

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 22nd April, 2024 at 4.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** A Ryves (Chair)  
Councillors S Bearshaw, R Coates, S Dark, T de Winton, P Devulapalli, S Everett and B Jones

**Portfolio Holders:** Councillor C Morley

**Officers:**

Jamie Hay- Senior Internal Auditor  
Teresa Sharman- Head of Internal Audit  
David Riglar- Ernst & Young External Auditors  
Michelle Drewery- Assistant Director, Resources (S151 Officer)  
Natalie Gourley- Senior Internal Auditor  
Emma Briers- Democratic Service Officer  
Kathy Wagg- Democratic Service Officer

A161 **APOLOGIES**

There was none.

A162 **MINUTES**

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**RESOLVED:** The Minutes from the meeting held on 11<sup>th</sup> March 2024 were agreed as a correct record and signed by the Chair.

A163 **DECLARATIONS OF INTEREST**

There was none.

A164 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was none.

A165 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There was none.

A166 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was none.

**A167**     **EXTERNAL AUDIT PLAN - 2023/2024**

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The Committee received a report from Ernst & Young, External Auditor.

The report outlined the external auditors risk assessment, audit approach and scope of the audit for 2023/24. The report specified reporting criteria as part of the audit plan as, financial sustainability, governance and improving economy, efficiency, and effectiveness.

The Chair thanked officers for their report and invited questions and comments from the Committee as summarised below:

Councillor Devulapalli asked for clarification and referred to page 24 of the report.

The External Auditor clarified the Council's capital transactions were required to go through the fixed assets register and the last reconciliation was for year 2019/20. He added that due to the complexities of these transactions, it provided a further risk going from year 2019/20 to year 2023/2024 reconciliation of the statement of accounts.

The Assistant Director clarified further that there was a back log and work was still being carried out on historical financial statements. From the 2019/20 audit, she explained that the finance team are working on the corrections and amendments as they needed to be carried through to 2023/2024 statement of accounts.

Councillor Coates referred to page 7 of the report and sought clarification on definition of assurance within the report and it's context.

In response to Councillor Coates, the External Auditor defined assurance as the capacity and experience of the finance team to deal with the statement of accounts. He stated assurance came from internal audit reports on financial systems and providing accurate information. Lastly, he clarified assurance was a true and fair reflection of the accounts being provided and the audit committee having assurance in the finance team and their processes.

Following on Councillor Coates asked the External Auditor if the constitution had been looked at regarding what the Audit Committee did.

The External Auditor responded that the constitution had been looked at and what was in place was what was expected. He noted CIPFA produces a good practice document which would be useful support for the committee if needed.

The Chair asked for elaboration on value of money in terms of audit. In which the External Auditor clarified the criteria that was defined by national audit office which was governance, improving economic efficiency and financial sustainability. These criteria would identify procedures and arrangement in place rather than the outcome.

In response to further questions from the Chair, the External Auditor confirmed that it was expected to have back stop dates where the audit stops once enough work had been done to give an opinion. This would come from DLUHC and regulations would allow the audit to be reset and a disclaimer opinion given.

The Chair thank the officer for clarification.

Councillor Dark commented the strength of an external audit was the element of independence. However, this also is a potential weakness due to a lack of knowledge of the Council. He raised concerns that as the audit would be carried out with the Section 151 Officer and Finance Team there was no advance or engagement method for the Committee to be able to identify discretionary areas to be audited. Councillor Dark highlighted the frustration of the delay in the report to Councillors.

The External Auditor advised as part of the external audit, previous minutes of the Audit Committee and other Council meetings would be read to identify issues and encouraged the Committee to work with the Assistant Director for assurance as risks would change throughout the audit plan.

The Assistant Director added further that if Councillors had concerns, they could also go directly to Ernst and Young instead of Officers.

The Chair invited the Portfolio Holder for Finance to address the Committee. Councillor Morley supported the comments of the Assistant Director and referred the Committee to the Internal Audit.

Councillor Bearshaw asked if the External Auditor would be meeting with the Chief Executive Team to highlight their areas of concern.

The External Auditor confirmed contact with management would be maintained throughout the audit plan. He added there were procedures in place to discuss risks as per the audit standards.

Councillor Devulapalli sought clarification on chain of command should the executive have concerns. In response, the External Auditor advise they would go to Section 151 Officer and then to Ernst and Young.

