

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 12th November, 2018 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor G Middleton (Chairman)
Councillors Mrs J Collingham, P Kunes, C Manning, D Pope, T Smith and
T Tilbrook (Vice-Chairman)

Portfolio Holders

Councillor P Hodson
Councillor B Long, Leader

Officers:

Toby Cowper, Financial Services Manager
Lorraine Gore, Executive Director
Ged Greaves, Senior Policy and Performance Officer
Matthew Head, Auditor
Michael Tweed, Auditor
Kathy Woodward, Internal Audit Manager

A39 **APOLOGIES**

An apology for absence was received from Councillor J Collop.

A40 **MINUTES**

The minutes of the Audit Committee held on 17 September 2018 were agreed as a correct record and signed by the Chairman.

A41 **DECLARATIONS OF INTEREST**

Councillor G Middleton declared an interest as Vice-Chairman of NCC Digital project.

A42 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A43 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A44 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was no Chairman's correspondence.

A45 **MID-YEAR REVIEW TREASURY REPORT 2018/2019**

The Financial Services Manager presented the Mid-Year Review Treasury Report 2018/2019 and reminded Members that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (2011) and remained fully compliant with its requirements.

The Committee was advised that one of the primary requirements of the Code is receipt by Council of a Mid-Year Review Report.

Members' attention was drawn to the following sections of the report:

- 1.3 – The Council's portfolio position as at 30 September 2018.
- 1.4 – The Council's investments as at 30 September 2018.
- 1.5 and 1.6 – which set out the Council's investment portfolio as at 30 September 2018.

The Deputy Chief Executive and Financial Services Manager responded to questions relating to:

- The Local Property Investments Fund, in particular, the Burnham Market bungalow.
- Norfolk and Waveney Enterprise Services Loan which was due to be paid back to the Council on 30 November 2018.
- Northampton County Council investment.
- Capital project expenditure. The Committee noted that Cabinet would receive an exempt report in February 2019 which would detail the corporate projects.

RESOLVED: The Audit Committee reviewed the report and the treasury activity.

A46 **BUSINESS CONTINUITY ANNUAL UPDATE**

The Senior Policy and Performance Officer presented the annual update report which outlined the current position of the Council's business continuity arrangements, summarised progress made since the last update in November 2017 and described work that was planned to be undertaken over the coming months.

The Committee was reminded of its responsibility as a Category 1 responder under the Civil Contingencies Act 2004 to develop and maintain plans to ensure that, as far as is reasonably practicable, key services can continue to be performed in the event of a disruption or emergency.

In response to question regarding critical bronze plans, the Senior Policy and Performance Officer explained that the bronze plans were third tier operational plans and advised that there were currently 23 in the authority.

RESOLVED: The Audit Committee:

- 1) Reviewed progress made and endorsed the approach being taken to the Council's business continuity arrangements.
- 2) Confirmed annual updates to be presented to the Committee.

A47

CORPORATE RISK REGISTER MONITORING REPORT

The Senior Policy and Performance Officer presented the report which outlined the changes to the Corporate Risk Register since the last monitoring report in May 2018. The report set out details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

The Committee was advised that it was proposed to remove 1 risk from the register and add 1 new risk. Following the review, the risk scores for 3 entries had been proposed to change.

Councillor Pope stated that he supported the proposal for Cinema at the Corn Exchange and commented that the Audit Committee should monitor the project over a 5 year period to look at the operational aspect as well as the financial return to the Council.

Councillor Pope also commented on the Council's project to building housing schemes, selling of the units or renting some of the units. Councillor Pope added that it would be appropriate for the Audit Committee to monitor the progress of major housing schemes.

In response to the comments made by Councillor Pope, the Leader advised that Cabinet welcomed ongoing scrutiny on the Cinema proposal.

The Leader provided an overview of the Council's major housing development and added that the project required monitoring and welcomed scrutiny whether it be undertaken by the Audit Committee or the Corporate Performance Panel.

Councillor Mrs Collingham stated that she considered there was a market for the provision of retirement apartments, particularly along the riverfront in King's Lynn. The Leader agreed that there was a space in the housing market for retirement apartments and gave an example of the development in Hunstanton.

RESOLVED: 1) The Audit Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the Corporate Objectives.

2) The Audit Committee to monitor the proposed Cinema project if approved by Cabinet on 13 November 2018.

3) The Audit Committee to monitor progress on major housing schemes.

A48

RISK MANAGEMENT POLICY AND STRATEGY REVIEW

The Senior Policy and Performance Officer advised Members that the Council's risk management policy and strategy were due to be refreshed in March 2019. The report introduced a draft framework and sought Member's comments. Members were advised that a final version will be presented to the Committee in January 2019 to take forward to Cabinet in March 2019.

