

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

**Minutes from the Meeting of the Audit Committee held on Monday, 18th November, 2024 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** A Ryves (Chair)  
Councillors S Bearshaw, T de Winton, P Devulapalli, B Jones, B Long and S Nash

**Portfolio Holders**

Councillor C Morley  
Councillor A Beales

**Officers:**

Michelle Drewery – Assistant Director/Section 151 Officer, Resources  
Jamie Hay- Senior Internal Auditor  
Matthew Head- Internal Auditor  
Teresa Sharman- Head of Internal Audit  
Laz Mafuko- Interim Financial Services Manager  
David Riglar- External Auditor- Ernst & Young  
Dave Robson- Environmental Health Manager  
Alexa Baker- Monitoring Officer

Councillor Jones was appointed Vice Chair for the meeting.

**A203 APOLOGIES**

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Apologies were received from Councillor Dark and Councillor Bone.

**A204 MINUTES**

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**RESOLVED:** The minutes from the meeting held on the 3<sup>rd</sup> October 2024 were agreed as a correct record and signed by the Chair.

**A205 DECLARATIONS OF INTEREST**

There was none.

**A206 URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business under Standing Order 7.

A207 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillor Morley and Councillor Beales were present under Standing Order 34.

A208 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was none.

A209 **BUSINESS CONTINUITY ANNUAL UPDATE**

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

The Environmental Health Manager presented the report and explained the Borough Council had a responsibility as a Category 1 responder under the Civil Contingencies Act 2004 to develop and maintain a plan to ensure that key services were continued. He highlighted to the Committee the difference in the Significant Incident Team and the Emergency Planning Team.

The Environmental Health Manager referred the Committee to 1.2 of the report which outlined a framework of the business continuity management. Additionally, he referred to 1.4 which showed a flow chart of how the initial Council response in different scenarios would be carried out Further in the report. He then highlighted para 2.2 which advised a risk assessment had been undertaken to identify potential threats, in which threat cards were updated in September 2023 and include, loss of staff, loss of ICT, loss of King's Court and fuel shortage.

Finally, the Environmental Health Manger highlighted the progress made since the last report and the forward work plan.

The Chair invited questions and comments from the Committee.

Councillor Long commented the report outlined there was plans ready when needed and sought clarification on the resilience within available properties we had if we lost King's Court.

The Environmental Health Manager confirmed properties such as Valentines Road in Hunstanton were an example of alternative sites which staff could work from. He added this planning prior to the Covid outbreak enabled staff to be quickly redeployed to other sites to reduce staff numbers at King's Court during the pandemic. He added remote and home working would be considered as an advantage in the business continuity plan.

Councillor Bearshaw referred to the recommendations and commented it was difficult to review the business continuity in the detail. He

referred to part 3 and 4 of the report and asked if a bow tie analysis had been carried out as this part of the report did not reflect this being done.

Councillor de Winton sought clarification if our data was stored off site or are we reliant on the cloud.

The Assistant Director for Resources and Section 151 Officer advised Councillor Bearshaw, she would liaise with the relevant Officer and respond to his question.

In addition, she provided assurance in response to Councillor de Winton's question, there was various methods in which the data was backed up and stored and confirmed this included being stored off site. She added she would provide a robust response from the IT Manager.

Councillor Morley, Portfolio Holder for Resource added the data was backed up and stored at a remote and isolated site in Fakenham.

Councillor Devulapalli asked if we liaised with other organisations and local authorities on the business continuity plan.

The Environmental Health Manager explained this was the Borough Council business continuity arrangements however there was Norfolk Resilience Forum which provided information and support and other agencies such as the National Cyber Security Centre.

The Chair, Councillor Ryves asked if the subsidiary companies were considered as part of the business continuity plan.

The Environmental Health Manager confirmed business continuity would be considered and implemented as part of the procurement and contract agreement if needed.

Councillor Beales, Portfolio Holder provided assurance to the Committee on the software and infrastructure and all expected scenarios were catered for and practiced to ensure the plan works.

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

A210

## **HALF YEAR INTERNAL AUDIT PROGRESS REPORT**

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

The Head of Internal Audit presented the report to the Committee and highlighted the change to the 2024/2025 Audit Plan which was the

applications audit of the Revenues and Benefit System. She explained this was deferred due to staff illness and capacity to fulfil the audit.

She explained in Quarter 1, all five audits had reached the final stage of reporting and Appendix 1 outlined the assurance opinion given and the number of recommendations. She added Quarter 3 was on track and work had commenced. The Head of Internal Audit explained not all the audits in Quarter 4 may be completed as some audits are behind and are moving into other quarters. She highlighted the Contract Management audit had been given a limited assurance opinion.

