specific training if necessary.	Continue to review Members training programme.
1.14	Has each member declared his or her business interests?	Y			Records of interests are kept by Democratic Services. A standing item of each agenda requires Members to declare any relevant interests.	
1.15	Are members sufficiently independent of other key committees of the council?	Y			Under the new Scrutiny arrangements the Audit Committee became an independent Committee from June 2016.	
<b>Meetings</b>						
1.16	Does the committee meet regularly?	Y			6 meetings were held in 2017-18. The programme for 2018-19 includes 6 planned meetings, but this may increase if the Committee needs to consider urgent reports in the intervening time.	
1.17	Do the Terms of Reference set out the frequency of meetings?	Y			Minimum of 4 meetings a year, but this can be increased if necessary.	



## Borough Council of King's Lynn and West Norfolk

For the year 2017-18

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
1.18	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y			A calendar of meetings is published for each year and dates are co-ordinated with Cabinet and specific key events.	
1.19	Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y			A record of attendance is kept by Democratic Services. Any persistent non-attendance is brought to the attention of the relevant party leader.	
1.20	Are members free and open without political influences being displayed?	Y				
1.21	Does the authority's s151 officer or deputy attend all meetings?	Y			All meetings were attended by the Executive Director, Finance Services	
1.22	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y			Relevant officers attend to present the reports and answer questions.	
1.23	Are decisions reached promptly?	Y			A decision is made at the end of each item on the agenda.	
<b>2. INTERNAL CONTROL</b>						
2.1	Does the audit committee consider the findings of the annual review of effectiveness of the system of internal control (as required by the Accounts and Audit Regulations) including the review of the effectiveness of the system of internal audit?	Y			Audit Manager's Annual Report for 2016-17 was presented on 30 May 2017, which included an assessment of the effectiveness of Internal Audit.	
2.2	Does the audit committee have responsibility for review and approval of the Annual Governance Statement and does it consider it separately from the accounts?	Y			AGS presented 31 July 2017 as a separate report from the Statement of Accounts 2016-17.	

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
2.3	Does the audit committee consider how meaningful the Annual Governance Statement is?	Y			The Committee received a training session on the relevance and content of the AGS on 28 November 2016. They also received updates throughout the year and have an opportunity to consider it's meaningfulness.	
2.4	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y			Various reports are presented to the Committee throughout the year relating to internal audit, external audit, finance, fraud, corporate governance and risk.	
2.5	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	Y				
2.6	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y			The report setting the Strategic Internal Audit Plan each year contains an explanation of the consideration of risk management in the planning process.	
2.7	Does the audit committee review the authority's strategic risk register at least annually?	Y			Update reports are presented twice a year in April/May and October/November.	
2.8	Does the audit committee monitor how the authority assesses risk?	Y			Included in the 6-monthly reports. Updates to the Risk Management Policy and Strategy are reviewed and approved by the Audit Committee.	
2.9	Do the audit committee's Terms of Reference include oversight of the risk management processes?	Y			Terms of Reference F.8 (a) and (b) refers.	
2.10	Does the audit committee take a role in overseeing anti-fraud and whistleblowing arrangements?	Y			Terms of Reference F.8 (a) refers.	

<b>3. FINANCIAL REPORTING &amp; REGULATORY MATTERS</b>
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## Borough Council of King's Lynn and West Norfolk

For the year 2017-18

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
3.1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y			Terms of Reference F.7 (a) refers. The timetable of meetings includes provision for meetings in July to consider the Statement of Accounts.	
3.2	Does the audit committee consider specifically: <ul style="list-style-type: none"> <li>▪ The suitability of accounting policies and treatments</li> <li>▪ Major judgements made</li> <li>▪ Large write-offs</li> <li>▪ Changes in accounting treatment</li> <li>▪ The reasonableness of accounting estimates</li> <li>▪ The narrative aspects of reporting?</li> </ul>	Y			The financial reports presented cover all the aspects stated.	
3.3	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y			Meeting in July.	
3.4	Does the audit committee review management's letter of representation?	Y			Management responses are included in the covering report to the external auditors report. The responses are also discussed at the meeting.	
3.5	Does the audit committee annually review the accounting policies of the authority?	Y			Included in the Statement of Accounts report.	
3.6	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y			The Executive Director Finance Services (s151 Officer) and Group Accountant attended the relevant meetings to present the report and answer questions relating to the preparation of accounts. Training on the Closedown	

