



Audit Committee

Agenda

Monday, 27th July, 2020
at 3.00 pm

Remote Meeting on Zoom and
available for the Public to View
on You Tube

Borough Council of
**King's Lynn &
West Norfolk**



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX
Telephone: 01553 616200
Fax: 01553 691663

Friday 17th July 2020

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Monday, 27th July, 2020 at 3.00 pm** in the **Remote Meeting on Zoom and available for the public to view on WestNorfolkBC on You Tube - Zoom and You Tube** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies

2. Minutes (Pages 5 - 10)

To approve the minutes from the Audit and Risk Committee held on 11 March 2020.

3. Declarations of Interest

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a disclosable pecuniary interest is declared, the Member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on any item or simply observing the meeting from the public seating area.

4. Urgent Business Under Standing Order 7

To consider any business which, by reason of special circumstances, the Chairman proposed to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

5. Members Present Pursuant to Standing Order 34

Members wishing to speak pursuant to Standing Order 34 should inform the Chairman of their intention to do so and on what items they wish to be heard before a decision on that item is taken.

6. Chair's Correspondence (if any)

7. Corporate Risk Register Update (To Follow)

8. Update on the current situation and the impact on the Work Programme (Verbal Report)

9. Internal Audit Full Year Progress Report 2019/2020 (Pages 11 - 23)

10. Internal Audit Annual Report and Opinion 2019/2020 (Pages 24 - 31)

11. Internal Audit Strategic Plan 2020-2025 (Pages 32 - 44)

12. Audit Committee Effectiveness Report (Pages 45 - 61)

13. Future Role of the Audit Committee Cross Party Working Group (Verbal Report)

14. Major Projects Board Update (Verbal Report)

To receive an update from the Chair.

15. Cabinet Forward Decision List (Pages 62 - 64)

16. Committee Work Programme (Pages 65 - 69)

To note the Committee's Work Programme.

17. Date of Next Meeting

To note that the date of the next meeting of the Audit Committee will take place on 14 September 2020.

To:

Audit Committee: Mrs J Collingham, J Collop, S Dark, A Dickinson (Chair), B Jones, A Kemp, C Manning, A Ryves and Mrs V Spikings

Portfolio Holders:

Councillor B Long – Leader of the Council

Management Team Representatives:

Alexa Baker

Debbie Gates, Executive Director Head of Central & Community Services

Lorraine Gore, Chief Executive

Geoff Hall, Executive Director, Development and Environment

Michelle Drewery, Section 151 Officer

Appropriate Officers:

Ged Greaves – Senior Policy and Performance Officer

Kathy Woodward – Audit Manager

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

Minutes from the Meeting of the Audit Committee held on Wednesday, 11th March, 2020 at 5.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor Mrs A Dickinson (Chair)
Councillors Mrs J Collingham, J Collop, B Jones, A Kemp, C Manning and
A Ryves

Portfolio Holder:
Councillor B Long, Leader

Officers:
Michelle Drewery, Assistant Director – Resources (S151 Officer)
Honor Howell, Assistant to the Chief Executive
Ged Greaves, Senior Policy and Performance Officer
Jo Stanton, Revenues and Benefits Manager

A51 **APOLOGIES**

An apology for absence was received from Councillor Mrs V Spikings.

A52 **MINUTES**

The minutes from the Audit Committee meeting held on 28 October 2019 were agreed as a correct record and signed by the Chair.

The minutes from the Audit Committee meeting held 10 February 2020 were agreed as a correct record and signed by the Chair, subject to the following amendments:

- Page 16: second paragraph: the scheduled date for repayment in full was **5 May 2024**.
- The Leader advised that the £250,000 loan was a Cabinet decision.
- A number of Members on the Audit Committee were experiencing IT difficulties in accessing a variety of items on the council's systems.

A53 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A54 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A55 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A56 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was no Chair's correspondence.