The Chair thanked the Head of Internal Audit invited questions and comments from the Committee.

Councillor Long commented the limited assurance opinion on the Contract Management audit related to the work carried out by Corporate Performance Panel's Informal Working Group which was to be discussed at their next meeting.

Councillor Bearshaw sought clarification on the backlog of findings and what was the trend of these. He additionally asked if a risk-based strategy would be taken on the audits which were being considered for deferral and cancellation.

The Head of Internal Audit responded to Councillor Bearshaw question and confirmed the audits which would be deferred or cancelled in quarter 4 would be considered on a risk basis. She indicated that the audit on elections as an example and advised this could be deferred as there had been elections carried out with no issues.

Councillor Morley, Portfolio Holder commented there was a weakness and organisational issues in contract management within the Borough Council. He explained the difference between procurement and contract management. Councillor Morley advised the Procurement Act 2023 has not yet been sanctioned by Central Government. He explained before the Procurement Strategy and Transformation was to be presented to Corporate Performance Panel after the Act was sanctioned by Central Government. Councillor Morley commented a designated Officer was to manage the contractors which had not always happened.

The Chair, Councillor Ryves sought clarification on a timetable for the procurement transformation.

Councillor Morley, Portfolio Holder commented it was likely to be in the new year provided the Procurement Act 2023 was sanctioned.

The Monitoring Officer addressed the Committee, and the procurement changes were to be implemented in February 2025 but was being considered as a two-year programme. She advised a project team along with the transformation programme was underway and referred

Members to the pre-Council briefing which was held previously. She explained there was an implementation plan and a Communication and Engagement Plan. She provided assurance to Members that further information would be provided on procurement and contract management. She added included in the implementation was upskilling and training of Officers.

Councillor Devulapalli commented she felt reassured by the Officers comments but noted the inconsistency with the progress report and Officers comments.

The Senior Internal Auditor commented this progress report related to the contract management element audit for this financial year and not procurement. He highlighted the Monitoring Officer and Councillor Morley were referring to the procurement transformation strategy does not contract management.

Councillor Bearshaw asked if this was to be covered in the recommendation report.

The Senior Internal Auditor explained the six recommendations from this report would be followed up as part of the next follow up activity when those recommendations become due.

**RESOLVED:** The Audit Committee received the Progress Report on Internal Audit activity

A211

### **RECOMMENDATION FOLLOW-UP REPORT**

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

The Senior Internal Auditor presented the recommendation follow up report to the Committee. He highlighted there was positive progress since the last report to the Committee in May 2024. He added 59 recommendations have been completed and 72 recommendations remain overdue which included 6 high priority recommendations. He brought to the Committee's attention the follow up process was outline in Section 2 of the report along with Table 1 at 3.1 of the report outlines the position of the recommendations as of the 25<sup>th</sup> October 2024.

The Senior Internal Auditor referred to page 55 of the agenda and explained Figure 1 was a direct comparison to the last position present to the Committee and show the position for high and medium overdue recommendations by 100 days and by 365 days or more. He referred to section 4 of the report highlights the outstanding risks association with overdue recommendations. He advised appendices 1 and 2 provide the outstanding high and medium recommendations in further details. He brought to the Committee's attention the Senior Leadership

Team would be discussing the outstanding recommendations at their meeting on the 19<sup>th</sup> November 2024.

The Chair invited comments and questions from the Committee.

The Chair, Councillor Ryves commented he was disappointed there was still a high number of outstanding recommendations and hoped there was more progress.

Councillor Bearshaw commented the recommendations were overdue but understood the outstanding recommendations were big projects. He sought clarification on forecasting the deadline date, so the recommendations were no longer overdue and a more realistic measure.

In response to Councillor Bearshaw comment the Assistant Director of Resources and Section 151 Officer agreed to discuss this with the Senior Leadership Team.

Councillor de Winton recognised that a number of the overdue recommendations were not in control of the Borough Council. He referred to page 59, the procurement and contract management audit which was a high overdue recommendation was not in the control of the Borough Council due to awaiting implementation of new legislation. He questioned if a disclaimer could be added to the report to highlight this was out of the control of Borough Council. He commented his disappointed the outstanding recommendation on page 66, the accounts receivable audit.

The Senior Internal Auditor agreed the report would be reviewed to see if this could be possible to be included in the next update to the Committee for outstanding recommendations which were out of the control of the Borough Council.

Councillor Long agreed with Councillor de Winton Comments and commented there was only concern for the outstanding recommendations with no external factors. He referred to the King's Lynn Transport Strategy and commented it was positive to see progress had been made.

