

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 27th July, 2020 at 3.00 pm in the Remote Meeting on Zoom and available for the public to view on WestNorfolkBC on You Tube - Zoom and You Tube**

**PRESENT:** Councillor Mrs A Dickinson (Chair)  
Councillors Miss L Bambridge, M de Whalley, C Hudson, B Jones, A Kemp,  
C Manning, J Moriarty, S Patel and A Ryves

**Portfolio Holders**

Councillor B Long, Leader

**Members present under Standing Order 34:**

Councillor M de Whalley

Councillor J Moriarty

**Officers:**

Michelle Drewery, Assistant Director, Resources

Ged Greaves, Senior Policy and Performance Officer

Matthew Head, Auditor

Matthew Henry, Assistant Director, Property and Projects

Kathy Woodward, Shared Internal Audit Manager

A65 **APPOINTMENT OF VICE CHAIR**

**RESOLVED:** Councillor C Manning be appointed Vice Chair for the meeting.

A66 **APOLOGIES**

Apologies for absence were received from Councillors Mrs J Collingham, J Collop and Mrs V Spikings.

A67 **WELCOME AND INTRODUCTIONS**

The Chair informed the Panel that the meeting was being broadcast live on You Tube.

The recording of the meeting is available at:

<https://www.youtube.com/user/WestNorfolkBC>

The Democratic Services Officer conducted a roll call to confirm attendees.

A68 **MINUTES**

The minutes of the Audit Committee held on 11 March 2020 were agreed as a correct record.

A69 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A70 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A71 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillors M de Whalley and J Moriarty.

A72 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A73 **UPDATE ON THE CURRENT SITUATION AND THE IMPACT ON THE WORK PROGRAMME**

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The Assistant Director, Resources gave an update on the impact of COVID relating to the delivery of services in the resources service area and responded to questions and comments relating to:

- Redeployment of staff to assist with response to COVID.
- Potential impact on the Audit Committee Work Programme.
- Risk of overpayment of grants and measures put in place for incorrect payments.
- Borough Council's financial position with the impact of COVID.

The Leader, Councillor Long addressed the Committee and concurred with the comments made by the Assistant Director, Resources.

The Chair thanked the Assistant Director, Resources and all staff for their work relating to the Council's response to COVID.

A74 **CORPORATE RISK REGISTER UPDATE**

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The Senior Policy and Performance Officer presented the report which set out the changes to the Corporate Risk Register since the last

monitoring report to the 11 March 2020 committee meeting. The report gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

The key issues were outlined as detailed in the report.

The Senior Policy and Performance Officer and Assistant Director, Resources responded to questions in relation to:

- Appendix 1 – amber and red risks.
- 1.9 VAT potential unplanned cost relating to Coastshare.
- Background and overview of Coastshare arrangement.
- New risk concerning flood resilience in an event of an incident.
- Business Rates judgement awaited on relating to NHS Foundation and Business Rates Pool.
- Extended support for Windows 7 and impact of COVID to progress with project and roll out of Office 16.
- Risk assessments undertaken for all office based staff and staff working from home during the response and recovery process in relation to COVID.
- Risk 2.4 Five year land supply and housing delivery test.
- Cyber Security Audit.
- Business Rates.
- Checks and balances carried out when the Council engaged with major contractors.

Under Standing Order 34 Councillor de Whalley addressed the Committee and asked a question regarding zero day attacks. The Assistant Director, Resources provided a response to the questions raised.

The Leader, Councillor Long provided background information and outlined the VAT advice the council had received in relation to the Coastshare arrangement and the Business Rates Pool. The Leader provided an overview of the risks which were considered by the Policy and Development Panels.

The Chair advised that the ICT Manager had previously been invited to attend a meeting of the Audit Committee, but was currently involved in providing support in response to COVID and during the recovery period, but would attend a future meeting of the Committee.

**RESOLVED:** The Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the Corporate Business Plan.

A75

**INTERNAL AUDIT FULL YEAR PROGRESS REPORT 2019/2020**

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The Shared Internal Audit Manager explained that the purpose of the report was to provide Members with an update on progress against the Internal Audit Strategic Plan 2019-20 that was endorsed by the Audit Committee at the meeting on 11 March 2019. It was highlighted that the report also provided an update on the fraud work for the year.

The Committee's attention was drawn to Sections 2.2, 2.3, 2.4, Appendix 1, and 4 of the report.

The Committee was advised that COVID had had an impact on the work undertaken by Internal Audit.

The Shared Internal Audit Manager responded to questions and comments on the number of errors and continuing trend relating to Single Persons Discount.

Councillor Kemp wished the following statement to be recorded in the minutes. IT support to Members of the Audit Committee, some Councillors had experienced difficulties in accessing internal audit reports via Insite and suggested that a separate risk be added to the risk register – lack of information to the Audit Committee. In response, the Shared Internal Audit Manager undertook to liaise with IT, Assistant Director, Resources and Democratic Services regarding the Audit Committee's access to internal audit reports on Insite and Mod Gov.

