

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

**Minutes from the Meeting of the Audit Committee held on
Monday, 20th June, 2022 at 4.30 pm in the Assembly Room, Town Hall,
Saturday Market Place, King's Lynn PE30 5DQ**

PRESENT: Councillor I Devereux (Chair)
Councillors Miss L Bambridge (substitute for Councillor M Storey),
Mrs J Collingham, P Gidney, C Hudson (substitute for J Collop),
C Manning, C Morley and A Ryves

Portfolio Holder:
Councillor Mrs A Dickinson, Finance

Under Standing Order 34:
Councillor Lord Howard

Officers:
Alexa Baker, Monitoring Officer
Michelle Drewery, Assistant Director - Finance
Ged Greaves, Senior Policy and Performance Officer
Faye Haywood, Internal Audit Manager
Jamie Hay, Senior Internal Auditor
Carl Holland, Financial Services Manager
Wendy Vincent, Democratic Services Officer

A1 **APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR
2022/2023**

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RESOLVED: Councillor C Manning be appointed Vice-Chair for the
Municipal Year 2022/2023.

A2 **APOLOGIES**

Apologies for absence were received from Councillors J Collop, M
Storey, J Rust and A Baker, Monitoring Officer.

A3 **MINUTES**

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The minutes of the meeting held on 11 April 2022 were agreed as a
correct record and signed by the Chair.

Councillor Morley referred to page 10 – Risk Management Policy documentation and commented that the Audit Committee had agreed that a letter from the Chair and Vice Chair be sent to Cabinet expressing the Committee's concern. To date, no reply had been received and Councillor Morley wished his disquiet and disrespectful to the Committee to be noted.

The Chair thanked Councillor Morley for his comment and advised that the action had been completed and that he would have an opportunity to raise his issue later on in the Agenda when the Corporate Risk Register was presented to the Committee.

The Portfolio Holder for Finance advised that the item was being considered by Cabinet on 21 June 2022.

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**

Councillor Howard was present under Standing Order 34.

A7 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A8 **CORPORATE RISK REGISTER UPDATE**

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The Corporate Performance Manager presented the report which set out the changes to the Corporate Risk Register since the last monitoring report to the 28 February 2022 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 set out in the report.

The Committee's attention was drawn to Section 2 of the report which provided an overview of the changes to the Corporate Risk Register.

Councillor Morley commented on the following entries in the corporate risk register:

- 1.1 Business Continuity and commented that instructions on how to access the business portal was contained on a briefing note on Insite and that he didn't have Insite.
- Hybrid meetings – score still amber and referred to the Informal Working Group which was looking at meeting arrangements.
- 1.3 Reputation Management and 5.2 Council Reputation and asked what was the difference?. The Corporate Performance Manager explained that when a review of the register was undertaken it was anticipated that those two entries would be merged into one.
- Where there were two risk registers they should be aligned to ensure consistency and gave an example of West Winch Housing Access Road

The Chair thanked Councillor Morley for his contribution. Councillor Morley added that he would send other comments direct to the Corporate Performance Manager.

Councillor Ryves commented that consideration could be given to setting up a working party within the Audit Committee to look at risk in more detail. The Chair thanked Councillor Ryves for his contribution but added that he was not in favour of a working party at the moment and commented that the Committee had received a copy of the risk register prior to the meeting and invited Members to pass any concerns/comments direct to the Corporate Performance Manager.

In response to questions from Councillor Ryves on the Guildhall, the Assistant Director Resources explained that commitment of the Borough Council to underwrite fund raising. The Assistant Director explained that she was currently undertaking work to respond to the question on dilapidation works raised by Councillor Ryves. The Assistant Director advised that with regard to the underwriting, a further Cabinet report would be required.

Following questions from Councillor Ryves on the current situation with the Queen Elizabeth Hospital and what mitigating factors the Borough Council could take to ameliorate distress. In response, the Assistant Director Resources explained that there could be more discussion on how the hospital could approach alternative funding. The Borough Council could lobby support for a new hospital.

Following further questions on the pay policy and any potential dispute including industrial action, the Assistant Director explained that staffing issues were covered in the corporate risk register and the financial plan which looked at the financial implications and considered under the context of the corporate risk register which sat over the top of those.

