

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

Minutes from the Meeting of the Audit Committee held on Monday, 11th April, 2022 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor J Lowe (Chair)
Councillors Mrs J Collingham, P Gidney, B Jones (substitute for Councillor J Collop), J Moriarty (substitute for Councillor A Ryves), C Morley (Vice-Chair) and J Rust

Portfolio Holder:

Councillor Mrs A Dickinson, Finance

Officers:

Michelle Drewery, Assistant Director – Resources/Management Team Representative

Ged Greaves, Corporate Performance Manager

Jamie Hay, Senior Internal Auditor

Faye Haywood, Internal Audit Manager

Carl Holland, Financial Services Manager

Wendy Vincent, Democratic Services Officer

A72 APOLOGIES

Apologies for absence were received from Councillors J Collop, C Manning, A Ryves and M Storey.

A73 MINUTES

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The minutes of the Audit Committee held on 28 February 2022 were agreed as a correct record and signed by the Chair.

A74 DECLARATIONS OF INTEREST

There were no declarations of interest.

A75 URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business.

A76 MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There were no Members present under Standing Order 34.

A77 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was no Chair's correspondence.

A78 **GOVERNANCE OF MAJOR PROJECTS - QUARTERLY UPDATE M HENRY**

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The Assistant Director, Property and Projects provided a verbal update, a summary of the key points are set out below:

Member Major Projects Board (MMPB) 10th Nov 2021

- New Terms of Reference
- Draft Cabinet Report
- Revised List: Proposed "Major Projects"

Cabinet 16th November 2021

"Member Major Projects Board – Review of Terms of Reference" – Portfolio Holder: Cllr Dark [Council Leader], Lead Officer: Matthew Henry [Assistant Director Property & Projects]; Legal input: Alexa Baker [Monitoring Officer]

- Clarifies role and function of the MMPB
- Not policy making
- Not scrutiny function
- Acts as a "sub-committee" of Cabinet
- Chairs of scrutiny panels cannot be part of the MMPB – otherwise their scrutiny function is potentially compromised
- [Note: if MMPB were a scrutiny function – Cabinet Members could not be on the MMPB]

MMPB 3rd December 2022

- Set up Briefing Sessions [all Cllrs – recorded]
- MMPB meetings to be rearranged to 2 monthly
- MMPB to prioritise work programme – more detailed presentations [MMPB only] – Q&A's may need to be Exempt (see below)
- Project Monitoring Template [to include MMPB queries]

Briefing Sessions – All Members invited to attend and recorded

Session 1: 4th February 2022

- South Gate Regeneration

- West Winch Housing Allocation
- 3G pitch
- RE-fit project
- NORA Enterprise Zone

Session 2: 11th February 2022

Town Deal Projects :

- Multi-user community hub
- Youth and retraining pledge
- St George's Guildhall Complex
- School of Nursing
- Active and clean connectivity
- Riverfront regeneration
- Town centre repurposing
- Public realm

Session 3: 21 February 2022

Major Housing Projects :

- Nar Ouse Regeneration Area (Nora) 4
- Parkway
- Salters Road
- Bus Station, Library site, Hun Stanton
- Southend Road Site, Hun Stanton

The Committee was advised that following Briefing Sessions the MMPB will identify its Work Programme and Project Officer Leads will attend MMPB to provide greater detail about specific projects.

Member Briefing: 2 March 2022

Towns Fund: Board, Governance Arrangements and processes:

The Assistant Director, Property and Projects provided feedback from the MMPB held at 9.30 am, 11 April 2022.

In response to questions from Councillor Morley in relation to the audit perspective and seeing how the process was more defined, the Annual Governance Statement and the relevant Risk Registers, the Assistant Director explained that the idea was for the MMPB to be brought up to date with projects which would enable MMPB to identify projects to go through in detail in public session, for example, risk register, risks, budget, key milestones, etc. and monitor projects as they evolved.

In response to further questions from Councillor Morley in relation to Annual Governance Statements signed off by Cabinet supporting the authority taking risks, the Assistant Director explained that the governance of the MMPB did fit in with the overall approach the

Borough Council was taking to try to set up a better more systemised process in the way it reported its projects and as part of process would report to MMPB which would allay the fears being expressed how projects were handled.

Councillor Moriarty commented that he had emailed the Corporate Performance Manager asking where the entry appeared for the Guildhall in the risk register and the answer received was that the corporate risk register had an entry covering major projects and individual projects risk registers fell in the oversight of the Officer Major Projects Board and the OMPB. The project manager for the Guildhall had confirmed that there was not yet a risk register in place. The Assistant Director confirmed that a business case was being developed to be signed off by the Town Deal Board to allocate money to that project.