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
					of Accounts is also provided immediately prior to the meeting.	
3.7	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Y			'Members Bulletin' is circulated to all Members, which contains general updates and circulars when they occur. For issues specifically relevant to the Committee, a report is presented.	
<b>4. INTERNAL AUDIT</b>						
4.1	Does the audit committee approve annually, and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	Y			The Internal Audit Strategic Plan is presented in February each year for approval. Details of how the plan is compiled are included in the covering report. For the year 2016-17 the Plan was presented on 12 <sup>th</sup> February 2017.	
4.2	Does internal audit have an appropriate reporting line to the audit committee?	Y			Direct access to the Chair is included in the revised Terms of Reference, along with the potential for Internal Audit to meet with the Committee, without Senior Management being present, if necessary.	
4.3	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Audit Manager?	Y			The Committee receives reports on progress against the Strategic Plan, and the Audit Manager presents the Annual Report in May.	
4.4	Are follow-up audits by Internal Audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Y			Included in the progress reports. Officers can be asked to attend the meetings to answer questions if progress is not satisfactory.	
4.5	Does the audit committee hold periodic private discussions with the Audit Manager?	Y			The facility is available within the Terms of Reference if required. No meetings were required during 2017/18.	

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
4.6	Is there appropriate co-operation between the internal and external auditors?		P		Ernst and Young receive all Internal Audit reports, but adopt a substantive audit approach and perform their own tests.	No action required
4.7	Does the audit committee review the adequacy of internal audit staffing and other resources?	Y			Included in the Strategic Audit Plan report and the half-yearly progress reports.	
4.8	Has the audit committee evaluated whether its internal audit service complies with Public Sector Internal Audit Standards (PSIAS)?	Y			An external quality assessment was completed in 2014 by the Chartered Institute of Internal Auditors and the resulting report was presented to the Committee in October 2014. The next external review will be due in 2019. In intervening years an internal self-assessment is completed and made available to Members of the Audit Committee.	
4.9	Are internal audit performance measures monitored by the audit committee?	Y			Performance Indicators are set as part of the Strategic Plan and monitored in the progress reports.	
4.10	Has the audit committee considered the information it wishes to receive from internal audit?	Y			No requests for specific reports were made in 2017-18, although further information was provided in response to requests from Members.	
<b>5. EXTERNAL AUDIT</b>						
5.1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y			Ernst Young attend meetings to present their reports and answer questions.	
5.2	Does the audit committee hold periodic private discussions with the external auditor?	Y			The facility is available within the Terms of Reference if required. No meetings were required during 2017/18.	
5.3	Does the audit committee review the external auditor's annual report to those charged with governance?	Y			Report is presented at the meeting in July.	

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
5.4	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y			Recommendations are taken into account when preparing the Internal Audit Strategic Plan.	
5.5	Are reports on the work of external audit and other inspection agencies presented to the committee.	Y			Report to those charged with governance (ISA260) – 31 July 2017 Annual Audit Letter – 27 November 2017 Audit Plan 2017/18 – 12 February 2018	
5.6	Does the audit committee assess the performance of external audit?	Y			Considered as reports are presented.	
<b>6. ADMINISTRATION</b>						
<b>Agenda Administration</b>						
6.1	Does the audit committee have a delegated secretary from Committee/Member Services?	Y			Wendy Vincent, Democratic Services.	
6.2	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y			A timetable is set for the year detailing meeting dates and deadlines for reports to be submitted.	
6.3	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y			Included in the timetable for the year.	
6.4	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?			N	'Any Other Business' is not an agenda item. Only 'Urgent Business' is accepted under Standing Order 7.	No action required.
<b>Papers</b>						