A57 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

A58 **EXEMPT REPORT: RISK BASED VERIFICATION POLICY FOR HOUSING BENEFIT AND COUNCIL TAX SUPPORT**

The Revenues and Benefits Manager presented the report and explained that the council introduced Risk Based Verification (RBV) to assess the risk of fraud and error in new claims for Housing Benefit and Council Tax Support from April 2015. In February 2016 RBV was extended to include changes of circumstance. The report provided an update for the Committee on RBV activity over the past year, and made updates to the RBV policy.

The Revenues and Benefits Manager responded to questions and comments from the Committee.

RESOLVED: Members noted and agreed the RBV policy and the RBV procedure updates in the report.

RETURN TO OPEN SESSION

A59 **BUSINESS CONTINUITY UPDATE**

The Senior Policy and Performance Officer presented the report which outlined the current position of the council's business continuity arrangements, summarised progress made since the last update in November 2018 and described work that was planned to be undertaken over the coming months.

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

The Committee's attention was drawn to sections 2 and 3 of the report.

The Senior Policy and Performance Officer provided an update on the Coronavirus and advised that the Borough Council had set up an officer Business Continuity Incident Team and Members would be updated on a weekly basis and more frequently if required.

The Senior Policy and Performance Officer responded to questions relating to the Coronavirus, a summary of which is set out below:

- Potential for staff to work from home and number of citrix licences available.
- Relocation of staff in the event of King's Court not being available.
- Importance of maintaining essential every day council services, for example, payment of benefits.
- Threat cards.
- Compliance with Central Government directives.
- Self-isolation and impact upon workforce and service delivery.

The Chair thanked the Senior Policy and Performance Officer for the annual update report.

RESOLVED: The Audit Committee:

- 1) Reviewed progress made and endorsed the approach being taken to the council's business continuity arrangements.
- 2) Confirmed annual updates on the topic were required.

A60

CORPORATE RISK REGISTER MONITORING REPORT

The Senior Policy and Performance Officer presented the report which set out the changes to the Corporate Risk Register since the last monitoring report on 3 June 2019. It gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

The Committee was advised that following the review, the risk scores for 2 entries had been reduced. It was also proposed that 1 risk was added to the register and 4 risks were refocused.

Members' attention was drawn to section 2 of the report – Changes to the Corporate Risk Register.

In response to questions regarding the stabilisation payments to the Norfolk Pension Fund, the Assistant Director – Resources (S151

Officer) explained that the impact of stabilisation payments smoothed the Council's contribution profile and together with one off upfront payments reduced the impact of the risk over the 3 year valuation period. It was highlighted that the Council reviewed the figures on a 3 year basis and contributions adjusted where necessary.

In response to questions from Councillor Kemp on longevity and a reduction in staff, the Assistant Director – Resources (S151 Officer) explained that the actuarial valuation was based on projections in the local area; that calculations were aligned with the Borough Council data profile and outlined the other factors that were considered during the valuation.

The Leader provided feedback from a recent meeting he had attended in relation to the Norfolk Pension Fund and explained that the latest revision had been positive and less risk had been involved.

The Chair asked if the Borough Council paid a different Employer rate than other Norfolk local authorities. In response, the Assistant Director – Resources (S151 Officer) explained that the calculations were based on the demographics of staff within the Council, but highlighted that there would be similarities.

The Leader added that the Borough Council made a payment for a 3 year period in order to save interest.

In response to questions regarding digital access, the Leader explained that the Borough Council also provided paper copies, offered telephone advice, appointments at Council offices and a visiting officer for those residents who were not able to access services on the website, details of which he had included in his recent report to Council.

Councillor Jones referred to page 11 – Cyber security attack and commented that in his view this should be higher on the Risk Register and the score – green - was incorrect. The Senior Policy and Performance Officer undertook to feed the information back to the relevant officer.

In response to further questions from Councillor Jones on legacy systems not being able to be upgraded, the Assistant Director – Resources (S151 Officer) explained that Microsoft had offered an extension to support systems. The Leader added Councillor Jones had raised a valid point in relation to the risk rating score. The Senior Policy and Performance Officer suggested that ICT be invited to attend a future meeting to advise of mitigation measures.

The Chair reported that members of the Audit Committee were not able to access internal audit reports on Insite. Officers advised that each Member contact IT to arrange to bring in their iPad to resolve any issues being experienced.