In response to Councillor Hudson relating to monitoring, spend etc of major projects the Portfolio Holder for Finance outlined the future

process of monitoring major projects via the Member Major Projects Board.

Councillor Collingham referred to 1.16 General Data Protection Regulations and the new regulations with effect from May 2018 and suggested that the text be amended to read “new regulations which came into effect in May 2018. The Corporate Performance Manager undertook to amend the text.

Councillor Collingham drew the Committee’s attention to 2.2 empty retail properties within the town centre and as a mitigation action the Council could include looking at opportunities which the authority could promote rather than rely on external funding opportunities such as the Towns Fund and Levelling up Bid.

Councillor Bambridge stated that she was pleased to see the change in risk for homelessness and also commented that the Council could consider pro-active leisure activities such as crazy golf within an empty unit.

Councillor Gidney asked if an introduction note could be included within the risk register in relation to complex projects regarding inflation rates and their impact; including the differing the risks faced by commercial partners and the council.

Councillor Morley made the following observations:

- Ideas/proposals from the Regeneration and Development Panel did not carry the same weight as those proposals from consultants and were not carried forward.
- MMPB still had a lot of work to do to improve the Capital Programme.

Councillor Collingham concurred with the issues raised by Councillor Gidney and highlighted the request for the Audit Committee to receive a simpler summary of the overall major strategic risks.

Under Standing Order 34, Councillor Howard suggested that the above request be forcibly minuted.

The Chair thanked the Corporate Performance Manager for presenting the report and responded to comments and questions from the Committee.

The Chair thanked the Portfolio Holder for Finance for her contribution on this item.

RESOLVED: 1) The Committee considered the contents of the Risk Register and confirmed agreement with Management Team’s assessment of the risks to the corporate business plan.

2) A summary of the overall major strategic risks be included in future reports to the Committee.

A9 **FRAUD AND ERROR FULL YEAR PROGRESS REPORT COVERING THE YEAR 2021/2022**

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Prior to presenting the report, the Senior Internal Auditor drew the Committee's attention to 1.1, advised that the figures were incorrect and provided an update. A copy of the amended figures was circulated to the Committee following the meeting.

The Committee was advised that the aim of the report was to provide Members with an update on total fraud and error detected in respect of applications and claims received by the Council, debtor tracing activities and progress on National Fraud Initiative (NFI), FraudHub and Single Person Discount exercises/projects currently being undertaken for the period April 2021 to March 2022.

The report also provided details of the pipeline of upcoming projects and anti-fraud and anti-corruption related activities that would be undertaken/progressed during the 2022/23 financial year.

The key issues were outlined as set out in the report.

The Senior Internal Auditor and Assistant Director resources responded to questions in relation to:

- Grants paid to businesses which had now ceased trading and process for potentially recovering the grant paid.
- Level of debt recovered by the council and work currently being undertaken within the authority.
- Data matching process for both commercial premises and personal homeowners.
- Covid 19 business grants.
- Total fraud and error identified in the year 2021/2022 for business and individual homeowners.
- Benefits of benchmarking and attending officer groups with other local authorities.

The Chair commented that the report provided the Committee with a good update and thanked the Senior Internal Auditor for attending and responded to questions and comments from the Committee.

RESOLVED: The Committee noted the update of the anti-fraud and anti-corruption work.

A10 **INTERNAL AUDIT ANNUAL REPORT AND OPINION COVERING THE PREVIOUS FINANCIAL YEAR**

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The Internal Audit Manager outlined the purpose of the report and explained that the Internal Audit Opinion for 2021/22 was reasonable and that there were issues raised for inclusion in the Council's governance statement. In addition, a follow-up report was provided showing all outstanding recommendations for management attention.

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

- Introduction
- The opinion itself
- Work to be concluded as set out in 2.2.
- Follow up Management Actions – a total of 131 outstanding. The Internal Audit Team had asked management to prioritise the resolution of the high and historical recommendations. The Internal Audit Manager advised that with reporting going forward the Committee would see a reduction in the number of actions outstanding.
- Issues for inclusion in the Annual Governance Statement
- Quality Assurance and Improvement Programme.
- Appendices which set out the recommendations.

Councillor Morley commented on work completed during 2018/19 and recommendations which were still outstanding and added that whoever the line manager was should ensure that this was resolved as soon as possible.

