

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

Minutes from the Meeting of the Audit Committee held on Monday, 15th March, 2021 at 4.30 pm in the Remote Meeting on Zoom and available for the public to view on WestNorfolkBC on You Tube - Zoom and You Tube

PRESENT: A Dickinson (Chair)
Councillors Miss L Bambridge, Mrs J Collingham, J Collop, C Manning, C Morley, J Rust, A Ryves and Mrs V Spikings

A113 **APOLOGIES**

An apology for absence was received from Councillor A Kemp.

A114 **MINUTES**

The minutes from the meeting held on 25 January 2021 were agreed as a correct record.

A115 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A116 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A117 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A118 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A119 **ANNUAL AUDIT LETTER 2018/2019**

[Click here to view a recording of this item on You Tube](#)

M Hodgson, Ernst and Young presented the Annual Audit Letter for the year ended 31 March 2019 and explained that this was a concluding report providing a summary of the external auditor's work undertaken

during the 2018/2019 audit to be published on the Borough Council's website.

The Committee was advised that there were no changes since the Audit Committee held on 25 January 2021. It was noted that Ernst and Young had issued a certification for completion of the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice on 29 January 2021.

M Hodgson responded to questions in relation to the risk to the Council in relation to the consolidation of Alive Management Ltd within the Council's group accounts.

The Leader, Councillor Long informed the Committee that he had received a letter from Companies House advising that Alive Management had submitted their accounts. The Assistant Director, Resources explained that Alive Management was a separate company, which was subject to scrutiny in the normal process with other Panels of the Council. Alive Management had its own independent auditor and reports were presented to the Board.

The Chair thanked Ernst and Young for attending and presenting the Annual Audit Letter 2018/2019.

RESOLVED: The Committee noted the Annual Audit Letter for the year ended 31 March 2019.

A120

EXTERNAL AUDIT WORK PLAN FOR 2019/2020

[Click here to view a recording of this item on You Tube.](#)

A Valdez Herrera, Ernst and Young presented the Audit Plan for the year ended 31 March 2020 and highlighted the following issues relating to audit risks and areas of focus set out below:

- Validation of Land and Buildings and Investment Properties – increase in risk of focus to significant risk.
- Group Consolidation - Inherent risk no change in risk or focus
- Calculation of expected credit losses (NWES Loan) – inherent risk, new area of focus.
- Classification of Grant Income – inherent risk, new area of focus.
- Impact of Covid-19 – inherent risk, new area of focus.
- Materiality – planning materiality, performance materiality, audit differences. All uncorrected misstatements relating to the primary statements and other identified misstatements will be communicated to the extent that they merit the attention of the Audit Committee.
- Value for Money.

- Scoping the group audit.
- Audit timeline.

A Valdez Herrera and M Hodgson responded to questions and comments in relation to:

- The new areas of focus.
- Potential impact on 3 week delay of the 2019/2020 audit work plan.
- Scoping the group audit.
- West Norfolk Housing Company.
- West Norfolk Property Company.
- Value for money risks.
- Going concern and impact of Covid-19.

In response to questions relating to risk in relation to both West Norfolk Housing Company and West Norfolk Housing Company entries in the Borough Council's Risk Register, the Assistant Director Resources undertook to check the details and email a response to the Audit Committee.

The Chair asked if the 3 week delay would impact on the timetable for the Accounts to be presented to Audit Committee in accordance with its Work Programme. The Assistant Director, Resources assured Members that there should be no knock on effect.

The Chair thanked Ernst and Young for attending and presenting the External Audit Work Plan for 2019/2020.

RESOLVED: The Committee noted the External Audit Work Plan for 2019/2020.

A121

INTERNAL AUDIT PLAN FOR 2021/2022

[Click here to view a recording of this item on You Tube](#)

The Audit Manager presented the report which provided the Committee Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2021-2022 and drew the Committee's attention to the following sections of the report:

- Key issues.
- Appendix 1 - Strategic Audit Plan 2021-2022 and the impact of the Pandemic.
- Appendix 2 – Internal Audit Strategy 2021-2022.

In conclusion, the Audit Manager highlighted the importance of the 2021/2022 Internal Audit Plan being flexible to accommodate any changes/responses identified within the Borough Council.

The Audit Management responded to questions in relation to:

- Rescheduling of core audits.
- Covid related audits, for example, Covid-19 Business Grants.
- Allocation of 20 days to Alive West Norfolk – dual purpose audit.
- West Norfolk Housing Company.
- Number of Full Time Employees within the Internal Audit Team and resource available.
- How the manpower assessment was organised into the Internal Audit work Plan.
- The 5 year audit plan which took into account the external auditors results, legislative changes, etc.
- ICT wireless networks – a new audit to look at the cloud networks which had not previously been undertaken.
- Fraud investigations work undertaken by half a Full Time Employee. It was noted that the fraud work was not included in the Internal Audit Plan.

