

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 28th January, 2019 at 5.49 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** Councillor G Middleton (Chairman)  
Councillors S Dark, Mrs S Fraser (substitute), P Kunes, D Pope  
T Smith and T Tilbrook (Vice-Chairman)

**Portfolio Holder:**  
Councillor B Long, Leader

**Under Standing Order 34:**  
Councillor C Joyce

**Officers:**  
Lorraine Gore, Executive Director/Deputy Chief Executive  
Ged Greaves, Senior Policy and Performance Officer  
Kathy Woodward, Internal Audit Manager

A53 **APOLOGIES**

Apologies for absence were received from Councillors Mrs J Collingham and C Manning.

A54 **MINUTES**

The minutes of the Audit Committee held on 12 November 2018 were agreed as a correct record and signed by the Chairman.

Matters Arising

**A49 Record Retention and Disposal Policy Review:** Page 8, para 2: The Senior Policy and Performance Officer undertook to check the legal requirement on viewing previous and future agendas and minutes being available in hard copy or electronically. Councillor Kunes commented that to date, a response had not been emailed to the Committee.

**A48 Mid-Year Review Treasury Report 2018/2019:** Page 5, Norfolk and Waveney Enterprise Services Loan which was due to be paid back to the Council on 30 November 2018. Councillor Pope asked if on 12 November 2018, the Council was aware that NWES would not be in a position to repay the loan on 30 November 2018. In response, the Deputy Chief Executive explained that discussions had been held with NWES and there was no indication that the loan would not be repaid

on the due date, 30 November 2018. The Deputy Chief Executive added that if NWES defaulted on the repaying of the loan, under the Partnership Agreement the building would revert back to the Borough Council.

**A47 Corporate Risk Register Monitoring Report:** Page 6, para 4, it would be appropriate for the Audit Committee to monitor the progress of major housing schemes. Councillor Tilbrook asked how the Committee should monitor progress. In response, the Deputy Chief Executive advised that the Committee would need to decide on the frequency of the monitoring to be undertaken and commented this could be on a quarterly basis. The Committee was advised that an update was included in the capital programme report to Cabinet on 5 February and would also be updated in the outturn report in June 2019. The Chairman, Councillor Middleton suggested that a discussion would be held at the next sifting meeting as to how the Committee could monitor progress which was agreed by those present.

A55 **DECLARATIONS OF INTEREST**

Councillor Kunes declared an interest as a freemason.

A56 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A57 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillor C Joyce for the Risk Management Policy and Strategy Review – Final Report and Record Retention and Disposal Policy review – Final Report.

A58 **CHAIRMAN'S CORRESPONDENCE**

The Chairman informed the Committee that a number of questions had been asked in full Council regarding the ongoing situation in relation to the NWES loan. Members were advised that the NWES/KLIC Review Report would be presented to the Audit Committee on 11 March 2019

A59 **RISK MANAGEMENT POLICY AND STRATEGY REVIEW - FINAL REPORT**

The Senior Policy and Performance Officer presented the final version of the report prior to it being taken forward to Cabinet in March 2019.

Members were reminded that a draft version of the report was presented to the Committee in November 2018 and drew Members'

attention to section 3.2 of the report which set out the two amendments by the Committee at their previous meeting.

Under Standing Order 34, Councillor Joyce referred to paragraph 7.5.1 (page 32) – Section 151 Officer and asked for clarification on “The Officer must be informed of any potential financial risk arising from project or service activities as it emerges.” He added that the word emerges was broad and that the wording should be tightened up and asked what was the trigger point for a Service Manager to inform the S151 officer. In response, the Senior Policy and Performance Officer explained that the policy was intended to be flexible and that risk was a dynamic concept with all projects. He further commented that at the outset it was difficult to predict how the project would pan out and that the onus was on the Project Manager/Service Manager to review progress and to build in a mechanism to mitigate any issues that might arise. The Project Manager/Service Manager was responsible for informing the S151 Officer of any potential financial risk.

Councillor Joyce asked if there was a paper trail to the S151 officer in that she had been informed of the risk in accordance with the audit requirements. In response, the Senior Policy and Performance Officer advised that discussions and internal meetings were held in relation to projects, capital investment, etc and to review documents such as project initiation documents, businesses cases and progress reports. Notes were taken of the internal meetings and any specific issues highlighted and actions arising were included in the notes.

The Deputy Chief Executive suggested that the word “financial” be inserted before the word security on the third line of paragraph 7.5.1 and added that the Council’s Contract Standing and Financial Regulations set out the requirements before any budget was allocated and approved. The Committee was advised that in relation to the Council’s Capital Programme, Cabinet approved the budget. It was noted that the Council had a Project Board for Major Projects in place which monitored major projects and minutes were taken. If a Service Manager raised a financial concern it would be discussed at Management Team and that minutes were taken and actions recorded.

In relation to the NWES loan, Councillor Pope commented that in his opinion the Borough Council had carried all the risk. He referred to the Cabinet meeting on 14 September 2016 when a further loan was requested to mitigate a cash flow shortfall and outlined the questions he raised at that meeting on the proposed arrangements for the repayment of the loan and the terms of the proposed loan.

