

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 17th November, 2025 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** Councillors A Ryves (Chair), S Bearshaw, P Devulapalli, B Jones, P Kunes, B Long, A Moore, T de Winton (Vice – Char).

**Portfolio Holders**

Councillor C Morley – Finance

**Officers:**

Alexa Baker, Monitoring Officer

Jason Birch, Assistant Director, Property and Projects

Matthew Head, Audit

Mark Parkinson, Chief Operating Officer

Michelle Drewery, Deputy Chief Executive and Section 151 Officer

Carl Holland, Assistant Director for Finance and Deputy Section 151 Officer

Debbie Ess, Senior Corporate Governance Officer

Teresa Sharman, Head of Internal Audit

David Riglar, Ernst and Young, External Auditor

**Under Standing Order 34:**

Councillor M de Whalley and Councillor A Beales (Teams)

**A28 APOLOGIES**

Apologies were received from Councillor Ring.

**A29 MINUTES**

**RESOLVED:** The minutes from the meeting held on the 22<sup>nd</sup> September 2025 were agreed as a correct record and signed by the Chair.

**A30 DECLARATIONS OF INTEREST**

Councillor Jones declared he was a director for Alive West Norfolk.

**A31 URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business under Standing Order 7.

A32      **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillor de Whalley and Councillor Beales (Teams) were present under Standing Order 34.

A33      **CHAIR'S CORRESPONDENCE (IF ANY)**

There was none.

A34      **SHAREHOLDER ASSURANCE REPORT**

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The Monitoring Officer presented the report.

The Chair thanked the Monitoring Officer for the report and invited questions and comments from the Committee. He reminded members Alive West Norfolk had ceased trading however was still relevant for the 2024/2025 audit.

Councillor Long commented the report was helpful as the arrangement and mechanism was difficult to understand. He questioned what alternatives for governance and dealing with the companies were there. He added he accepted the method as both companies were delivering and stressed the importance of monitoring performance and accountability.

The Chair, Councillor Ryves commented on other areas which had resulted in financial disasters due to council owned companies. He commented the Committee needed to consider how other council's deal with companies. He sought assurance on the internal audit opinion in relation to page 31 of the agenda.

The Monitoring Officer provided assurance that progress had been made following the internal audit. She explained there was a few documents outstanding - e.g. service level agreement but confirmed Officers were working on this being completed.

The Portfolio Holder, Councillor Morley commented the governance documents were complex and confusing and needed to be explained in simple terms. He identified the relationship of the documents with the Annual Governance Statements.

The Monitoring Officer explained to the Committee that fact sheets for both housing companies along with a member briefing and further information on the intranet would be made available for members to gain a better understanding.

The Head of Internal Audit provided further assurance to the Committee the Council and Companies were following best practice from CIPFA and local partnership company.

The Chair Councillor Ryves and Councillor Long commented they felt comforted hearing best practice was being followed. Councillor Long provided context of the reasoning both companies were set up.

The Vice – Chair, Councillor de Winton commented there was a risk as the companies were under Council management, Directors and Shareholders. He commented the Committee needed to feel confident the Council was not being put at financial risk. He sought clarification with the loan deed of variation.

The Assistant Director for Finance and Deputy Section 151 Officer explained this related to the interest rate of the loan which the interest was being calculated on a regular basis which was not the intention. He explained this had now been recalculated and reconciled due to a misunderstanding of the original agreement.

In response to a further question from Councillor de Winton, the Deputy Chief Executive and Section 151 Officer clarified that the deed of variation corrected a misunderstanding in the original loan agreement, and the Council acts as lender to the housing company, using working capital or borrowing as needed. She added further the arrangement and its impact on company finances were explained in detail. She highlighted to the Committee; the loan was repayable at 4.5% above the bank rate and as this became unaffordable for the company discussions were being held on a new arrangement.

The Committee provided feedback and agreed clarification on the governance documents was needed which was to be addressed through training.

**RESOLVED:** 1) The Annual Assurance Report from Shareholder attached as Annex 1 was received by the Audit Committee with thanks to the Shareholder.

2) The Audit Committee was invited to formulate any recommendation and feedback to the Shareholder in response to the Annual Assurance Report

A35

### **VERBAL UPDATE FROM EXTERNAL AUDITORS EY**

[Click here to view the recording of this item on YouTube](#)

The External Auditor from Ernst and Young gave a verbal update to the Committee.

The Chair invited question and comments from the Committee.

In response to a question from Councillor Long, the External Auditor from Ernst and Young explained due to a gap in completed audits since 2019/20, the current audit focuses on rebuilding assurance for significant account balances as of March 2025. Some balances, such as cash and investments, can be audited at year-end, while others, like reserves and asset valuations, require historical reconstruction.

Councillor Long questioned if the external audit would be presented with an explanation outlining the resume which needed to be completed for the external audit.

The External Auditor from Ernst and Young confirmed the audit results would identify each area such as cash flow, accounts etc and the RAG rating, e.g green for substantive assurance and rebuilt assurance. He added the results would show the narrative.

The Chair, Councillor Ryves sought clarification of the timetable of the external audit.

The External Auditor from Ernst and Young explained the backstop date was at the end of February 2026. He commented the delay in bringing the report to the Committee was to ensure further detail was included in the report. He explained the request to delay the external audit being presented to the Committee in mid-February 2026.

The Deputy Chief Executive and Section 151 Officer explained that resource limitations may prevent full assurance on all areas by the statutory deadline. Prioritisation would be agreed with the auditors, and some work may be deferred to subsequent years. The committee acknowledged that a disclaimer of opinion was expected due to opening balance uncertainties

In response to the Chair, Councillor Ryves the External Auditor from Ernst and Young confirmed there would be disclaimed opinion due to the lack of assurance and the audit results would be valuable to members.

