

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

Minutes from the Meeting of the Audit Committee held on Wednesday, 16th June, 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: J Lowe (Chair)
Councillors J Collop, P Gidney, C Manning, C Morley, J Rust and A Ryves

Portfolio Holders

Councillor A Dickinson, Gaywood North Bank Ward

Officers:

Ged Greaves, Senior Policy and Performance Officer
Joanne Stanton, Revenues and Benefits Manager

A1 **APPOINTMENT OF VICE CHAIR FOR THE FORTHCOMING YEAR**

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RESOLVED: Councillor C Morley be appointed Vice-Chair for the forthcoming year.

A2 **APOLOGIES**

Apologies for absence were received from Councillors Mrs J Collingham and M Storey.

A3 **MINUTES**

RESOLVED: The minutes of the Audit Committee held on 15 March 2021 were agreed as a correct record and signed by the Chair.

A4 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A5 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A6 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A7 **CHAIR'S CORRESPONDENCE**

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The Chair commented that he wished to ensure a balanced and open discussion and asked Members to wait their turn to speak and not speak over the Chair.

A8 **CORPORATE RISK REGISTER - HALF YEARLY UPDATE**

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The Senior Policy and Performance Officer commented that he was aware that there were a number of new Members appointed to the Audit Committee and provide context and background information prior to presenting the report.

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 27 July 2020 committee meeting. It was explained that the report gave details of the risk falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

The Senior Policy and Performance Officer outlined the key changes as detailed in section 2 of the report.

Members' attention was drawn to the following risks:

- 3.1 Flood Management and coastal erosion. It was explained that a key number of plans and policies had progressed over recent months and a high level review of both Shoreline Management Plans had been completed and were awaiting publication. The Wash Trends Report had been completed and was awaiting publication. Full Council July 2021 will consider the Local Plan Review which will include an important element of planning policy relating to coastal change.
- 5.3 Improvements to Heritage Buildings. It was explained that the Town Deal funding included scope for repurposing activities in the town centre.

The Committee was invited to comment/ask questions, a summary of which is set out below.

In response to questions from Councillor Rust on targets and risk scores, the Senior Policy and Performance Officer explained that the target risk was the judgement of Management Team and Assistant Directors and added that it was difficult to compare each individual risk to another risk on the Risk Register as there were different factors

In response to a comment from Councillor Rust regarding aiming for the best targets, the Senior Policy and Performance Officer explained that there were challenges around where the tolerance/risk appetite was set as an organisation. It was noted that some organisations were very risk adverse and therefore anticipated that scores were a lot lower. Other more risk minded organisations might have a greater tolerance/appetite and the level of risk could be higher. The level of risk of the Borough Council was set out in policy and was open to a certain level or risk, subject to the correct safeguarding and due diligence procedures in place.

Councillor Ryves commented that it appeared that there were certain items which were not on the list, as set out below:

Queen Elizabeth Hospital (QEH)

How did the current situation QEH affect the workings of the Council and had it been considered.

In response the Senior Policy and Performance Officer explained that there was an emerging risk that the Borough Council would be looking at namely, the NHS and Integrated Care Systems and how they may impact on the Borough Council and if identified as a risk would be added to the Risk Register.

Planning

How the changes to the planning environment would impact upon the council.

The Senior Policy and Performance Officer referred to his introduction in that there were a number of emerging risks the council was relating to new legislation. It was highlighted that in the Queen Speech that there was a Planning Bill which the authority would assess when further details were received.

Parkway

How does the council account for monies spent as it stands, given a fundamental change as council agreed.

The Senior Policy and Performance Officer many risks were dynamic and when risk register was published it was almost out of date. This report was the judgement at April, following Cabinet's decision on the Parkway development there will be a need to review particular entries on the Risk Register including the risks related to the major housing programme as Parkway formed part of that programme of work.

Councillor Morley asked if the document being produced just to meeting statutory obligations or a management tool for continuous

improvement or to ensure that high risk areas were given the full attention and leave lower risk areas to a lesser attention and could not understand the purpose/last column and did not make sense. Councillor Morley commented the whole document should be recast to demonstrate risk areas addressed in accordance with matrix.

