

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE

Minutes of a Meeting of the Resources and Performance Panel – Audit and Risk Committee held on Tuesday 22 July 2014, at 7.11 pm, in the Committee Suite, King's Court, Chapel Street, King's Lynn

PRESENT:

Councillors P Beal (Chairman)
M Chenery (*substitute for Councillor de Winton*), J Collop, I Gourlay,
H Humphrey (Vice-Chairman), M Langwade, C Manning, Mrs K Mellish,
A Morrison, D Tyler, G Wareham, A Wright and Mrs S Young

Portfolio Holder:

Councillor N Daubney, Leader (*left the meeting at 7.25 pm*)

Apologies for absence were received from Councillor T de Winton

ARC31: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 24 June 2014 were confirmed as a correct record and signed by the Chairman.

ARC32: **DECLARATIONS OF INTEREST**

There were none.

ARC33: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC34: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC35: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC36: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

The Committee noted the response made by Cabinet at its meeting held on 1 July 2014 to the recommendations made by the Resources and

Performance Panel – Audit and Risk Committee at its meeting held on 24 June 2014 in respect of the following items:

- Revenues and Benefits Fraud Policy – Introduction of the Civil Penalties for Council Tax.
- Annual Treasury Report.

ARC37: **BUSINESS CONTINUITY - UPDATE**

The District Emergency Planning Officer presented a report which provided an update to the Committee on the current position of the Council's Business Continuity arrangement. The report outlined progress made since the last update in August 2013 and outlined work that was to be undertaken over the coming months.

Councillor Gourlay asked if a briefing on Business Continuity could be arranged for Members. In response, the District Emergency Planning Officer advised that a briefing could be scheduled to include the credible main threats and the impact on the four main areas, namely:

- Loss of Staff.
- Loss of ICT.
- Loss of King's Court.
- Fuel Shortage.

The Deputy Chief Executive explained that over the past 12 months, three incidents had occurred which had come close to the loss of King's Court. There had also been a suspect package within the Post Room at King's Court on 23 May 2014 when the European Election Count was taking place at the Corn Exchange, which had been dealt with by the Post Room staff.

In response to questions from Councillor Humphrey on the Exercise Metis 13 undertaken in October 2013, the District Emergency Planning Officer explained that the scenario presented was a virus attack on local authority systems.

The Committee was informed that the generator powered both CCTV and emergency planning services provided by the Borough Council. Ongoing work was progressing which would allow a plug in socket to be installed to the side of the King's Court building.

Following further questions from Councillor Humphrey on virtual servers and remote sites, the District Emergency Planning Officer explained that work was being carried out over the coming months to provide a back up site at North Norfolk, which would then provide a seamless service.

In response to questions from Councillor Morrison regarding loss of power, the District Emergency Planning Officer explained that it was the responsibility of the Borough Council to provide the essential services and gave an example of CCTV and emergency planning. An alternative control room was available at the Hunstanton Offices to operate the required

services.

RESOLVED: The Committee noted the progress made, endorsed the approach being taken to the Council's Business Continuity arrangements and confirmed that annual updates on the subject were required.

ARC38: **Q1 PROGRESS REPORT**

The Audit Manager presented the report which showed the Internal Audit activity for the quarter April to June 2014 against the Strategic Audit Plan 2014/15.

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

- Reports issued during the quarter.
- Work ongoing.
- Other work carried out in the quarter.
- Changes to the Audit Plan.
- Performance Indicators.
- Work planned for the next quarter April to June 2014.

In conclusion, it was explained that the progress to date had been satisfactory and at this point nothing had arisen to suggest that the plan would not be completed within the year. It was highlighted that if anything did arise that would impact on the completion of the plan, the Committee would be informed at the next available meeting.

In response to questions from Councillor Wareham on the audits carried out for street cleansing and allotments, the Audit Manager explained that with regard to street cleaning the audit involved looking at how the work was planned and how the performance indicators which were reported to Government were monitored. With regard to allotments the audit would involve looking at the transitional arrangement for the transfer of the service from Property Services to Street Cleansing Manager's area of responsibility.

RESOLVED: Members noted the report on the Internal Audit Workplan for April to June 2014.

ARC39: **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2013/2014**

The Audit Manager presented the report which provided Members with an overview of the work undertaken by the Internal Audit Section during the 2013/2014 financial year against the Strategic Audit Plan, and provided an assurance opinion to support the Annual Governance Statement.

The Committee was informed that the Internal Audit Annual Report provided an independent opinion on the adequacy and effectiveness of the Council's system of financial control, including in particular:

- The key controls operating within and around the core financial systems.

- Financial management in each Department and corporately.
- Arrangements for the letting and monitoring of contracts.
- Controls over information management and security.

It was noted that in the Audit Manager's opinion, the Council's control arrangements were adequate and effective in 2013-2014, with sound controls in all key areas.

Members were reminded that each year a Strategic Audit Plan was prepared by the Audit Manager, showing specific audits for the next financial year and proposals for the next two years which was presented to the Committee to endorse. It was noted that the Strategic Audit Plan 2013/2014 had been concluded. A formal report had been issued for each audit, containing an action plan agreed with the relevant managers to address any control weaknesses identified during the audit.