Following further questions from Councillor Morley relating to Alive West Norfolk and the Borough Council underwriting presented a huge risk to the authority, the Assistant Director, Resources explained that Service Level Agreements for all companies would be reviewed and developed during this financial year.

In response to a question from Councillor Ryves on the Alive West Norfolk accounts, the Financial Services Manager advised that the accounts were currently being audited.

Following questions from Councillor Morley on the Vehicle Fleet, the Assistant Director, Resources provided background information and explained that this was the first time there were outstanding audit recommendations for audit areas. The Assistant Director explained that Management Team received regular updates and it was hoped that over the future months the number of outstanding recommendations would be significantly reduced. The Internal Audit Manager added that during the process once evidence had been produced to demonstrate that the appropriate action had been undertaken then the recommendations would be removed from the list.

Councillor Ryves referred to an Audit meeting in 2019 when the Council's Asset Register had been identified as a serious risk. The Assistant Director, Resources advised that she did not have the Audit recommendations to hand but would provide a response to the Committee via email.

The Chair thanked the Internal Audit Manager for the report and responding to questions and comments from the Committee.

RESOLVED: The Audit Committee received and approved the Annual Internal Audit Opinion 2021/22.

A11

INTERNAL AUDIT FULL YEAR PROGRESS REPORT COVERING THE PREVIOUS FINANCIAL YEAR

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In presenting the report the Internal Audit Manager explained that the Audit Committee received updates on progress made against the Annual Internal Audit Plan. It was explained that the report formed part of the overall reporting requirements to assist the Council in discharging its responsibility in relation to the internal audit activity.

Councillor Collingham referred to the table set out at 2.1 – Asset Register minus 15 days and asked for clarification. The Internal Audit Manager explained that following the PSIAS report presented to the committee in October 2021, the Asset Register audit had been identified to be deferred to 2022/23 to allow for implementation of the new system.

Councillor Ryves referred to the Appendix 2 - Executive Summaries – Animal Welfare Licensing and made comments relating to dog breeding within his ward. In response, the Internal Audit Manager explained that the Executive Summary highlighted the situation and ideas on how to take issues forward.

In response to questions from Councillor Morley on the service cost to Alive West Norfolk and elsewhere, the Assistant Director Resources explained that overheads were considered but added that a number of companies did not have services provided by the Borough Council and were able to obtain alternative services externally. It was noted that Audit had considered the risk management and risks involved and where those sat within the overall framework.

Following a question from Councillor Ryves on why the number of days delivered were less than the Audit Plan, the Internal Audit Manager explained that because of the size of the team, a review was undertaken and a redefined approach was taken to ensure good coverage for the year ahead.

The Chair thanked the Internal Audit Manager for her report.

RESOLVED: The Committee received and noted the Progress Report on Internal Audit Activity.

A12 **BUDGET MONITORING REPORT - FEBRUARY 2022**

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The Financial Services Manager presented the report circulated with the Agenda.

The Assistant Director, Resources and Financial Services Manager responded to questions in relation to:

- Reason for underspends on projects within the Capital Programme and monitoring arrangements going forward.
- Rate of inflation being included within project budgets.
- Level of reserves.
- Impact of the Pandemic.

RESOLVED: The Committee received the Budget Monitoring Report for February 2022.

A13 **UPDATE ON AUDIT PROGRESS AND TIMETABLE**

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The Assistant Director, Resources presented the update report which provided information on various audit work streams, timetable and progress which impacted on timescales for the Audit Committee and responded to questions and comments in relation to any additional costs likely to be incurred by the Council regarding the deal in the statement of accounts for 2018/2019.

The Chair advised that the complexity of the process to sign off the accounts may require some flexibility from Members in scheduling future audit meetings.

RESOLVED: That members of the Audit Committee note the contents of the report.

A14 **CABINET FORWARD DECISIONS LIST**

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The Chair invited the Committee to forward any items for inclusion on the work programme.

A15 **COMMITTEE WORK PROGRAMME**

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The Chair invited the Committee to forward any items for inclusion on the work programme.

A16 **DATE OF NEXT MEETING**

The Chair advised that the 13 July meeting had been set aside to sign off the Statement of Accounts for 2018/2019. However, as there would now be a delay then this meeting had been cancelled.

It was agreed that the 8 August meeting be rescheduled to early September.

The meeting closed at 6.47 pm