The Assistant Director of Resources and Section 151 Officer responded to Councillor de Winton comment regarding the accounts receivable outstanding recommendation. She advised the Committee, in terms of the debt write off's, the team were trying to get the finance system to generate a report and explained it was not a simple process in which the team had originally anticipated. She added an alternative method was being considered which meant the data would be manipulated into a format which can realistically be reviewed and updated. She brought to the Committee's attention this was the reasoning for the report to Senior Leadership Team.

The Chair, Councillor Ryves referred to page 62 which outlined the Car Parking and Civil Enforcement recommendation and questioned the latest response included capacity issues had delayed the process.

The Assistant Director of Resources and Section 151 Officer confirmed she would provide a robust response from the Assistant Director for that directorate.

Councillor Bearshaw provided an update on the King's Lynn Transport Strategy and advised it was deferred on the Regeneration and Development Panel work programme and advised he hoped it would be an item for the forthcoming Regeneration and Development meetings. He added instead of the outstanding recommendations to be included in the report in the order of risk.

Councillor Devulapalli asked if some of the recommendations were still relevant and referred to page 66, the accounts receivable recommendation.

The Assistant Director of Resources and Section 151 Officer provide clarification to Councillor Devulapalli and explained this was being monitored within the finance team and there was not a report for Senior Leadership Team currently. She explained further, in detail the Power Bi application takes information from an excel spreadsheet which can be manipulated and subject to human error. She added the aim was to get the report directly extracted from the finance system.

Councillor Bearshaw sought clarification on which 6 high priority recommendation would get looked at first based on risk.

The Senior Internal Auditor referred the Committee to Appendix 1 which outline the high priority recommendations. He explained it is difficult to prioritise the recommendations considered as high priority as they are within multiple directorates. He advised once the number of recommendations were manageable reprioritising them could be considered.

Councillor Long commented some recommendations were risks to be concerned of however some were political priorities such as the King's Lynn Transport Strategy and expressed his concern for the impact on the public if this was not delivered.

The Monitoring Officer highlighted and provided assurance to the Committee; one of the Chief Executive main priorities was to address the outstanding recommendations.

Councillor Morley, Portfolio Holder highlighted some of the recommendations were strategic and some were out of the control of the Borough Council such as the procurement and contract management awaiting legislation to be sanctioned.

**RESOLVED:** The Audit Committee received the Internal Audit Follow Up of Outstanding Recommendations report and considered the progress being made across the organisation to close outstanding internal audit recommendations.

A212

### **HALF YEAR FRAUD AND ERROR PROGRESS REPORT 2024-2025**

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

The Senior Internal Auditor presented the Half Year Fraud and Error Progress Report to the Committee. He advised Section 1 of the report provided a current overview nationally and purpose of the report, and this related to the period April to September 2024. He highlighted to the Committee that there had been recent surge in scams for Council Tax refunds and vulnerable members of our communities who use Careline support services had been targeted by scammers.

He referred to section 4 of the report and outlined the progress made against the KPI targets of 5000 fraud and corruption case investigations and 3,163 cases have been completed. He highlighted figure 4 in section 4 of the report which identified the number of outstanding cases and new cases received. He added, figure 5 showed a comparison against the previous 2 years to date. He brought to the Committee's attention 4.3 of the report which included the SPD Canvass Review Project for the 5<sup>th</sup> Year.

Councillor Bearshaw thanked Officers for their work and exceeding the KPI. He referred to figures 3,4 and 5 and questioned why the amount which was being recovered was not as much as we previously had.

The Senior Internal Auditor explained figure 5 showed a full year for the previous 2 years against the first half year for this year. He added there would be additional value in the second half of the year which would exceed previous results.

Councillor de Winton referred to page 83, figure 1 and 2 and questioned why the number of cases investigated was 0 however figure 1 suggested conflicting information.

The Senior Internal Auditor explained a high volume of the work carried out was from the SPD Canvass review and a penalty procedure had been created. He added penalties would be given to negligence cases and Council Tax Support fraud.

Councillor de Winton sought clarification on Council Tax on second homes doubling being included in the fraud and error statistics. He asked if there were mechanisms in place to determine fraudulent cases.



The Senior Internal Auditor confirmed the National Fraud Initiative provides information on empty void properties within the Borough and a review exercise was being considered. He added the Council Tax team were working through the changes being made to the legislation.

The Assistant Director for Resources and Section 151 Officer advised the Committee, the work being carried out was to establish the baseline which included working with the Valuation Office as the second home will either fall within Council Tax or Business Rates listing dependant on the evidence and criteria.

The Senior Internal Auditor added further there was a National Fraud Initiative meeting recently which an additional data matching exercise was discussed in preparation for the premium on Council Tax for second homes.

The Chair, Councillor Ryves sought clarification on anti- corruption and fraud being the correct terminology.