## Borough Council of King's Lynn and West Norfolk

## Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
6.5	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y			The timetable is designed to ensure the timing and frequency of routine reports is appropriate. Ad hoc reports are presented as they arise and also in line with Cabinet requirements if necessary.	
6.6	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?			N	The format is a corporate template.	No action required.
<b>Actions Arising</b>						
6.7	Are minutes prepared and circulated promptly to the appropriate people?	Y			Minutes are produced within a week of the meeting.	
6.8	Do action points indicate who is to perform what and by when?	Y			If action is required.	

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2017 – 2018

Appendix 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
30.05.17 (164 mins)		
A9: Training - How to undertake an Audit	The Audit Manager and Auditor provided a training session via a PowerPoint Presentation.	The training session provided Members with an understanding of how an audit is undertaken within the Council.
A10: Draft Annual Governance Statement	The Performance and Information Officer presented the draft 2017 Annual Governance Statement (AGS) – covering 2016-2017 which provided the Committee with the opportunity to review, challenge and provide input prior to the AGS being finalised which will be brought back to the Committee in July 2017.	<p><b>RESOLVED:</b> 1) The Committee reviewed the draft 2017 Annual Governance Statement and determined that the work undertaken to review the governance arrangements in place during the 2016/2017 year was appropriate.</p> <p>2) The ICT Manager be invited to attend a future meeting of the Audit Committee to give a presentation on the back-systems operated by the Council.</p>
A11: Corporate Risk Register Monitoring Report	The Performance and Information Officer presented the report which set out the changes to the Corporate Risk Register since the last monitoring report in October 2016. The report gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.	<b>RESOLVED:</b> The Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate objectives.
A12: Internal Audit Annual Report and Opinion 2016/2017	The Audit Manager explained that the purpose of the report was to provide the Audit Committee with an overview of the work undertaken by Internal Audit during 2016/17 and provide the Audit Manager's annual opinion on the system of internal control.	<b>RESOLVED:</b> The Committee received the annual audit opinion and note the work of Internal Audit for 2016/2017.



<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
A13: Internal Audit Full Year Progress Report 2016/2017	In presenting the report, the Audit Manager explained that the report provided Members with an update on progress against the Internal Audit Strategic Plan 2016/2017 that was endorsed by the Audit Committee at the meeting on 23 February 2016.	<b>RESOLVED:</b> The Committee reviewed the progress against the planned work and ensured that it complied with the requirement of the Accounts and Audit Regulations 2015.
A14: Audit Committee Effectiveness Report	The Audit Manager informed Members that it was considered to be good practice for the Audit Committee to present Cabinet with an annual report on the work carried out by the Committee in the preceding year. The report reviewed the work of the Audit Committee during the year 2016/2017 and considered if the Committee had effectively fulfilled its role.	<b>RESOLVED:</b> 1) That the Audit Committee considered the content of the report and agreed that it accurately reflected the work of the Committee in 2016/2017.  2) That the Audit Committee confirmed their agreement to the Chairman taking the report to Cabinet as evidence that the Committee operated effectively.
<b>19.06.17</b> – MEETING CANCELLED. Training Session held on Statement of Accounts to which <b><u>all Members of the Council</u></b> were invited to attend.		
<b>31.07.17</b> (66 mins)		
A23: Statement of Accounts	The Executive Director presented the Statement of Accounts 2016/2017 and explained that the Statement of Accounts was the final accounts set out in a format which included the Council's balance sheet and associated notes. The report also considered the report from the Auditor on the Accounts 2016/2017.	<b>RESOLVED:</b> The Audit Committee:  1) Considered the comments of the Auditor in the ISA260. 2) Approved the Statement of Accounts for 2016/2017. 3) The Chairman signed the Statement of Accounts and the Letter of Representation on behalf of the Borough Council of King's Lynn and West Norfolk.