In response to questions from Councillor Rust in relation to capital project risks, scrutinising decisions/reviewing actions from the Town Deal Board, the governance of projects, risk register, Guildhall project, 11.4 of the Risk Management Policy etc., the Assistant Director explained he was attending this evening's meeting to provide an update on the MMPB and governance. The Assistant Director, Housing,,,,, and Monitoring Officer gave a presentation to all Councillors on 2 March regarding the Towns Fund - Board, Governance Arrangements and processes.

The Assistant Director, Property and Projects responded to further comments and questions in relation to:

- Governance
- Strategic Corporate Risk Register reviewed by Ex D on 6 monthly basis.
- Town Deals Board projects.
- Borough Council projects.
- Governance arranged for MMPB.
- Role of MMPB.
- Role of Policy Development Panels to scrutinise decisions.
- Processes in place to enable the Audit Committee to monitor risk.

Councillor Morley explained his reasons why he could not support the draft Risk Management Policy and Strategy Review.

Councillor Collingham commented that it would be useful for the Committee to be provided with a simple summary sheet setting out the scope of the project, outcomes, responsibility, etc.

The Internal Audit Manager explained that the Internal Audit Plans looked at the governance framework.

The Chair thanked the Assistant Director for the quarterly update report.

RESOLVED: That the update report be noted.

A79

**RISK MANAGEMENT POLICY AND STRATEGY REVIEW - G
GREAVES**

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The Corporate Performance Manager presented the report and advised that the Council's risk management policy and strategy were due to be refreshed in March 2022. The report introduced a draft framework and sought Members' comments. It was noted that a draft version was presented to the committee on 28 February 2022. The final version would be taken forward to Cabinet in June 2022.

The key issues were outlined as set out in the report.

The Committee's attention was drawn to the updates since the Audit Committee on 28 February 2022 as set out in section 3 of the report.

In response to questions from Councillor Rust in relation to equality opportunities, health and safety, 3.4.3 and 3.6.6 of the draft policy, the Corporate Performance Manager explained that health and safety was covered by a separate policy which covered the management of risks, for example, equipment. It was further explained that the movement of risk was part of the business plan arrangements and copies of Directorate Plans could be viewed on Insite. With regard to the comments made on the Equality Impact Assessment, the Corporate Performance Manager undertook to revisit this form and include the concerns expressed by Councillor Rust.

Following questions from Councillor Jones in personal data, the Corporate Performance Manager explained that this was included within the criteria for legal and regulatory.

Councillor Morley outlined his reasons why he could not support the recommendation to Cabinet as set out in the report.

The Corporate Performance Manager responded to questions from Councillor Moriarty in relation to impact criteria and working to understand if there was a positive or negative impact.

The Corporate Performance Manager responded to questions from Councillor Gidney in relation to the increasing number of projects that were not within the Borough Council's control.

Councillor Collingham commented on the increasing cost of raw materials and the impact on projects and added that she would like to see a spreadsheet for major projects setting of risks, etc.

The Corporate Performance Manager responded to questions in relation to:

- Concerns expressed by the Committee in relation to the draft Risk Management Policy and Strategy Review.
- Borough Council's response to occurrence of unexpected events, e.g. chemical spillage.
- 4.3.4 – frequency of risk register being reviewed by Executive Directors and reporting mechanism/frequency to the Committee.

The Chair thanked the Corporate Performance Manager for presenting the draft Risk Management Policy and Strategy Review and responding to questions from the Committee.

RESOLVED: The Committee endorsed the policy and strategy and recommend it to Cabinet for approval, subject to delegation to the Chair and Vice Chair of the Audit Committee to advise of appropriate wording to express the concerns raised by the Committee.

A80

STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23 - F HAYWOOD

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The Internal Audit Manager presented the report which provided the proposed Strategic Audit Plan for 2022/23 to 2025/26, the Annual Internal Plan for 2022/23 and the revised Internal Audit Charter. The plan would provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of the Council's framework of governance risk management.

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

- 1.4 - Public Sector Internal Audit Standards (PSIAS) – process of drafting the plan.
- 2 - Internal Audit Charter.
- 3 – Strategic Internal Audit Plan.
- 4 – Annual Internal Audit Plan – 2022/23 total 227 audit days and w0 internal audit reviews would be completed, three of which covered IT processes. Further detail set out in Appendix 3.
- 4.3 – Risk Maturity.
- 4.6 – IT Audit Resource.
- Appendix 1 – Internal Audit Charter

- Appendix 2 – Strategic Internal Audit Plan which set out the four year programme.
- Appendix 3 – Annual Internal Audit Plan 2022/23.

In response to questions from Councillor Jones on the number of days allocated for IT network and infrastructure and security (10 days 2022/23) and no further dates scheduled to deal with any evolving issues, the Internal Audit Manager explained that for 2022/2023 10 days had been allocated and for 2023/2024 and the following year days had been allocated for cyber security due to the medium risk raised, 2024/2025 and 2025/2026 had been left blank at this stage to carry out a risk assessment on annual basis to understand significant risks faced as that time. Internal Audit was aware that the team needed to be flexible in their approach and the Committee should see targeted coverage planned yearly rather than the 4 year programme.