The Chair commented that the work of the Audit Team was exemplary and reminded Members that it was incumbent on them as members of the Audit Committee to look at individual audit reports throughout the year, and that all reports were available on the Council's Intranet.

The Chair thanked the Audit Manager for presenting and answering questions on the Internal Audit Plan for 2021/2022.

RESOLVED: The Committee acknowledged the Internal Audit resources and agreed the work planned for 2021-2022.

A122

UPDATE ON THE MAJOR PROJECTS BOARD

[Click here to view a recording of this item on You Tube](#)

This item was considered prior to Item 9.

The Chair gave a verbal update, a summary of which is set out below:

- To remain as a standard agenda item on Audit Committee at least until such time as the Audit Cross party working Group had completed its review.
- Audit Committee Cross Party Working Group had currently been suspended as its work, whilst important, was not crucial during the current pandemic.
- The Chair explained that members of the Audit Committee Cross Party Working Group had access to the minutes of the Officer Board consisted of several relevant senior officers and is chaired by M Henry, Assistant Director.
- Member Major Projects Board has only had two meetings since its inception.

- Officer Major Projects Board comprising senior officers continue to meet on a monthly basis. Three consecutive meetings did not take place due to the pandemic.
- The Chair had perused recent minutes from the Officer Major Projects Board Minutes. As might be expected some schemes had not progressed, but the majority of major projects had progressed during the pandemic. There was nothing identified in the minutes which would cause concern.

In response to questions, the Chair explained that the Member Major Projects Board was conceived as the Council's management response to the Internal Audit Lessons Learned report.

A123 **CABINET FORWARD DECISIONS LIST**

[Click here to view a recording of this item on You Tube](#)

The Committee noted the Cabinet Forward Decisions List.

A124 **COMMITTEE WORK PROGRAMME**

[Click here to view a recording of this item on You Tube](#)

The Committee noted the Work Programme.

The Chair reminded Members to contact her if they wished to place an item on the work programme.

Councillor Ryves suggested that the Internal Audit Role on 100% Borough Council owned subsidiaries could prove beneficial. The Chair undertook to consider this item.

A125 **DATE OF NEXT MEETING**

[Click here to view a recording of this item on You Tube](#)

The next meeting of the Audit Committee will take place on 7 June 2021.

A126 **EXCLUSION OF PRESS AND PUBLIC**

[Click here to view a recording of this item on You Tube](#)

RESOLVED: That under Section 100(A) of the Local Government Act, 1972 the press and public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

A127 **EXEMPT REPORT - RISK BASED VERIFICATION POLICY FOR HOUSING BENEFIT AND COUNCIL TAX SUPPORT**

The Revenues and Benefits Manager presented the report and explained that there were no updates to the policy and responded to questions from the Committee.

The Chair informed the Committee she had received an email that afternoon prior to the meeting relating to this item and undertook to forward to the Revenues and Benefits Manager for consideration

RESOLVED: Members noted and agreed the Risk Based Verification policy and the Risk Based Verification procedure in the report subject to any necessary changes arising from the email being delegated to the Chair.

A128 **EXEMPT REPORT: INTERNAL AUDIT SERVICE DELIVERY**

The Assistant Director, Resources presented the report which outlined the options on the provision of the Internal Audit Service Manager and responded to questions and comments from the Committee.

The Assistant Director, Resources presented the report which outlined the options on the provision of the Internal Audit Service Manager.

The Assistant Director, Resources responded to questions and comments from the Committee.

Councillor Morley, seconded by Councillor Ryves proposed the following recommendation:

“That the Audit Committee recommends to Council, Option 6 with the provision that within a reasonable timescale – 3 months, the Council proceed to test the market to recruit a full time Audit Manager to strengthen the audit function.”

Upon being put to the vote the amended recommendation was lost on the Chair’s casting vote.

Councillor Ryves, seconded by Councillor Morley proposed the following recommendation:

“That as a priority the Council look at the provision of a full time Audit Manager.”

Upon being put to the vote the amended recommendation was lost on the Chair’s casting vote.

Councillor Dickinson, seconded by Councillor Manning proposed that the recommendation within the report with an amendment be recommended to Council:

That the Audit Committee recommends to Council that that the Borough Council of King's Lynn and West Norfolk enters into a Section 111 and 113 Agreement, to become part of Eastern Internal Audit Services (the Consortium) for the provision of Internal Audit Services from 1 June 2021, under the Local Government Act 1972 with the provision that the arrangement be reviewed within an appropriate timescale of 18 months to 2 years.

Upon being put to the vote the above recommendation was carried.

RESOLVED: The Committee support the recommendation to Cabinet as set out below:

That the Audit Committee recommends to Council that that the Borough Council of King's Lynn and West Norfolk enters into a Section 111 and 113 Agreement, to become part of Eastern Internal Audit Services (the Consortium) for the provision of Internal Audit Services from 1 June 2021, under the Local Government Act 1972 with the provision that the arrangement be reviewed within an appropriate timescale of 18 months to 2 years.

The meeting closed at 7.14 pm