He explained the impact of Local Government Reorganisation (LGR) would be the audit would not reach a clean opinion for 3 - 4 years and they were hoping for sector wide guidance on how assurance would be built on larger elements first. He commented LGR complicated the process in terms of audits.

Councillor Long commented further the importance of the narrative being explained in the report due to membership of the Committee changing.

Councillor Bearshaw questioned if a different colour was needed for the RAG rating for areas which were not in scope.

The Vice – Chair, Councillor de Winton commented on the importance of consistent membership of the Audit Committee as this provided consistent knowledge and understanding.

The Portfolio Holder, Councillor Morley commented on making audits simpler as there were less skilled auditors for Local Government.

The External Auditor from Ernst and Young explained there had been independent reviews that identified a key area was financial reporting framework and explained CIPFA had recently completed consultation on the code of practice resulting in a few changes being implemented.

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

A36

### **PROGRESS REPORT 2025 - 2026**

[Click here to view the recording of this item on YouTube.](#)

The Head of Internal Audit presented the report.

The Chair invited comments and questions from the Committee.

The Vice – Chair, Councillor de Winton sought clarification on how property services had been progressing.

The Assistant Director for Property outlined corrective actions, including improved collaboration between technical and health and safety teams, weekly compliance sessions, updated risk assessments, and the creation of a centralised corporate landlord structure. Recruitment for Head of Corporate Property Compliance was underway to address compliance gaps. A dashboard and SharePoint tracker had been implemented for compliance monitoring, and external consultants were conducting a gap analysis, with results expected in December. Ongoing monitoring and training alignment with budgets were planned to ensure sustained compliance.

The Vice – Chair, Councillor de Winton sought clarification on car parking in terms of the internal audit and questioned which Cabinet Members portfolio this was in. It was confirmed to the Committee this now sat within Councillor Ring's Portfolio.

The Chair, Councillor Ryves referred to the audit on Climate Change and commented on the lack of uncertainty for external funding. He added the report did not reflect this as a critical area considering the strategic objectives.

The Head of Internal Audit provided clarification the report provided a medium risk to achieve the strategic objective in relation to Climate Change. She explained it was medium and not high due to urgent action not needed now as funding was available.

Councillor Kunes, Devulapalli, Long and Portfolio Holder Councillor de Whalley, expressed concern that mitigation efforts were insufficiently addressed in the audit, with adaptation risks requiring more attention. Portfolio Holder for Climate Change, Councillor de Whalley, acknowledged the need for further work on adaptation and confirmed that these issues would be discussed in an upcoming working group.

The Committee debated whether the risk rating should be higher, given the strategic importance of climate change and the potential impact of funding shortfalls. It was agreed that the risk register would be reviewed by officers, and future budget announcements may clarify the funding situation.

The Chair, Councillor Ryves sought clarification on the background of the cancelled audits.

The Head of Internal Audit identified the deferred, and cancelled audits, with explanations provided for each change. The housing options audit was likely to be cancelled, and the community infrastructure levy audit had been deferred to allow new processes to embed.

**RESOLVED:** The Audit Committee received the progress report on internal audit activity.

A37

### **BUSINESS CONTINUITY ANNUAL UPDATE**

[Click here to view the recording of the item on YouTube.](#)

The Deputy Chief Executive and Section 151 Officer presented the report

The Chair invited questions and comments from the Committee.

Councillor Long referred to the list included in 2.2 of the report and questioned if each had been stressed checked and challenged for different scenarios.

The Deputy Chief Executive and Section 151 Officer and the Senior Corporate Governance Officer confirmed that METIS exercises incorporated different scenarios and that all critical services maintained annually reviewed contingency plans.

Councillor Bearshaw sought clarification if preventive and recovery barriers had been identified and scored.

The Senior Corporate Governance Officer explained all critical services had plans which included what was needed to ensure the service and job was able to be maintained.

The Vice- Chair, Councillor de Winton highlighted 2.2 of the report was useful and commented on the importance of IT. He raised concerns about the Council's resilience to cyberattacks, given recent high-profile incidents elsewhere.

The Deputy Chief Executive and Section 151 Officer informed the Committee that a dedicated ICT briefing for members was scheduled for January, to be held in a secure setting to discuss sensitive matters.

The Portfolio Holder, Councillor Morley highlighted that the Council was investing in new IT infrastructure and backup systems to enhance cybersecurity resilience, with the IT unit prioritising this area as part of the transformation programme. He emphasised the importance of maintaining robust defences.

**RESOLVED:** The Audit Committee reviewed the progress made and endorsed the approach being taken to the Council's continuity arrangements.

A38

### **RISK STRATEGY AND POLICY REPORT**

[Click here to view the recording of this item on YouTube.](#)

The Senior Corporate Governance Officer presented the report.

The Chair invited questions and comments from the Committee.

Councillor Devulapalli questioned if the risk from Cyber Security on the Council's provider of services was considered.

The Deputy Chief Executive and Section 151 Officer confirmed that due diligence was conducted for key contracts, with lessons learned from past issues incorporated into current procedures.

Councillor Kunes provided detail and assurance to members that key suppliers underwent a robust procedure.

**RESOLVED:** The Committee considered the report and indicated their support for the Cabinet recommendations:

Cabinet Recommendation:

The Cabinet approve the Risk Management Policy and Strategy.

A39

### **COMMITTEE WORK PROGRAMME 2025/2026**

**RESOLVED:** The Audit Committee noted the Work Programme and Forward Decision List.

A40      **DATE OF NEXT MEETING**

The date of the next meeting was scheduled for the 17<sup>th</sup> February 2026 at 4:30pm in the Council Chamber, Town Hall.

**The meeting closed at 6.04 pm**