In response to a question on business rates risk relating to the reference to contingency within the council's accounts. The Assistant Director – Resources commented that she believed an appeal had been lodged nationally regarding the National Health Trust, but undertook to check the details. The Chair asked if this issue could be included in the Statement of Accounts training on 20 April 2020.

In response to questions regarding the King's Lynn Innovation Centre (KLIC), the Senior Policy and Performance Officer advised that a number of risks relating to KLIC had been entered in the Risk Register.

RESOLVED: The Committee considered the contents of the Corporate Risk register and confirmed agreement with Management Team's assessment of the risks to the corporate objectives.

A61 **MAJOR PROJECTS BOARD - UPDATE FROM THE CHAIR**

The Committee received a verbal update report from the Chair.

It was noted that as far as she was aware, the Officer Major Projects Board continues to meet on a monthly basis.

The Chair outlined the reason for the cancellation of the Member Major Projects Board scheduled for 31 January 2020, which was not to be re-scheduled. The next meeting of the Member Major Projects Board was scheduled for 29 April 2020, 6 months after the previous meeting.

A62 **CABINET FORWARD DECISIONS LIST**

The Committee noted the Forward Decisions List.

A63 **COMMITTEE WORK PROGRAMME**

The Chair advised that the Committee Work Programme had been revised and that the Statement of Accounts would be considered on 20 April 2020.

The Chair provided feedback from a recent Ernst and Young Seminar which she had attended.

The Committee was invited to forward items for training and the future work programme.

A64 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 30 March 2020 immediately following the risk management training session at 5 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

The meeting closed at 7.07 pm

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 th July 2020		
TITLE:	Internal Audit Full Year Progress Report 2019-20		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Cllr Long, Leader		
REPORT AUTHOR:	Kathy Woodward, Internal Audit Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
To provide Members with an update on progress against the Internal Audit Strategic Plan 2019-20 that was endorsed by the Audit Committee at the meeting on 11th March 2019. The report also provides an update on the fraud work for the year.
KEY ISSUES:
Section 5 of the Accounts and Audit Regulations 2015 state that ' <i>A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.</i> '
The work of the Internal Audit team throughout the year is directed towards compliance with this requirement as well as aiming to add value to the Council's services by identifying opportunities to improve efficiency and effectiveness.
The Audit Committee Terms of Reference require it to monitor the delivery of the internal audit activity.
OPTIONS CONSIDERED:
<i>Not applicable</i>
RECOMMENDATIONS:
Members are asked to review the progress against the audit plan and to note the update of the fraud work.
REASONS FOR RECOMMENDATIONS:
Audit Committee members are required to monitor the delivery of the Internal Audit Plan as part of the Committee's Terms of Reference, which is legislated in section 5 of the Accounts and Audit Regulations 2015.

REPORT DETAIL

1. Introduction

- 1.1 The Strategic Audit Plan 2019-20, endorsed by the Audit Committee on 11th March 2019, sets out the work Internal Audit expect to carry out during the year. This work complies with the requirements of the Accounts and Audit Regulations 2015:

Section 3 – A relevant authority must ensure that it has a sound system of internal control which:

- a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- b) Ensures that the financial and operational management of the authority is effective*

Section 5 - A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

- 1.2 Performance Standard 2060 of the Public Sector Internal Audit Standards (PSIAS) requires the Audit Manager to report to the Audit Committee on the internal audit activity and performance relative to this plan.
- 1.3 The Terms of Reference for the Audit Committee require the Committee to monitor delivery of the internal audit activity to ensure that the resources and work are sufficient to fulfil the requirements of the Accounts and Audit Regulations.