The Audit Manager advised that during the year 22 internal audit reports had been issued and assessed as follows:

- 5 – Full Assurance.
- 16 – Substantial Assurance.
- 0 – Limited Assurance.
- 0 – No Assurance.

Quarterly updates on progress against the Strategic Plan, including summaries of the reports issued, had been presented to the Committee. Amendments to the plan were also included in the progress reports. The report for the final quarter of 2013/2014 was presented to the meeting on 27 May 2014.

In conclusion, it was the opinion of the Audit Manager that:

- Adequate assurance could be gained in respect of the overall systems of internal control operating within the Council.
- Risk management systems and corporate governance arrangements were satisfactory.

The Chairman, Councillor Beal invited the Committee to ask questions/comment on the report.

There were no questions or comments from the Panel.

RESOLVED: The Committee noted the report.

ARC40: **CABINET REPORT: REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE**

The Audit Manager presented the report which provided the results of the 'Review of the Effectiveness of the Audit and Risk Committee' for 2013/2014 and confirmed that the Committee was fulfilling its stated

purpose which was 'to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affected the Council's exposure to risk and weakened the control environment, and to oversee the financial reporting process.'

Members were reminded that the Audit and Risk Committee was set up in 2006, with Terms of Reference drawn up in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). These were reviewed during 2013/2014 and approved by Council on 26 September 2013.

The Audit Manager explained that the previous review indicated that the Committee was providing an effective service. However, it was recommended that:

- The Terms of Reference needed to be reviewed and presented to Council for approval. An issue identified to be included in the review was the opportunity, if required, for Internal and External audit to meet with the Committee without senior management present.
- Identify if any specific training was required by Members of the Committee, in particular it was noted that training on the Annual Governance Statement would be useful.
- The Risk Management Strategy was due for review.

The Committee was advised that all the recommendations had been completed with the exception of the Risk Management Strategy review, which would be carried out shortly.

It was noted that the review was completed by the Audit Manager using a checklist compiled by CIPFA. The review indicated that the Committee was functioning correctly as an Audit Committee and was effective in its role.

The Audit Manager informed Members that throughout 2013/2014 the Audit and Risk Committee held 10 meetings and received a total of 29 reports. Training was provided to the Committee during the year on the Annual Governance Statement and on the Council's anti-fraud measures. Financial training was provided in respect of the Statement of Accounts and Treasury Management.

In response to questions relating to 4.5 – Does the Audit Committee hold periodic private discussions with the Audit Manager, the Deputy Chief Executive gave examples of when it might be appropriate to hold a private meeting. The Committee was informed that currently there was an investigation being conducted and once it had been concluded, a private meeting would be convened to update Members on the outcome.

Following comments from Councillor Collop on the number and timing of Audit and Risk Committee meetings held during the year and the number of reports presented which were "to note", the Audit Manager advised that

consideration had been given to reducing the number of meetings to 6 per year.

The Chairman, Councillor Beal asked Councillor Collop what would be gained if the Audit Committee comprised fewer Members.

Councillor Collop advised of the audit function at Norfolk County Council in that there was a smaller sub group and added that in his opinion the Borough Council's Audit Committee comprised a large number of Members. The audit meetings at the Borough Council were held on a monthly basis and the majority of reports were to note only.

Councillor Langwade stated that in order to exercise democracy the number of committees should not be minimised further if it caused detriment to the Council.

In response to comments made by Councillor Mrs Mellish regarding Members accessing documents via InSite, the Audit Manager advised that only Members of the Audit and Risk Committee could access audit documents. Members could choose to attend both the Resources and Performance Panel and the Audit and Risk Committee or attend just one meeting and leave after the appropriate item.

Councillor Humphrey added that each authority carried out the audit function in a different way. Norfolk County Council had a Special Audit Committee, but commented that the Borough Council arrangements worked well; however, the number of meetings could be reduced. He referred to 1.23 – are decisions reached promptly? and suggested that the wording in the evidence/comment be amended to read: *If required a decision is made at the end of each item on the Agenda.*

Councillor Humphrey referred to Appendix 2 – Issues discussed at meetings of the Audit and Risk Committee 2013 – 2014 and commented that the detail of the meeting did not include comments made by Members and responses made by Officers to Cabinet reports and asked if appropriate amendments could be made prior to being considered by Cabinet. In response, the Audit Manager/Democratic Services Officer advised that a separate sheet – Recommendations to Cabinet (an extract from the Minutes) were forwarded to Cabinet, which Cabinet considered whilst discussing the agenda item. The Democratic Services Officer undertook to include a link to the minutes and recommendations within Appendix 2. In presenting the report to Cabinet the Audit Manager would verbally report the comments made by Councillor Humphrey.

The Audit Manager would revise the work programme to be considered by the Audit and Risk Committee to reduce the number of meetings to 6 per year. A revised work programme would be presented at a future meeting of the Committee.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the

recommendation as follows:

To note the contents of the report.

ARC41: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

RESOLVED: That the Committee's Work Programme be noted.

ARC42: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee would take place on **Tuesday 2 September 2014** at 6 pm in the Committee Suite, King's Court.

The meeting closed at 7.56 pm