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
A24: External ISA 260 Report	The External Auditors advised that the audit of the Borough Council had been substantially completed for the year ended 31 March 2017 and that subject to concluding the outstanding matters listed in their report, Ernst and Young confirmed that they expected to issue an unqualified audit opinion on the financial statements in the form at Section 3.	<b>RESOLVED:</b> The Committee considered and noted the comments of the Auditor in the ISA260.
A25: Annual Governance Statement	The Performance and Information Officer reminded the Committee that the preparation and publication of an Annual Governance Statement was a statutory requirement. The AGS was a public statement that described and evaluated the Council's overall governance arrangements, in particular, how it had complied with its Code of Corporate Governance during a particular financial year.	<b>RESOLVED:</b> 1) The Committee confirmed that the 2017 Annual Governance Statement (as attached) properly reflects the risk environment and that actions required to improve it are in hand.  2) The Committee approved the 2017 Annual Governance Statement (as attached) and confirm that the Chairman of the Audit Committee should sign accordingly.
A26: External Auditor Appointment for Grant Certification Work	The Internal Audit Manager presented the report which provided the Committee with an overview of the required process for appointing external auditors in relation to the Grant Certification work. It was explained that the work primarily covered auditing the Housing Benefit Subsidy claim and did not form part of the arrangements previously agreed for the general external audit appointment process.	<b>RESOLVED:</b> 1) To suspend Contract Standing Orders as noted within the report in order to appoint the same auditor for the grant certification work as is appointed by the PSAA for the general audit work.  2) To delegate to the Section 151 Officer the authority to negotiate and enter into a contract with the preferred supplier for the grant certification work, for the same term as the contract awarded through PSAA.

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
<b>04.09.17</b> (72 mins)		
A36: Presentation on IT Back-Up Systems	The Committee received a presentation from the ICT Manager, a copy of which is attached to the Minutes.	<b>RESOLVED:</b> The Committee noted the contents of the presentation.
A37: Monitoring Officer Report 2016/2017	The Monitoring Officer presented the report which summarised the more important matters arising from the Monitoring Officer's work for the Borough Council from 1 April 2016 to 31 March 2017 and commented on other issues. The Monitoring Officer advised the Committee of an update since the publication of the Agenda. The Committee was informed that following an Ombudsman decision, a payment of £100 had been made regarding a planning issue.	<b>RESOLVED:</b> 1) That the Committee noted the Monitoring Officer Annual Report 2016/2017.  2) Consideration be given to update Members on the Code of Conduct at a future pre-Council briefing.
A38: Treasury Outturn Report	The Group Accountant presented the report and advised the Committee that the Annual Treasury Outturn Report looked backwards at 2016/2017 and covered:  <ul style="list-style-type: none"> <li>- The 2016/2017 Treasury Outturn.</li> <li>- Compliance with Treasury Limited.</li> <li>- Outturn Summary.</li> </ul> <p>Additional supporting information:</p> <p>Appendix 1 – Investments as at 31 March 2017  Appendix 2 – Borrowing as at 31 March 2017  Appendix 3 – Prudential Indicators  Appendix 4 – Treasury Benchmarking Group  Appendix 5 – The Economy 2016/2017</p>	<b>RESOLVED:</b> The Audit Committee noted the Actual Treasury Outturn 2016/2017.

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
A39: Update – Internal Audit Terms of Reference	The Audit Manager explained that the Internal Audit Terms of Reference were last reviewed in 2013/2014 and were therefore overdue a review as part of the three year review process. The documents had been reviewed and the results were being presented to the Committee to consider and comment on before they were adopted by the Internal Audit Team.	<b>RESOLVED:</b> The Committee considered the changes made to the Internal Terms of Reference and recommend approval for adoption of these revised documents.
<b>27.11.17</b> (122 mins)		
A49: Training Session for all Members - Budget	The Group Accountant gave a presentation on the budget process.  <b>Please note that <u>all</u> Members of the Council were invited to attend the training.</b>	
A50: Annual Audit Letter for Year ending 31 March 2017	D Cooke from Ernst and Young, the Council's External Auditors presented the Annual Audit Letter for the year ending 31 March 2017 and reminded the Committee that the audit results had been presented to Members at the 31 July 2017 meeting.	<b>RESOLVED:</b> The Audit Committee noted the Annual Audit Letter for year ending 31 March 2017.
A51: Business Continuity – Annual Update	The Business Manager presented the annual update report which outlined the current position of the Council's Business Continuity arrangements, summarised progress made since the last update and described work that was planned to be undertaken over the coming months.	<b>RESOLVED:</b> 1) The Audit Committee reviewed the progress made and endorsed the approach being taken to the Council's Business Continuity arrangements.  2) The Audit Committee confirmed it wished to receive further annual updates on the topic as required.