The Committee was advised of the key issues detailed in the report.

In response to questions on Property Services being in the process of setting up a risk register for each capital project, the Senior Policy and Performance Officer explained that once the register was developed it would be linked with the risk management framework. A report would be brought to the committee outlining the risk management framework within the project management structure for the property related major projects.

RESOLVED: The Committee confirmed the draft report and noted that the Committee would receive the final version on 28 January 2018.

A49

RECORD RETENTION AND DISPOSAL POLICY REVIEW

The Senior Policy and Performance Officer advised that the Council's record retention and disposal policy and strategy were due to be refreshed. The report introduced a draft framework and sought Members' comments. It was noted that a final version would be presented to the Committee in January 2019 to take forward to Cabinet in March 2019.

The Committee was informed that the current policy was approved in January 2012 and changes in working practices and enacted legislation had overtaken the current policy.

The Senior Policy and Performance Officer informed Members that the Council's Records Retention and Disposal Policy had two components; the policy and a detailed schedule of record with related retention information. The changes to the current policy were detailed in section 2 of the report.

It was highlighted that Data Protection and Freedom of Information training would be provided for elected Members at induction. E-learning modules were available for officers regarding Data Protection, Freedom of Information, ICT security and the General Data Protection Requirement.

In response to questions relating to the viewing of previous and future agendas and minutes being available in hard copy or electronically, the Senior Policy and Performance Officer undertook to check the legal required and email a response to the Audit Committee.

The Chairman, Councillor Middleton informed Members that Norfolk County Council had identified that previous minutes were deteriorating and that there was a process in place to digitalise those documents.

The Chairman, Councillor Middleton also provided an overview of the NCC Digital Information project which would look countywide to establish a fraud hub where all Norfolk Council systems would be uploaded and would permit sharing of data. It was noted that all local authorities supported the project which would be funded by NCC.

Councillor Tilbrook commented that this was a hard subject to detail and congratulated the Senior Policy and Performance Officer on a well written report. Councillor Tilbrook how it was identified the destruction date of documents. In response, the Senior Policy and Performance Officer advised that some information was archived by an external provider and officers marked destruction dates, the IT system then generated notification of the archived material to be returned to officers who would then determine when the documents needed to be retained or disposed of.

RESOLVED: The Audit Committee confirmed the draft documents and noted that a final version would be presented to Members on 28 January 2019.

A50

INTERNAL AUDIT HALF YEAR PROGRESS REPORT

The Internal Audit Manager presented the report which provided Members with an update on progress against the Internal Audit Strategic Plan 2018/19 that was endorsed by the Audit Committee at the meeting on 12 February 2018. It was highlighted that the report also provided an update on the fraud work for the first half of the year.

Members were informed that a member of staff had left the Council's Audit Team and a recruitment process was undertaken which had had an impact on the audits completed during the first half of 2018/19.

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

- 2.2 – audits which had been undertaken during the first half of 2018/2019. It was noted that the reports were complete but the Final reports had not yet been issued.
- 2.3 – current ongoing Audits which would be reported to the Committee in the next progress report.
- 2.4 – Additional work undertaken by the Audit Team, for example, providing support to Management Team on the RIPA desktop inspection and GDPR legislation. It was noted that this report could be presented to a future meeting of the Audit Committee
- 3.1 – Work planned for November 2018 to March 2019. Members were advised that some of those audits may roll forward to the 2019/20 financial year.
- 4.6 – Total fraud and error identified during April to October 2018.
- 4.7 – Investigation work undertaken on an ad hoc basis to attempt to trace debtors/absconders.

The Internal Audit Manager provided clarification on the information detailed in the tables at section 4.6 and 4.7 of the progress report.

The Chairman, Councillor Middleton on behalf of the Audit Committee thanked the Internal Audit Manager and the team for undertaking the required audit work despite a reduction in staff during the recruitment period.

The Deputy Chief Executive and the Internal Audit Manager responded to questions relating to:

- Benefits overpayments identified.
- List of non-payers of Council Tax or Business Rates and procedure Council adopted to recover non-payments which could include Court action.

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

A51

COMMITTEE WORK PROGRAMME 2018/2019

The Chairman, Councillor Middleton proposed that the training session on 28 January 2019 be based on the capital side of the budget process, which was agreed by the Committee.

The Audit Committee noted that the following items would be added to the 28 January 2019 meeting:

- Risk Management Policy and Strategy Review – Final Version
- Record Retention and Disposal Policy Review – Final Version

A52 DATE OF NEXT MEETING

The next meeting of the Audit Committee would be held on 28 January 2019 at approximately 5.45pm immediately following the training session commencing at 5 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

The meeting closed at 6.57 pm