

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 29th July, 2019 at 5.45 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: A Dickinson (Chair)
Councillors J Collop, B Jones, A Kemp, C Manning, D Pope and A Ryves

Portfolio Holders

Councillor I Devereux, Environment
Councillor B Long, Leader

Officers:

Lorraine Gore, Executive Director
Ged Greaves, Senior Policy and Performance Officer
Matthew Head, Auditor
Kathy Woodward, Internal Audit Manager

A17 **APOLOGIES**

Apologies for absence were received Councillor Mrs J Collingham, Mark Hodgson and Dan Cooke – Ernst and Young.

A18 **MINUTES**

The minutes from the meeting held on 3 June were agreed as a correct record and signed by the Chairman.

A19 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A20 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A21 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A22 **CHAIRMAN'S CORRESPONDENCE**

There was no Chairman's correspondence.

A23

ANNUAL GOVERNANCE STATEMENT COVERING THE 2018/2019 YEAR

The Senior Policy and Performance Officer presented the report which brought the Council's latest version of the Annual Governance Statement (AGS) 2019 to the Committee. Members were reminded that a draft AGS was considered at the Committee's meeting in June 2019.

Members were reminded that the preparation and publication of an AGS was a statutory requirement. The AGS was a public statement that described and evaluated the Council's overall governance arrangements, in particular how it had complied with its Code of Corporate Governance during a particular financial year. The latest version of the AGS was attached at Appendix 1.

The Senior Policy and Performance Officer advised that the final version of the AGS would be considered at the same meeting as the accounts and ISO 260 in October 2019.

The Senior Policy and Performance Officer explained that he had incorporated the comments from the Committee at its previous meeting regarding contract management.

The Chairman informed the Committee that she had asked the Senior Policy and Performance Officer to include a glossary, which set out an explanation of the terms/acronyms used in the AGS.

The Chairman also explained that she had requested that the Senior Policy and Performance Officer check Appendix A to ensure as much information as possible was included as she felt that this provided a good framework and governance for the Council's actions and provided an excellent reference point for new Councillors. The Senior Policy and Performance Officer concurred with the comments made by the Chairman. She also requested another column, to show where the Council had different service arrangements, i.e. other than in house. Examples are Shared Services, Wholly Owned Companies, Contracted Out, etc. The Senior Policy and Performance Officer agreed that this would give as full a picture as possible, thereby providing Members with an immediate point of reference.

In response to a question regarding the Government changing the rules in relation to the signing off of accounts, the Executive Director – Financial Services explained that the audit process had been delayed in 2019 due to the external auditors undertaking additional work. The Executive Director highlighted that the external auditors were under pressure due to the resource available and that audits in other councils were also commencing later in the year. This important issue would be discussed with Ernst and Young. For 2020, adherence to the statutory

timeline would be strongly emphasised as missing such statutory deadlines was detrimental to the Council's reputation.

The Chairman asked if there was any recourse regarding the external auditors. In response, the Executive Director advised that a group of local authorities could write to the PSAA to express their concerns.

In response to a question on the level of staff who had undertaken the GDPR training and what steps were being taken to encourage the remainder of staff to complete the training, the Senior Policy and Performance Officer explained that the Council had an internal Information Governance Group where senior managers looked at which areas of the Council had not taken up the training. Senior managers then took appropriate action to encourage staff to undertake the training available.

Following questions from Councillor Kemp on the Retention and Disposal and Schedule, the Senior Policy and Performance Officer advised that there was a variety of legislation which determined the period of time documents were retained for and added that some documents were transferred to the county archives. Other minor documents were kept by service areas and reviewed on a regular basis.

Following questions on the required length of time financial records were retained, the Executive Director – Financial Services explained that financial records were kept for a period of 6 years plus the current year. A hard copy of documents was held off-site, and the retention schedule provided for documents to be retained for an extended period when the expiry date for retention occurred. Copies of previous ledgers were archived.

Councillor Jones asked what arrangements were in place if the Council received a fine in relation to GDPR. The Executive Director – Financial Services advised that there was no current budget for fines. If it was reported that there was a potential breach, an investigation would take place and any outcomes would be addressed accordingly. It was highlighted that if the Council did receive a fine, the required amount would need to be identified from the budget. The Audit Manager added that an internal audit had undertaken a review of GDPR and that the Council had effective policies in place, a report had been published on the Borough Council's Insite.

In response to questions from Councillor Kemp on the protocol for Council appointments to external bodies, the Executive Director – Financial Services explained that Eastlaw had been requested to produce guidelines.

The Leader provided an overview of the protocols and responsibilities of Councillors who had been appointed to outside bodies.

Councillor Ryves commented that there were a number of specific and complex projects which did not quote numbers, income, etc and gave an example of waste processing and added that it was not easy to obtain information from one place. The Chairman stated that this was a valid point and could be raised as a training issue as part of the induction programme. In response, the Senior Policy and Performance Officer commented that there had been some challenging questions asked and some of the reporting mechanisms were historical he undertook to look at how to give context and balance included in documents.

The Leader added that it would take new Councillors time to understand specifics, such as the waste and recycling contract in its entirety and other financial elements of the Council's budget process.

In response to questions from Councillor Kemp relating to the Member/Officer protocol and what consultation had been undertaken on internal controls, the Leader reminded Councillor Kemp of the Norfolk County Council protocol, which was different to the Borough Council's protocol.

RESOLVED: The Committee confirmed that the 2019 Annual Governance Statement properly reflected the risk environment and that actions required to improve it were relevant.

A24 **TREASURY OUTTURN REPORT 2018/2019**

RESOLVED: The item was deferred to the October 2019 meeting.

A25 **MAJOR PROJECTS BOARD**

The Chairman reminded the Committee of the confidentiality of projects, which were at various stages.

The Executive Director, Financial Services provided a verbal update, a summary of which is set out below:

- Member Major Projects Board – Terms of Reference agreed by Cabinet on 18 June 2019, a copy of which was attached to the agenda for this meeting. First meeting scheduled for 9 October 2019.
- Officer Major Projects Board had been in operation since October 2018 and meetings were held on a monthly basis.
- Major Projects Board would be placed as a standard item on the Audit Committee agenda. It was highlighted that projects were considered at various stages, for example, concept through to a project initiation document and that this item would need to be exempt.
- Officer Major Projects Board Terms of Reference would be reviewed following the management restructure exercise.

The Chairman informed the Committee that the Audit Committee Cross Party Working Group would be reviewing the Terms of Reference for both the Member and Officer Major Projects Boards.

In response to questions from Councillor Collop on the number of Councillors appointed to the Member Major Projects Board, the Leader explained the membership as agreed at Cabinet on 18 June 2019 was as follows:

Chairman of the Audit Committee
 Chairman of the Regeneration and Development Panel
 Leader
 1 other Portfolio Holder
 Representatives from other political groups – 2 x Independent, 1 x Labour

Following a further question from Councillor Collop, the Executive Director – Financial Services advised that an email had been sent to the Leader of the Independent Group inviting him to appoint two Members to the Major Project Board.

RESOLVED: The Major Projects Board be placed as a standard item on the Audit Committee agenda.

A26 **CABINET FORWARD DECISION LIST**

RESOLVED: The Cabinet Forward Decisions List would be placed as a standard item on the Audit Committee agenda.

A27 **COMMITTEE WORK PROGRAMME 2019/2020**

The Chairman proposed that the dates of the next two meetings be reviewed, which was agreed by the Committee.

RESOLVED: The Democratic Services Officer to identify date for week commencing 28 October and mid-December 2019.

A28 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would take place week commencing 28 October 2019.

The meeting closed at 6.30 pm