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
A52: Corporate Risk Register Monitoring Report	The Policy, Performance and Personnel Manager presented the report which outlined the changes to the Corporate Risk Register since the last monitoring report in April 2018. The report gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.	<b>RESOLVED:</b> The Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the Corporate Objectives.
A53: Mid-Year Treasury Report	<p>The Group Accountant 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.</p> <p>The Mid-Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covering the following:</p> <ul style="list-style-type: none"> <li>• A review of the Treasury Management Strategy.</li> <li>• The Council's capital expenditure (prudential indicators).</li> <li>• An economic update for the first six months of 2017/2018.</li> </ul>	<b>RESOLVED:</b> The Committee reviewed and noted the report and the treasury activity.
A54: Internal Audit Half Year Progress Report	The Audit Manager presented the report which showed the Internal Audit activity against the Strategic Audit Plan 2017/2018 and fraud work for April to October 2017.	<b>RESOLVED:</b> The Committee considered with work completed and indicated they were satisfied and the progress against the agreed plan.
A55: Budget Monitoring Reports – October and November 2017	The Committee received the Budget Monitoring Reports for October and November 2017.	

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
<b>12.02.18</b> (58 mins)		
A65: Training – Cost Reduction	The Committee received an update on the Cost Reduction Programme from the Executive Director – Finance Services.	
A66: Borough Council of King's Lynn and West Norfolk Audit Planning Report – Year ended 31 March 2018	S Zahid, Ernst and Young presented the Audit Planning Report for year ended 31 March 2018 which provided the Committee with a basis to review Ernst and Young's proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the national Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.	<b>RESOLVED:</b> That the Audit Committee noted the Audit Planning Report for year ended 31 March 2018.
A67: Update on Progress with the Annual Governance Statement covering the 2017/18 Year	<p>Members were reminded that at its meeting in May 2017, the Audit Committee approved the Council's Annual Governance Statement (AGS) covering and reflecting back on the 2016/17 year.</p> <p>During the 2015/16 year it had been agreed that the Committee should receive an update halfway through the year on the progress being made with the Action Plan arising from the Annual Governance Statement report. The report provided that update in relation to the action plan for the 2017/18 year.</p>	<b>RESOLVED:</b> The Committee reviewed the progress made and endorsed the approach being taken to achieve the actions arising from the 2016/17 Annual Governance Statement, as detailed on the 2017/18 AGS Action Plan.

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
A68: Strategic Internal Audit Plan 2018/23	<p>The Audit Manager presented the report which provided Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2018/23.</p> <p>The Committee was reminded that the Audit Manager had to provide an annual Internal Audit opinion on the system of internal control to support the Annual Governance Statement.</p>	<b>RESOLVED:</b> The Committee acknowledged the Internal Audit resources and agreed the work planned for 2018/23.
A69: Budget Monitoring Report – December 2017	The Executive Director explained that as at 31 December 2017 there was no variance to report.	