Following further questions from Councillor Jones of training an employee in the Internal Audit in-house team rather than placing reliance on a co-sourcing arrangement, the Internal Audit Manager explained that this was being discussed and a report would be presented to the Council's Management Team for a decision.

In response to questions from Councillor Morley on the 2021/2022 Internal Audit Plan and the audit trail in relation, the Internal Audit Manager explained that an update was not included within this agenda but the year-end option with the full internal audit plan would be delivered and a summary setting out the assurance gradings, etc. would be presented to the next meeting of the Audit Committee.

The Internal Audit Manager provided clarification on COBIT relating to IT audits.

Councillor Morley asked when the progress on the 9 recommendations the Committee endorsed in November 2021 would be reported. In response, the Internal Audit Manager explained that the risk maturity assessment had been completed, the results of which had been included in the paper and a full report with recommendations would need be worked on and be presented at the next meeting. The Committee was informed that an update on the November 2021 PSIAA paper was scheduled for August 2021 meeting.

The Chair thanked the Internal Audit Manager for presenting the Strategic and Annual Internal Audit Plans.

RESOLVED: 1) The Audit Committee approved the Audit Charter.

2) The Audit Committee considered each audit area for the year ahead and approved the plan of work for 2022/2023, subject to the Internal Audit Manager's response to the questions raised in an email from Councillor Morley.

A81 **BUDGET MONITORING REPORT - JANUARY 2022 - C HOLLAND**

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The Financial Services Manager presented the Budget Monitoring Report for January 2022 and responded to comments and questions in relation to:

- General Fund Balance as at 31 March 2022.
- Contribution to reserves £782,630.
- Turnover savings and budget setting exercise.
- Recruitment of staff in specific areas.
- Retention of staff.
- Capital Programme and re-profiling.
- Number of staff vacancies during the Pandemic.
- Costs incurred during the Pandemic and level of Government compensation awarded to the Council.

The Chair thanked the Financial Services Manager for responding to questions relating to the Budget Monitoring Report – January 2022.

RESOLVED: The Audit Committee noted the Budget Monitoring Report for January 2022.

A82 **VERBAL UPDATE ON AUDIT PROGRESS - M DREWERY**

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The Assistant Director, Resources provided a verbal update, a summary of which is set out below:

- 2019/2020 Accounts – an overview of the reasons for the delay in signing off the accounts, resources issues with external auditor, Borough Council resource. Anticipated accounts to be signed off by Audit Committee at the June 2022 meeting. The committee would be kept updated on progress.
- 2020/2021 Accounts – External Auditors have scheduled for July/August 2022 and have advised that the audit cannot commence until 2019/2020 Accounts had been signed off.
- 2021/2022 accounts – External Auditors to commence work early 2023.
- Legislation passed - extension of time to deadlines to publish accounts – the Council would fail to meet to publish the accounts within the deadlines. It was explained this was a national issue and there had been media reports in relation to audit issues nationally with reviews undertaken to address some of those and recommendations put in place. There was also

funding available to help Local Authorities with additional cost of implementing the recommendations. The Council would receive £20,000 to help with the costs of strengthening audit going forward.

- Appointment of Public Sector Auditors, tender process for 2023 onwards. The Borough Council had decided to opt into scheme – 99% Councils had opted for the national scheme. PSAA were in the process of progressing the tender. Further updates will be presented to the Audit Committee on progress.

The Assistant Director, Resources advised that an update on the above timescales, etc. would be set out in a written report and presented at the next meeting of the Audit Committee.

The Assistant Director, Resources responded to comments and questions relating to:

- Resource issues for External Auditors, Ernst Young and undertaking a recruitment drive.
- Government funding £20,000 and calculation of amount awarded to other local authorities. It was noted the amount varied for each Council and the Assistant Director, Resources undertook to respond on calculation used to determine the amount awarded to local authorities.

RESOLVED: The Committee noted the update on audit progress.

A83

CABINET FORWARD DECISIONS LIST

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The Committee noted the Cabinet Forward Decisions List.

Comments were made that it would be useful if definitions of key and non-key decisions be included on the Cabinet Forward Decisions List.

In response to a question from Councillor Rust as to why the Guildhall and Create Hub Options report was a Non Key Decision, the Assistant Director, Resources undertook to provide a response.

A84

COMMITTEE WORK PROGRAMME

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

The Committee noted the work programme.

Councillor Collingham commented that she took exception to meetings being held in August as this usually enable Councillors to take a one month break from Council business.

A85 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on 20 June 2022 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn.

The meeting closed at 6.38 pm