The Senior Policy and Performance Officer added information and explained that Appendix 1 of the report included red risks which zoomed in on activities taking place to try and mitigate where we can those particular highly scored risk. It was used as a management tool not just a paper exercise to satisfy any particular statutory regulations or best practice from org such as CIPHA it was a live management tool and also tested by Internal Audit processes. The Risk Register itself was only one component of the council's overall approach to tackling risk. These risks were the most significant risks facing the council, there were also risks at project level and all key projects had individual risk registers. It was noted that there were also a series of risks at occupational level in relation to risk management processes about particular processes regarding the work officers undertook when using machinery or equipment. With regard to target risk, the Senior Policy and Performance Officer advised that he would need to through the issues raised by Councillor Morley on and one to one basis with the policy and strategy and explain how target risks were calculated and how they affected by borough council risk appetite and what scores meant.

Councillor Morley referred to 1.10 - Financial Plan, the council knew what the projections were for 3 to 4 years ahead and added that he thought that this would be set out in performance column to address it and added that this did not dovetail and would discuss in the one to one session with the Senior Policy and Performance Officer.

Councillor Bambridge referred to on the major projects programme, Accelerated Construction Sites or West Winch Strategic Growth Area and that she did not see anything with resources, unskilled workers in the media. and associated issues which had talked about in in the media. In response, the Senior and Policy and Performance Officer explained that he had previously alluded to some of those concerns in his introduction, but it was not something currently flagged with the housing development programme at the moment and that projects were all progressing according to their schedules. On the strategic sites, for example, West Winch, the development was planned over a long term, and the Borough Council's involvement was very much focussed on investigatory reports and feasibility work drawing upon consultants. The project risk register for West Winch does include rising prices.

Councillor Devereux commented that it was assist Members if the timescale of interest on particular risks was clarified, for example, risk 3.1 flood and coast erosion could include the ease of mitigation work and the technical ability and resource required. In conclusion,

Councillor Devereux commented that it would be useful if he could join the one to one session with Councillor Morley. In response, the Senior Policy and Performance Officer explained that he welcomed the opportunity for dialogue to inform the review of the council's policy and strategy around risk management.

Councillor Morley read out the statement of purpose of the Audit Committee set out in the Borough Council's Constitution. Councillor Morley added that the Senior Policy and Performance Manager and Management Team needed to formulate a way of providing and assisting the Audit Committee to provide independent assurance. Councillor Morley believed at the present time he could not sign off what was being presented and that he would think about it and discuss in the one to one session on how address risk register in a more holistic arrangements, including immediate and long term risks and come up hopefully with an improved register if required. The Chair commented that a training session on the corporate risk register could be scheduled for the Audit Committee if all Members wished to participate.

Councillor Ryves commented that it would be useful if it could be distinguished between risks where the council could do something and those where the council could not realistically, which was not clear from the report.

Following questions from the Chair regarding the Financial Plan and the investment in major capital projects providing a future income stream, the Assistant Director – Resources explained that with regard to the Financial Plan, Members had seen the revised estimates presented to Cabinet and Council in September 2020, which set out the medium term financial plan and estimated a budget gap of around £3.4m in 2024/25. At that the time, the view was taken as a result of the impact of Covid. Since then continuous monitoring had been undertaken and in the February 2021 Monitoring Report the position was that there was a reduction on the drawn down of the General Fund to support budget 2021, taking revised estimates gap to just under 0.9m, so already the forecast was more positive. However, it was noted that it would still be necessary to take into account the lockdown period/restrictions and the extension of a further month and what this indicated for 21/22. It was explained that there was still work to be done including the cost reduction target savings plan and workshops would be scheduled to address the budget gap which would also take into account the detailed review of capital programme and affordability which would all need fit in with the Corporate Business Plan and with change in leadership and Cabinet it would be necessary to have a dialogue to understand how this was to progress.

The Chair thanked the Senior Policy and Performance Officer for presenting the report.

The Committee voted on the recommendation set out in the report.

RESOLVED: Members considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate business plan/Covid-19 recovery strategy.