## AUDIT COMMITTEE WORK PROGRAMME 2018/2019

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
30 May 2018	Training/Briefing – Internal and External Audits		K Woodward	
30 May 2018	Certification of Claims and Annual Report 2016/17	Annual	D Cooke Ernst & Young	
30 May 2018	Risk Based Verification Policy Update	Update	J Stanton	
30 May 2018	Corporate Risk Register	Monitoring	G Greaves	To note the report which presents the changes to the Risk Register since the last report.
30 May 2018	Draft Annual Governance Statement covering the 2017/2018 year.	Monitoring	G Greaves	To receive and note the draft Annual Governance Statement for the 2017/2018 year
30 May 2018	Internal Audit Annual Report and Opinion 2017/2018	Annual	K Woodward	To receive the Audit Manager's Annual Report.
30 May 2018	Internal Audit Full Year Progress Report 2017/2018	Progress Report	K Woodward	To receive the Audit Manager's Annual report.
30 May 2018	Audit Committee Effectiveness Report	Cabinet	K Woodward	To review the work of the Audit Committee during 2017/2018 and consider if the Committee has effectively fulfilled its role.

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<b>DATE OF MEETING</b>	<b>TITLE</b>	<b>TYPE OF REPORT</b>	<b>LEAD OFFICER</b>	<b>OBJECTIVES AND DESIRED OUTCOMES</b>
30 July 2018	Training/Briefing – Statement of Accounts		T Cowper	
30 July 2018	Statement of Accounts		L Gore/ T Cowper	
30 July 2018	External ISA 260 Report		L Gore/ T Cowper	
30 July 2018	Annual Governance Statement Covering the 2017/2018 year	Annual	G Greaves	To approve the Annual Governance Statement for the 2017/2018 year..
30 July 2018	Monitoring Officer Report 2017/2018	Annual	E Duncan	To receive the Annual Monitoring Officer's Report.
30 July 2018	Latest Budget Monitoring Report	Each Meeting	L Gore	The Committee will receive the latest Monitoring Report and be invited to ask any questions.
17 September 2018	Training/Briefing – Tender/Procurement Process	Training	T Hague M Gibbs	
17 September 2018	Treasury Outturn Report		T Cowper	
17 September 2018	Latest Budget Monitoring Report	Each Meeting	L Gore	The Committee will receive the latest Monitoring Report and be invited to ask any questions.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
12 November 2018	Training/Briefing - Review of Funding			
12 November 2018	Business Continuity Update	Annual Update	M Chisholm	
12 November 2018	Annual Audit Letter for year ending 31 March 2018	Annual Audit Letter		Ernst & Young will attend for this item
12 November 2018	Corporate Risk Register Monitoring Report	Monitoring	G Greaves	To note the report which presents the changes to the Risk Register since the last report.
12 November 2018	Internal Audit Half Year Progress Report	Monitoring	K Woodward	To receive the half year progress report.
12 November 2018	Mid-Year Treasury Report	Mid-Year	T Cowper	To receive the mid-year report.
12 November 2018	Latest Budget Monitoring Report	Each Meeting	L Gore	The Committee will receive the latest Monitoring Report and be invited to ask any questions.
28 January 2019	Training – Treasury Strategy			
28 January 2019	Strategic Internal Audit Plan		K Woodward	To provide the Committee with the opportunity to review the proposed Strategic Audit Plan 2017 – 2022.
28 January 2019	Update on progress with the Annual Governance Statement covering the 2018/2019 year	Update	G Greaves	To provide the Committee with an update on the progress with the Annual Governance Statement covering the 2018/2019 year.

<b>DATE OF MEETING</b>	<b>TITLE</b>	<b>TYPE OF REPORT</b>	<b>LEAD OFFICER</b>	<b>OBJECTIVES AND DESIRED OUTCOMES</b>
28 January 2019	Latest Budget Monitoring Report	Each Meeting	L Gore	The Committee will receive the latest Monitoring Report and be invited to ask any questions.
11 March 2019	Training/Briefing - Principles of Public Life Business Rates Retention			
11 March 2019	Latest Budget Monitoring Report	Each Meeting	L Gore	The Committee will receive the latest Monitoring Report and be invited to ask any questions.

Future Training Sessions – Date(s) to be identified

Contracts (Nora, Major Housing, Revenues and Benefits software, Refuse and Recycling)