

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 26th July, 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor J Lowe (Chair)
Councillors Mrs J Collingham, P Gidney, C Morley (Vice-Chair, J Rust, A Ryves and M Storey

Portfolio Holder:

Councillor Mrs A Dickinson, Finance

Officers:

Michelle Drewery, Assistant Director Resources/Management Team Representative

Ged Greaves, Senior Policy and Performance Officer (via Zoom)

Jo Stanton, Revenues and Benefits Manager (via Zoom)

Wendy Vincent, Democratic Services Officer

Observing:

Jamie Hay, Investigating Officer/Internal Auditor

Matthew Head, Auditor

A16 **APOLOGIES**

Apologies for absence were received from Councillors J Collop and C Manning and Amalia Valdez Herrera, Ernst and Young.

A17 **MINUTES**

The minutes of the Audit Committee held on 16 June 2021 were agreed as a correct record and signed by the Chair.

A18 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A19 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A20 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A21 **CHAIR'S CORRESPONDENCE**

There was no correspondence.

A22 **ANNUAL GOVERNANCE STATEMENT COVERING THE PREVIOUS FINANCIAL YEAR 2019/2020**

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The Senior Policy and Performance Officer presented the report which brought the council's draft Annual Governance Statement (AGS) 2019/2020 to the committee for review, challenge and an opportunity to input prior to the document being finalised and considered at a future committee meeting alongside the financial accounts.

The committee was reminded that the preparation and publication of the AGS was a statutory requirement and was a self-assessment reviewed by the External Auditors.

The Senior Policy and Performance provided an overview of the impact of Covid-19.

The committee's attention was drawn to key issues set out in the report.

Concern was expressed by Councillor Ryves that the Member Major Projects Board had only met twice. It was also important for the Board's future to declare whether its status was that of a Scrutiny Board or otherwise. Councillor Morley advised that this Governance Statement covered 2019/20 and that Councillors Ryves comment was pertinent to the 2020/21 report. In response, the Senior Policy and Performance Officer explained that due to Covid, work and projects had been reprioritised. It was noted that the next Member Major Projects Board was scheduled for 29 July 2021.

Councillor Rust referred to paragraph 5.1.3 and commented on the membership of the Town Deal Board and that Councillors were not able to get on the Board to ensure there was an open and transparent decision making process and Councillors did not receive any paperwork. The Assistant Director, Resources undertook to take the comments made back to the relevant officers.

With reference to the comments made regarding the Town Deal Board, Councillor Collingham added that she had raised it as Chair of the Regeneration and Development Panel and was informed that the Town Deal Board was part of the decision making process. Councillor Collingham explained that the recommendations from the Town Deal Board were taken through the democratic process and that her understanding was that Councillor Bambridge sat on the Board and it was imperative that the Town Deal Board was A-political. The Portfolio

Holder for Finance explained that some of the Town Deal proposals had not been included in the Capital Programme and had not been approved and it was therefore her understanding that the Capital Programme would need to be amended to include those proposals.

The Assistant Director, Resources provided clarification and explained that some of the projects under the Future High Streets Funding were in the Capital Programme and had been transferred to the Town Deal Fund proposals which would be required to go through the appropriate approval process to revise the Capital Programme for the Town Deal Fund proposals.

In relation to the Town Deal Board, Councillor Morley reminded Councillors that this was the AGS for 2019/2020 - the first Town Deal Board was held in January 2020, but the Terms of Reference were not agreed until August 2020 and added that the Annual Governance Statement for the forthcoming year would allow questions to be asked on the governance of the Town Deal Board. Councillor Morley has asked that 5.1.2 be amended to make the position clear.

Following questions on 9.3.9 in relation to wholly owned companies, the Senior Policy and Performance Officer provided an overview of the work which had been de-prioritised due to Covid and the current piece of work being undertaken which would come to fruition in the autumn 2021.

In response to questions and comments on the de-prioritisation of projects and the importance of maintaining open and transparency, the Assistant Director, Resources explained that the AGS is audited by Ernst Young as part of the audit process each year. Audit Committee are also able to feed into the Audit Plan to gain assurance on areas where they feel there are weaknesses which the committee sign off on an annual basis.

With regarding to the Member Major Projects Board, the Portfolio Holder for Finance explained the role of the Board was to scrutinise major projects and advised that following the meeting scheduled for 29 July 2021, an additional meeting would be called. The committee was informed that the major projects were being progressed, but in a different way and further commented that the new Administration had recognised the importance of the Member Major Projects Board.

The Chair thanked the Senior Policy and Performance Officer for presenting the draft Annual Governance Statement for 2019/2020.

RESOLVED: The Committee:

- 1) Reviewed the draft Annual Governance Statement 2020 (as attached) and determined that the work undertaken to review the governance arrangements was in place during the 2019/20 year was appropriate.

- 2) Determined that there were no additional actions to be taken to inform the final version of the document which will be brought to a future meeting of the Audit Committee.

A23

DRAFT STATEMENT OF ACCOUNTS 2019/2020

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The Assistant Director, Resources presented the draft Statement of Accounts 2019/2020 and explained that the audit of the final Statement of Accounts were awaiting completion by Ernst and Young and final accounts would be presented to the Audit Committee to sign off later in the year.

In response to questions regarding reserves, the Assistant Director, Resources explained that the CIPFA guidance was that the council should have adequate reserves and that the council's current policy in relation to the General Fund Reserve was that 5% of the budget was the minimum level requirement of reserve set out in the Financial Plan. The Assistant Director, Resources undertook to check if there was specific requirements within the CIPFA guidance.