A9

INTERNAL AUDIT FULL YEAR PROGRESS REPORT COVERING THE PREVIOUS FINANCIAL YEAR

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The Internal Audit Manager presented the report which provided Members with an update on progress against the revised Internal Audit Strategic Plan 2020-21 that was endorsed by the Audit Committee at the meeting on 27 July 2020. It was highlighted that the report also provided an update on the fraud work for the year.

The Committee's attention was drawn to the key issues/sections set out in the report:

- 2.7 – completed audits during 2020-21.
- 2.8 – current audits ongoing.
- 2.10 – audits transferred to 2020/21.
- 2.11 – CIPFA guidance and additional work to undertake work for the annual audit opinion.
- 3 - Fraud protection and Investigations work April 2020 and March 2021

In response to questions from Councillor Morley on 100% owned subsidiary companies, Housing and Alive and the linkages to the Financial Plan, the Audit Manager explained that the audits would be picked in 2021/22 Audit Plan. It was noted that throughout last year no specific work in those two areas was undertaken due to the Pandemic and that predominantly the Alive facilities were closed for most of year, so operational audits would have been a challenge to undertake during that period

Following further questions from Councillor Morley on the Eastern Internal Audit Service and the handover arrangements, the Assistant Director – Resources provided an update and advised that the council was currently completing the final elements of the Agreement. The officer from the Eastern Internal Audit Service, together with the Internal Audit team would be introduced to the Committee prior to the next meeting.

The Chair thanked the Internal Audit Manager for presenting the half-yearly progress report.

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

A10

INTERNAL AUDIT ANNUAL REPORT AND OPINION COVERING THE PREVIOUS FINANCIAL YEAR

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The Internal Audit Manager presented the report which provided the Committee with an overview of the work undertaken by Internal Audit during 2020-21 and provided the Audit Manager's annual opinion on the system of internal control.

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

- 2.5 - Annual Audit Opinion.
- 3 - Effectiveness of Internal Audit Team.
- 4 – Basis of Assurance.
- 5 – Anti-Fraud and Anti-Corruption Procedures.

The Committee was reminded that the report was available to view on the Audit Committee area on InSite.

In response to questions from Councillor Rust on adequate assurance, the Internal Audit Manager explained that adequate was an Auditor's favourite word, adequate was good enough and the council was where it needed to be . The Internal Audit Manager advised that she had never issued a substantial assurance . It was highlighted that the council would aim to be adequate.

The Chair thanked the Internal Audit Manager for presenting the annual report and opinion.

RESOLVED: The Committee received the annual audit opinion and noted the work of Internal Audit for 2020-2021.

A11

UPDATE ON AUDIT PROGRESS AND TIMETABLE

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The Assistant Director, Resources presented the report which updated Members on various audit workstreams, timetable and progress which impacted on timescales for the Audit Committee workplan.

The Assistant Director, Resources responded to questions and comments in relation to:

- Amended Regulations - Publication of draft Statement of Accounts 2020/2021 by 1st working day in August 2021.
- Adequate resources in the Finance Team to undertake required work within the timescales set out in the report.
- Reduction of 313 hours in negotiation with Ernst Young.
- The Corporate Risk Register would be updated to reflect any changes in risk due to staff levels.

The Chair thanked the Assistant Director for presenting the report.

RESOLVED: The Audit Committee noted the contents of the report.

A12 **COMMITTEE WORK PROGRAMME AND FORWARD DECISION LIST**

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RESOLVED: The Committee noted work programme and forward decision list.

A13 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 26 July 2021 at 4.30 pm in the Assembly Room at the Town Hall.

A14 **EXCLUSION OF PRESS AND PUBLIC**

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RESOLVED: 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 Part 1 of Schedule 12A to the Act.

A15 **EXEMPT REPORT: HOUSING BENEFIT SUBSIDY CLAIM - ANNUAL CERTIFICATION REPORT FOR 2019/2020**

The Revenues and Benefit Manager presented the report and responded to comments and questions from the Committee.

RESOLVED: The Committee noted the content of the Ernst and Young report.

The meeting closed at 6.01 pm