In response to questions raised by Councillor Pope regarding the NWES/KLIC internal audit review, the Leader, Councillor Long commented that the example from Councillor Pope illustrated why the audit review was being undertaken which would place the Council in a more robust position to monitor projects in the future.

The Deputy Chief Executive added that the Internal audit report would be presented to the Audit Committee on 11 March 2019, which would allow Members to debate the content of the report and make any appropriate recommendations.

Councillor Dark referred to the Draft Risk Management Strategy, page 24, 1.4 that the strategy would be reviewed every 3 years to ensure it remained relevant to the needs of the Council and the next review date being March 2022 and commented that if there was a major legislative change could the review be undertaken at an earlier date. The Committee supported the comments made by Councillor Dark and the Senior Policy and Performance Officer undertook to include the recommendation in the report to Cabinet.

Following on from the discussion on risk mitigation measures, the Deputy Chief Executive explained that all projects had been included in the Cabinet report of 5 February 2019. The Cabinet report had a specific paragraph relating to risk setting out how any risk could be managed and mitigation if required.

Councillor Tilbrook commented that the Council could take risk and added that with regard to KLIC/NWES the Borough Council's reputation had been damaged. Councillor Tilbrook added that the Council needed to put robust measures in place to address risk in the most likely areas such as planning and contracts. He referred to the Councillors declaration of interest form and commented that he would like to see membership of masonic lodges being included in the future as the Borough Council should be aware of such memberships. In response, the Leader, Councillor Long commented that the Members declaration of interest form currently did not stipulate membership of a masonic lodge but did ask for financial interests up to a certain level.

**RESOLVED:** The Panel approved the final version of the report prior to being presented to Cabinet in March 2019, subject to the following recommendation:

"This policy/strategy will be reviewed every three years, or earlier in the light of new guidance, to ensure it remains relevant to the needs of the council. The next review will take place no later than March 2022.

A60

#### **RECORD RETENTION AND DISPOSAL POLICY REVIEW - FINAL REPORT**

The Senior Policy and Performance Officer presented the final version of the report prior to it being taken forward to Cabinet in March 2019.

Members were reminded that a draft version of the report was presented to the Committee in November 2018. It was noted that there were some modifications to the retention schedule at Appendix B.

Councillor Dark referred to page 61, 1.31 retention of promotional or campaign events being kept for a period of 3 years. He commented that this seemed to be a short timescale, bearing in mind the Administration was for 4 years and that Members may wish to look back on decisions/information.

Councillor Kunes concurred with the comments made by Councillor Dark.

The Senior Policy and Performance Officer undertook to feed the above comment back to the relevant Service Manager.

Under Standing Order 34, Councillor Joyce addressed the Committee. He referred to page 47, paragraph 4.1 – Elected members are responsible for overseeing effective management by the officers of the council and promoting adherence to this policy and the support framework, etc. Councillor Joyce asked when were the Committee Clerk's notes destroyed, before or after the minutes were agreed at the next meeting. Councillor Joyce referred to a Freedom of Information request when the response had been that the Committee Clerk's notes had been destroyed prior to the approval of the minutes at the next meeting..

The Committee debated the above issue. The Chairman, Councillor Middleton proposed that legal advice be sought from Eastlaw on the legal requirement for destruction of Committee Clerk's notes and who approved the final minutes.

Councillor Smith referred to page 63, corporate complaints and ?? in the numbers box. The Senior Policy and Performance Officer advised that it was a living document which would be populated in due course. The Deputy Chief Executive suggested that the ?? be amended to read "under review."

**RESOLVED:** 1) The Panel approved the final version of the report prior to being presented to Cabinet in March 2019.

2) Legal advice be sought from Eastlaw on the legal requirement for the destruction of Committee Clerk's notes and approval of the minutes.

A61

**UPDATE ON PROGRESS WITH THE ANNUAL GOVERNANCE STATEMENT COVERING THE 2018/2019 YEAR**

The Senior Policy and Performance Officer reminded Members that at the Audit Committee meeting in July 2018 Members approved the Council's Annual Governance Statement covering and reflecting back on the 2017/18 financial year.

It was explained that during 2015/16 it had been agreed that the committee should receive an update on the progress being made with the action plan arising from the Annual Governance Statement.

The report provided that update in relation to the action plan for 2018/19.

There were no questions or comments from the Committee.

**RESOLVED:** The Committee noted the progress report with the Council's Annual Governance Statement arrangements.

A62 **COMMITTEE WORK PROGRAMME 2018/2019**

The Chairman, Councillor Middleton advised the Committee that the Financial Services Manager who would deliver the Treasury management training would be leaving the authority before the next meeting and therefore proposed that the training be deferred, which was agreed by the Committee.

The Chairman outlined the amendments to the work programme.

The monitoring of the Major Housing scheme would be discussed at the next sifting meeting.

A63 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on 11 March 2019 at 5 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

**The meeting closed at 6.55 pm**