**RESOLVED:** The Committee noted the update.

A168

**UPDATE ON INTERNAL AUDIT PLAN**

[Click here to find the recording of this item on Youtube](#)

The Committee received an update from the Senior Internal Auditor as follows;

- Over the past year provide assurance to senior management and elected members
- 17 Successful Audit completed. These audits covered a range of areas, including financial controls, compliance with regulations, and operational efficiency.
- 2 Outstanding Audits- Local Council Tax Support/ Housing Benefit and Council Tax/Non-Domestic Rates
- Overall assurance opinion provided- 2 substantial assurance, 9 reasonable assurance and 3 limited assurances and 3 Position Statements.
- One significant achievement has been assurance regarding the mitigation of risks to the council and local authority trading companies objectives.
- Identified 102 actionable recommendations to mitigate these risks - 10 high, 31 medium and 61 low and a further 13 Suggested Actions within Position Statements
- All 7 audits carried forward from 2022/23 annual plan were concluded by 24/07/23.
- 7,312 investigations were completed exceeding the KPI target of 5,000 (an achievement of 146%) for fraud and corruption.
- Due to an increase in the number of matches received in year 3,836 cases were carried forward into the 2024/25 financial year.
- Identified Fraud & Error Totalled = £323,145.77
- Traced Debtors/Absconders Totalled = £145,413.94.
- Overall = £468,559.71
- Looking ahead we are committed to concluding the remaining audits of the 2023/24 plan prior to the full progress report presented in June. Work has also commenced on all Quarter 1 audits of the 2024/25 Annual Internal Audit Plan which is being presented shortly.
- The Senior Internal Auditor thanked responsible officers, senior leadership and the Audit Committee for their ongoing support and guidance.

The Chair invited questions and comments from the Committee, as summarised below;

The Senior Internal Auditor responded to questions from Councillor Bearshaw and advised recommendations from previous years which were outstanding were being looked at and a progress report for this would be ready in June 2024. He stated if the Audit Committee would like further reasons as to why recommendations were outstanding then individual officers as can be asked to attend Audit Committee to explain why.

The Head of Internal Audit added further that the recommendations were discussed with Senior Management and highlighted to them to

enable to support Internal Audit with ensuring the recommendations were implemented.

Councillor Bearshaw commented that with the severity of some of the recommendations, had SMART actions been considered.

In response to Councillor Bearshaw, the Chair asked for a draft progress report of the actions in May before it was presented to the Committee in June.

The Senior Internal Auditor confirmed a progress report could be communicated to the Committee in May.

Councillor Devulapalli sought clarification on the assessment of risks in which the Senior Internal Auditor confirmed the risks were identified and decided by management and risks were graded by them as red, amber, and green.

Cllr Bearshaw commented that the butterfly matrix presents risk information a lot easier and suggested the Committee wait until this is brought back to them before undertaking training on risk as requested by the Chair. The Chair supported this.

At the invitation of the Chair, the Portfolio Holder for Finance addressed the Committee. Councillor Morley commented there was a comprehensive list of timescales for recommendations to be completed by. An example was procurement which is outstanding due to delays in new legislation post Brexit but hopefully this will now progress.

In response to Councillor Devulapalli's question, he added there was corporate strategy and objectives which related to risk which feed into the Risk Register and then to the Corporate Performance Panel. He commented that the process was well placed in the organisation but needed to ensure it is followed correctly and this panel oversees that.

**RESOLVED:** The Committee noted the update

A169

**STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2024/25 TO 2026/27**

[Click here to find the recording of this item on Youtube.](#)

The Committee received a report from Head of Internal Audit.

The report included the Internal Audit Charter which defined the authority's purpose, roles, and responsibilities. The Head of Internal Audit highlighted to the committee of the relevant changes which were title changes only. The Internal Audit Strategy detailed the resources and approach of the audit. It also included the three-year strategic internal audit plan and annual plan as well as an assurance map for the top 5 risks as at 2023/24 which had not been updated this year. Further

work was required to produce more detailed maps on corporate risks. It signified there was a total of 307 Audit days, 23 audits and time for follow up included in the plan.

The Chair thanked the Head of Internal Audit, for their report and invited questions and comments from the Committee as summarised below:

Councillor Dark commended the Officer on the report and referred to Appendix 5 of the report which was the five strategic risks in an assurance map and sought for reassurance that the audit work in third line had been undertaken.