Under Standing Order 34, Councillor Moriarty addressed the Committee regarding confidentiality and Single Persons Discount and the role of Borough Councillors. In response the Shared Internal Audit Manager invited Councillors to submit a fraud request via the link on the Council's website.

The Chair reminded the Committee of the Council's Whistleblowing Policy.

**RESOLVED:** The Committee reviewed the progress against the audit plan and noted the update of the fraud work.

A76

### **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2019/2020**

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The Shared Internal Audit Manager presented the report which provided the Audit Committee with an overview of the work undertaken by Internal Audit during 2019-2020 and provided the Audit Manager's annual opinion on the system of internal control.

The Shared Internal Manager drew the Committee's attention to Section 2 – Audit Manager's Opinion for 2019-20.

The Shared Internal Audit Manager responded to questions and comments in relation to:

- Appendix 2: Audit reports issued during 2019-20 showing assurance levels.
- Categories of assurance levels and potential to add a 5<sup>th</sup> category (reasonable assurance).
- Shared Internal Audit Manager arrangement with Fenland District Council and the Borough Council.
- Review of Internal Audit Team Terms of Reference – September 2020.

Councillor Kemp wished it to be recorded that she abstained from the following resolution due to the lack of internal controls to Member's access to the Internal Audit reports.

**RESOLVED:** To receive the annual audit opinion and not the work of Internal Audit for 2019-20.

A77 **INTERNAL AUDIT STRATEGIC PLAN 2020-2025**

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The Shared Internal Audit Manager presented the report which provided Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2020-2025.

The Shared Internal Audit Manager responded to questions and comments relating to:

- Resource available for the Council's financial and operational services identified as high risks.
- Appendix 2 – Strategic Internal Audit Plan 2021-25 timetable, specifically in relation to policies and cyber security being rated as medium risk.
- Cyber Security Audit.
- Risk of planning control and why the rating is so high.

The Chair commented that it would be helpful to the Committee if the frequency of audits could be included in future reports. The Shared Internal Audit Manager explained that the Strategy document on page 42 set out the frequency of audits, but undertook to consider the request for future reports.

**RESOLVED:** The Committee acknowledged the Internal Audit resources and considered and agreed the work planned for 2020-25.

A78 **AUDIT COMMITTEE EFFECTIVENESS REPORT**

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In presenting the report, the Shared Internal Audit Manager reminded the Committee that it was 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 2019-20 and considered if the Committee had effectively fulfilled its role.

The Shared Internal Audit Manager outlined the areas of the check list (page 48) identified partial or no compliance and invited the Committee's response.

The Shared Internal Audit Manager explained that the Committee was required to agree a process to finalise the report prior to being presented to Cabinet.

The Chair explained that it would be appropriate for the review of the Terms of Reference to be considered at the appropriate Audit Committee meeting.

The Chair highlighted that the importance of training and made reference to rearrangement of audit committees meetings due to the external auditor's not completing their work. The Chair advised that the shared Internal Audit Manager and herself had attended a briefing organised by the external auditor.

The Internal Audit Manager undertook to amend the report as set out above.

The Shared Internal Audit Manager responded to questions and comments relating to:

- Potential for Audit Committee's Membership to include an Independent Person which is not mandatory, but would incur a financial cost to the council which could be included within the future report on the Review of Terms of Reference of the Audit Committee.

**RESOLVED:** That the Audit Committee:

- 1) Considered the content of the report and decided it accurately reflected the work of the Committee in 2019-20 subject to the amendments set out above.
- 2) Confirmed their agreement to the Chair taking the report to Cabinet as evidence that the Committee operated effectively.

A79

**FUTURE ROLE OF THE AUDIT COMMITTEE CROSS PARTY WORKING GROUP**

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The Chair provided a verbal update, which also included an update on the Major Member and Officer Project Boards and outlined the options available.

The Committee debated the options available.

Councillor Kemp proposed that the Audit Committee Cross Party Working Group continue to meet to complete the review of the KLIC report because the Independent Person did not complete the task she was asked to do, which was to look at the relationship NWES and the Borough Council and requested a recorded vote, subject to a seconder supporting the proposal.

The proposal was seconded by Councillor Ryves.

The Democratic Services Officer conducted a roll call.

**RESOLVED:** The Audit Committee Cross Party Working Group continue to meet to complete the remaining two areas of work and to look at the relationship between NWES and the Borough Council.

A80 **MAJOR PROJECTS BOARD UPDATE**

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The Chair provided a verbal update under agenda item 13.

A81 **CABINET FORWARD DECISION LIST**

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**RESOLVED:** The Committee noted the Forward Decision List.

A82 **COMMITTEE WORK PROGRAMME**

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The Committee noted the work programme.

It was noted that the training for the September would be statement of accounts if the accounts were to be presented to the Committee.

The Chair invited the Committee to submit any items for consideration on the work programme.

A83 **DATE OF NEXT MEETING**

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The next meeting of the Audit Committee would be held on 14 September 2020 at 3 pm on Zoom.

**The meeting closed at 5.30 pm**