Following questions regarding the payment to Eastlaw for the provision of legal services and monitoring to the council, the Assistant Director, Resources explained that the Statement of Accounts provided information on Eastlaw and it had been recommended by the External Auditor to extract the fee paid for the Monitoring Officer. Councillor Collingham stated that she wished it to be recorded that in her view the council to consider a regular post in legal services. For information, the Portfolio Holder for Finance advised that the current provision of the Monitoring Officer and legal services was under review.

Following a comment on the provision to a summary on a complex document been accessible to all, the Assistant Director, Resources explained that the council was required to produce the document by CIPFA who were looking at streamlining the accounts. The Assistant Director, Resources commented that she would see what could be done to produce a brief summary of key information.

The Chair thanked the Assistant Director, Resources for presenting the draft Statement of Accounts 2019/2020.

RESOLVED: That the committee noted the draft Statement of Accounts 2019/2020.

A24

QUARTERLY BUDGET MONITORING - MONITORING REPORT FEBRUARY 2021

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The Assistant Director, Resources presented the Budget 2020/21 Monitoring Report February 2021 circulated to all Members and reminded the committee they had requested this report was considered on a quarterly basis.

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

- ICT support (£104,000 remote working/virtual meetings) and how this figure was comprised which did not include staffing costs.
- Overall cost of Covid to date, loss of income to the council and Government funding.
- Impact on the leisure service during the Pandemic.
- Credit ratings.
- Outturn figures – report currently scheduled for Cabinet on 21 September 2021.
- Efficiencies – recruitment to vacant posts.
- Monthly Budget Monitoring Reports.
- Budget gap £3.4m anticipated in 2024/2025 which the council would need to address, financial position had improved as a result of additional covid funding, the budget gap had now reduced to £0.9m. It was noted the budget gap would need to be considered on an annual basis.
- Treasury Management Strategy – agreed by Council on an annual basis and available on the website.
- The council's investment portfolio/loans.

The Assistant Director, Resources explained that quarterly monitoring would continue at Audit Committee, but due to a variety of reasons, mostly outside of the Council's control, the year's outturn figure would not be available until September. These delays had also impacted on the timescales for both internal and external audit.

At the invitation of Chair, the Portfolio for Finance addressed the committee regarding the Treasury Management Strategy and advised that there was information on the council's intranet.

The Chair thanked the Assistant Director, Resources for presenting the February 2021 Budget Monitoring Report.

RESOLVED: The committee noted the February 2021 Monitoring Report.

A25

COUNCIL MEETINGS INTERIM ARRANGEMENTS - CABINET REPORT

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In presenting the report the Assistant Director, Resources explained that following the expiry of the powers granted by Section 78 of the Coronavirus Act 2020, from 7 May the council had reverted to face-to-face meetings for Members, supported by Democratic Services Officers in the room. The report considered the impact of the decision not to extend the facility of virtual meetings for councils and to recommend to Cabinet/Council, interim measures to enable the council to fulfil their statutory obligations in respect of council meetings whilst maintaining social distancing and COVID-19 safety measures at all times.

Councillor Collingham commented that the report would also be considered by the Regeneration and Development Panel on 27 July 2021 and she endorsed the proposed structure and added that the continuation of remote meetings - sifting meetings, etc on Teams and Zoom would reduce the cost of travel and reduce emissions. Councillor Collingham added that there were difficulties hearing in the Assembly Room and that the current audio system was not fit for purpose. Councillor Collingham also stated that she had envisaged holding meetings of the Regeneration and Development Panel in other locations - Downham Market and Hunstanton and did not know if the social distancing would allow it.

Councillor Rust stated that she supported the current arrangements but added that many Councillors stood for election on the understanding that they could attend evening meetings and having meetings during the day therefore placed some Councillors at a disadvantage to attend.

Councillor Collingham supported Councillor Rust on the comments made above.

Councillor Gidney concurred with the comments made by Councillor Collingham.

Councillor Storey commented that the distance between Councillors should be maintained to allow Councillors to spread out their documents on the table and added that evening meetings would help himself to attend.

Councillor Morley commented that the present sound system was not fit for purpose to enable decisions to be made and required improvement. Councillor Morley expressed his concerns regarding the Planning Committee and the difficulties experienced with officers presenting reports via Zoom. Councillor Morley also added that 4.30 pm was not a convenient time for himself or other Councillors who had parent responsibilities to attend meetings.

In response to the comments made above, the Assistant Director, Resources explained that if hybrid meetings continued this would provide a saving and that the current audio system was being looked at

and a new system would be installed and trialled during early August 2021.

The Chair commented that there was a need to recognise the requirements for the Planning Committee and that Councillors should be recognised their responsibility to ensure attendance at meetings at whatever time they are held.

The Chair thanked the Assistant Director, Resources for presenting the report.

RESOLVED: The committee supported the recommendations to Cabinet and Council as set out below:

- 1) That Cabinet agree with the recommendations for the interim arrangements for council meetings.
- 2) It is recommended that Council and Scrutiny Panel meetings continue to meet at their current start times.
- 3) Officers will attend meetings via Zoom to limit the number of people in the room at one time.
- 4) Members attending under Standing Order 34 do so via Zoom or in person.
- 5) That a further review of council meetings is conducted at the end of September 2021, when the impact of the relaxing of national covid measures are more widely known.

A26 **CABINET FORWARD DECISIONS LIST**

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RESOLVED: The committee noted the Cabinet Forward Decisions List.

A27 **COMMITTEE WORK PROGRAMME**

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The committee noted the work programme.

A28 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 16 September 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn.

A29 **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 involved the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

A30 **EXEMPT REPORT: RISK BASED VERIFICATION - CHANGES TO POLICY**

The Revenues and Benefits Manager presented the report and responded to comments and questions from the committee.

RESOLVED: The committee approved the ending of the Risk Based Verification from 1 August 2021 as it had now been superseded by more up to date processes and technology.

The meeting closed at 5.57 pm