The Senior Internal Auditor explained the fraud was different levels of negligence and the majority of the fraud identified was through the SPD Canvass review as the Borough Council as data was shared as part of the project.

The Chair, Councillor Ryves asked if value for money was being achieved.

The Senior Internal Auditor confirmed identified values based on the share for the Council and income from funding for 2021/22 was £137,500 compared to £25,000 expenses. He added a positive return for 2022/23 and 2023/24.

Councillor Long commented identifying cases where incorrect discount was being received was important work and added enforcing rules and recovery Council Tax and Business Rates needed to be done. He thanked Officers for their work.

**RESOLVED:** The Audit Committee noted the details of the report, taking into account the Council's Anti-Fraud & Anti-Corruption Policy and reviewed the effectiveness of the anti-fraud & anti-corruption work in preventing and detecting fraud and corruption.

A213

## **TREASURY MANAGEMENT REPORT**

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

The Interim Financial Services Manager presented the Treasury Report for Quarter 2. He advised this was a progress report outlined the treasury function which included investment and borrowing. He

explained the report highlighted the compliance of the treasury management. He brought to the Committee's attention at the 30th September 2024 the investment total was £14,950,000 and the total borrowing was £10,000,000 which was from two market loans. He added there was no debt rescheduling during quarter 2.

The Interim Financial Services Manager added the report included an economic update which considered inflation decreasing and interest rates were at 5.0% as of the 30th September 2024. He added further interest rates were now 4.75% following the budget meeting in October.

The Chair thanked the Interim Financial Services Manager for the report and invited question and comments from the Committee.

The Chair, Councillor Ryves commented the amount of investment and borrowing was significant and with high interest rates and the Borough Council had a net beneficiary.

Councillor Long sought clarification on the position with lending to other Councils as highlighted in Appendix 4. He asked Officers for reassurance the loan would be repayable by the other Council if a Section 114 Notice was issued.

The Interim Financial Services Manager advised a third party was used to lend to other Council's which act as a broker and co-ordinator and provide checks and due diligence when lending.

The Assistant Director of Resources and the Section 151 Officer added there was possibility a Council could default on a payment however this had not been known but confirmed checks were carried out before lending. In response to the Chair's question she explained local authorities do not have a credit rating however some authorities may decided to be rated for investment purposes. She added further if a Section 114 Notice was issued the Council would revert to statutory services which could result in repayments of the loan not being paid.

**RESOLVED:** The Audit Committee noted the report and the treasury activity.

A214

**STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2020/21, 2021/22 AND 2022/23**

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

The Assistant Director of Resources and Section 151 Officer introduced the Annual Governance Statements and Statements of Accounts for 2020/2021, 2021/2022 and 2022/2023. She highlighted the backstop date of 13<sup>th</sup> December 2024 and explained the urgency

for these to be completed and signed off. She reminded the Committee due to the legislation a detail audit would not be carried out for years 2020/2021, 2021/2022 and 2022/23. She added once these were signed off, they would be published to the website.

The Assistant Director of Resources and Section 151 Officer brought to the Committee's attention the recommendations included in the report which included delegated authority to herself and the Chair of the Committee to approve the Annual Governance Statements and Statements of Accounts once the External Auditor had issued a completion report and issued a disclaimed opinion.

The External Auditor explained there would be work carried out to rebuild the assurance to the Committee. He would be sharing the completion report with the Committee prior to the financial statements being signed off. He added the legislation allowed the audit to be closed off however audit standards would remain, and this was reflected in the completion report.

Councillor Long commented the importance that it was not the Borough Council's fault that the full detailed audit was not carried out and other local authorities were in the same positions. He added he wanted a full and detailed audit to be carried and felt conflicted due to his position as Leader during the years being discussed.

The Monitoring Officer provided advice to Councillor Long. She advised if he did not feel comfortable voting on the recommendation due to the circumstance, he outlined then it would be understood and needed to be reflected in the minutes.

Councillor Bearshaw endorsed the recommendation and thanked Officers for their work.

Councillor Long abstained from voting on the recommendations.

**RESOLVED:** The Audit Committee agreed the following;

1. Delegate authority to the Chair of this committee and the S151 Officer to approve the Statement of Accounts for 2020/2021, 2021/2022 and 2022/2023 when EY have completed their work and shared their audit completion report with members of the committee.
2. Approve the final Annual Governance Statements for 2020/2021, 2021/2022 and 2022/2023.

A215

**COMMITTEE WORK PROGRAMME 2024/2025**

**RESOLVED:** The Committee noted the Work Programme for 2024/2025.

A216 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on **20<sup>th</sup> January 2024 at 4:30pm** in the **Council Chamber, Town Hall, King's Lynn.**

**The meeting closed at 6.12 pm**