The Senior Internal Auditor advised the Cost Management Audit had been deferred to year 2024/25 plan. He added, that the audit on Economic Growth was carried out this year and had reasonable assurance opinion given. The third risk, an Anti-Social Behaviour and Community Safety audit was carried out in 2022/23 along with, Homelessness and Housing Options which was concluded for year 2023/24 and a reasonable opinion given. Council Tax and Non-Domestic Rates was still being finalised. Organisational Change was deferred due to a review and assessment outstanding by an external provider in liaison with the Personnel Department.

Councillor Dark suggested this was put in writing for Councillors to understand the position of all five strategic risks and the third line of assurance.

The Chair agreed with Councillor Dark for an update on the third line of assurance and timeline and sought clarification that these risks were either being audited currently or would be audited in the future.

The Senior Internal Auditor confirmed this could be put in writing.

Councillor De Winton asked if the internal audit would also audit the Council owned companies.

In response to Councillor De Winton's question, the Head of Internal Audit advised that as subsidiaries of the Borough Council, they could not be audited unless agreement had been made with the companies to allow engagement with the auditors. If they were audited in the Council's Audit plan, it would be from the point of view of the Borough Council managing and monitoring these companies.

The Senior Internal Auditor added that as part of June progress report, included would be executive summary of position statements of West Norfolk Housing Company and West Norfolk Property Company and would specify what was carried out as part of the audit and provide assurance.

Councillor Bearshaw commented that the companies of the Borough

Council could be audited by the external auditor. He also asked if all the 32 audit areas detailed in the strategic plan would be audited over the 3 years.

The Head of Internal Audit advised that over the 3 years some areas may not be audited. Different strategies were going to be considered for different audit areas going forward rather than just repeating audits on a cyclical basis. 23 audits would be enough for an audit opinion to be given by the Head of Internal Audit in 2024/25. The plan was not fixed so any emerging risks needed to be considered throughout the year and the audit plan adapted if needed.

Councillor Devulapalli referred to the Council companies being audited and stated that as they deal with large sums of money they should be audited.

The Assistant Director confirmed a financial audit was carried out as the statement of accounts must be published by the appointed external auditor for the companies "Ensors".

The Chair invited the Portfolio Holder for Finance to address the Committee. Councillor Morley reminded the Committee of the Shareholders meeting, taking place the next day and that these questions could be asked under Standing Order 34. The business plan for the housing and property companies would include the how their audit will be undertaken.

The Chair asked about the audit for Alive West Norfolk. In response, Senior Internal Auditor advised the leisure facilities had been discussed and liaising with them to gain assurance in other areas such as health and safety.

Councillor Jones as the Chair for Alive West Norfolk clarified audit was carried out by external auditors.

Portfolio Holder, Councillor Morley reminded the Committee budgets and statement of accounts for Alive West Norfolk were available for Councillors. He commented the risks of Alive West Norfolk were being considered due to the Borough Council financing the company.

Councillor Dark agreed with Councillor Morley's comments and advised there was financial and also non-financial considerations around Alive West Norfolk which delivered well-being and support to our communities. He noted his frustration as was advised this had been considered from the start of the administration however it was now being delayed. He commented strategic audit needed to be carried out and stressed the urgency of that report being delivered.

**RESOLVED:** The Committee approves recommendations as set out below:

- a) Internal Audit Charter 2024/25
- b) The Internal Audit Strategy 2024/25
- c) The Strategic Plan 2024/25 to 2026/27
- d) The Annual Internal Audit Plan for 2024/25.

A170 **WORK PROGRAMME 2024/2025**

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Following a discussion by the Committee the following was agreed and added to the Work Programme 2024/25:

**18<sup>th</sup> November 2024-** Ernst & Young External Audit update on progress of audit for 2023-2024

**20<sup>th</sup> January 2025-** Internal Audit and Audit Standards update on new global internal audit standards and CIPFA document for public sector.

The following items were considered for the Work Programme 2024/2025

- Council Owned Companies
- Control of Climate Change Activities
- Appointment of Independent Person
- Review of Terms of Reference
- Results and Action Plan- Self Assessment

The Assistant Director would discuss with the Monitoring Officer in relation to the process of recruitment and job specification for the Independent Person including number of positions.

Following the self-assessment of the Audit Committee, recommendations and ideas would be considered in the review of the Terms of Reference and added to the work programme once finalised.

Regarding the Council Owned Companies, it would be considered if further discussion was required following Shareholders Meeting.

Control of Climate Change Activities and risks of the strategy to be discussed with Chair of Corporate Performance Panel to be added to the agenda.

A171 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on **24<sup>th</sup> June 2024 at 4:30pm** in the **Town Hall, King's Lynn.**

**The meeting closed at 5.38 pm**