2. Monitoring Report

- 2.1 On completion of each audit a formal report is issued to the relevant line managers, the Executive Director and Portfolio Holder. Copies are sent to the Chief Executive, Assistant Director – Resources (S151 Officer), and the external auditors, Ernst and Young. A copy is also placed on InSite and Modgov in the restricted area for members of the Audit Committee to view. Each report contains an action plan, with target dates, that has been agreed with the managers to address any observations and recommendations raised by the Internal Auditor. This forms the basis of the follow-up audit, which is carried out approximately six months later to assess progress in implementing the agreed actions.
- 2.2 The following audits have been completed during 2019-20 and reports issued as described above:
- Housing Strategy
 - Child Protection
 - Treasury Management
 - Risk Management Follow up
 - Community Infrastructure Levy
 - Vehicle Fleet
 - Legal Services
 - Procurement
 - Data Quality and Interpretation (GDPR & DPA)
 - Careline *
 - Allotments *
 - Care & Repair Follow Up

- Benefits Follow Up
- Ethical Culture Follow Up
- Council Awarded Grant Funding *
- Cyber Security *
- Land Charges*
- Document Management *
- Personal Identifier and Financial Relationship *
- Whistleblowing *
- Prevention of Fraud and Corruption
- Annual Governance Statement
- Car Parking & Civil Enforcement *
- Refuse Collection & Recycling *
- Treasury Management Follow Up

* These reports are complete with the necessary assurance ratings but the Final reports have not been issued yet.

A summary of the reports is attached as **Appendix 1** and the full versions are available under the relevant year to members of the Audit Committee on InSite and Modgov.

- 2.3 The following audits are currently ongoing and will be reported to the Committee in the next progress report:
- Partnerships
 - External Communications
 - Cost Reduction Programme
 - Electoral Services
 - Regenerations and Economic Development
 - Community Safety and Neighbourhood Nuisance
 - Financial Governance and Budgetary Control
 - Payroll
 - Council Offices and Sites.
- 2.4 In addition to the standard audits, Internal Audit also undertook other work during the year including the following:
- Review of the Audit Manual and internal audit working papers.
 - Providing support to the Finance System implementation process, ensuring compliance with relevant regulations and legislation.
 - Providing support to members of the Audit CPWG on KLIC
 - Providing support and guidance to Members of the Audit Committee
 - Water Management Alliance audit
 - Checks on the Cost of Living and Performance Related Pay calculation spreadsheets
 - A governance review of Alive West Norfolk wholly owned local authority trading company which was set up July 2019. The governance review was not given an assurance rating but provided recommendations to ensure it was fully compliant with all its legal responsibilities.
- 2.5 Throughout March 2020 when the Covid-19 pandemic was becoming apparent and the need for the organisation to mobilise itself into emergency response mode, the role of Internal Audit changed significantly. One member of the team was required to shield themselves from an early stage and another member of the team was redeployed to assist with data collating requirements for vulnerable people for work

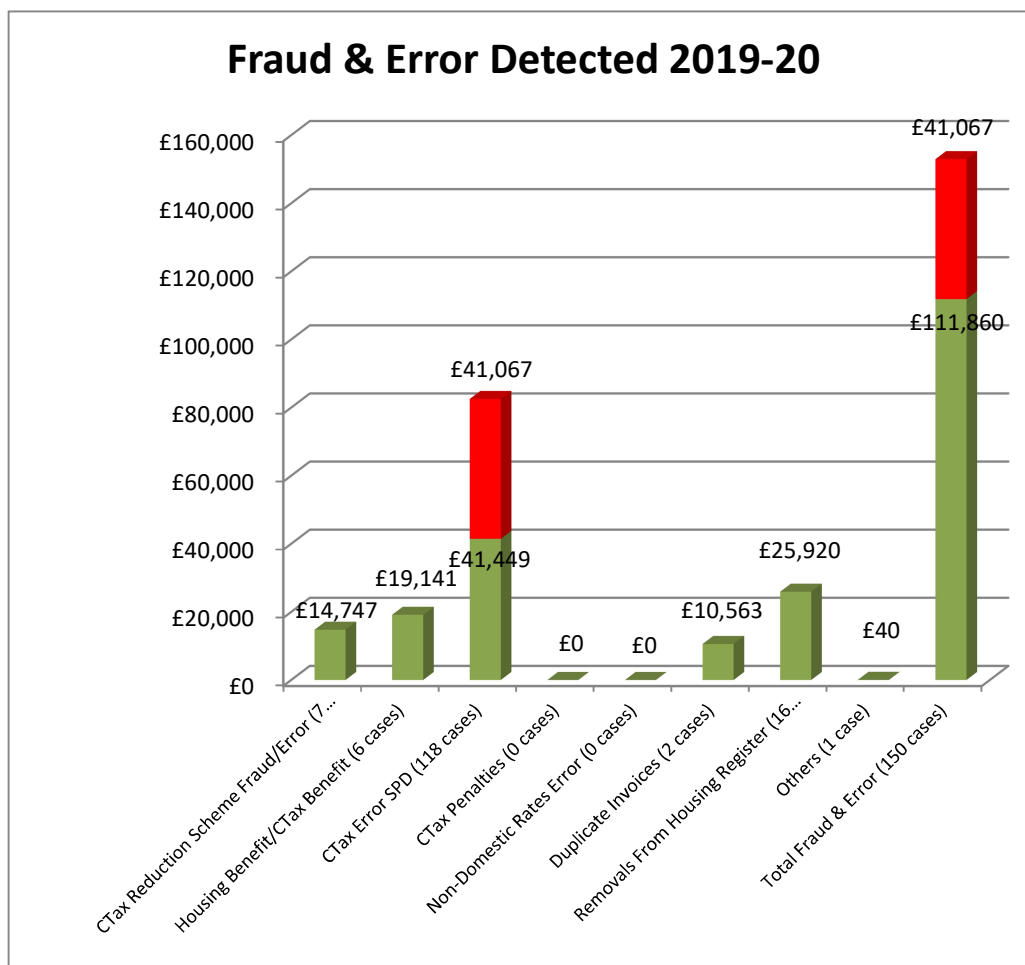
with the County Council. The Internal Audit Manager also assisted with this redeployment work.

- 2.6 April is normally a time when the previous year's audits (19-20) are finalised and all remaining reports are issued. When the Council went into emergency response mode the standard audit work was 'paused' as a result of changing priorities of the Council and a large number of final reports have not been issued. Most of this work is now being picked up again, but it will be some time before we are fully operational as most of our work depends on the cooperation of other departments, who have had a significant change in their normal roles.

In addition to the department being unable to complete a proportion of work relating to last year there have also been other redeployments within the team throughout April and May to assist the organisation to deliver its Covid-19 business grants service. This has resulted in a loss of approximately 13 weeks work in quarter 1 of 2020-21 from the team but will be looked into in future progress reports and a revised Internal Audit Plan. Some of this work will be recouped over the last three quarters of the year.

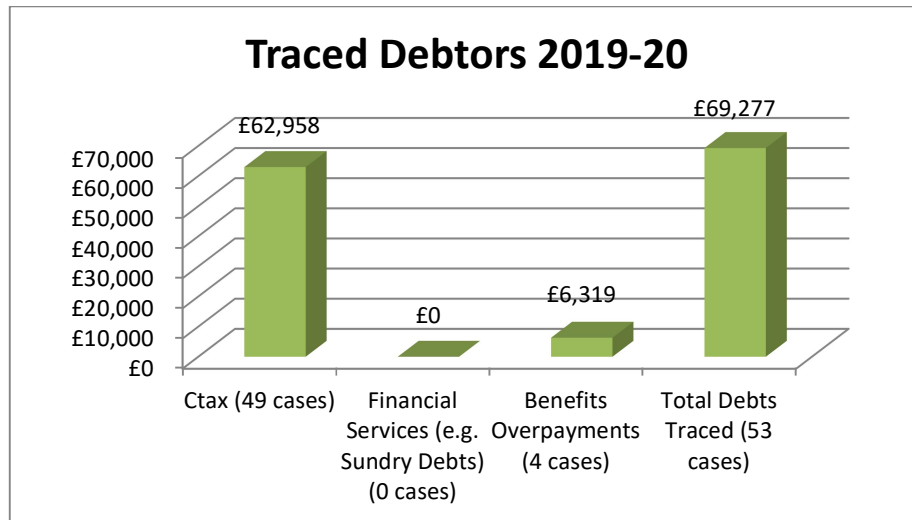
4. Investigations Work April 2019 – March 2020

- 4.1 The total fraud and error identified during 2019-20:

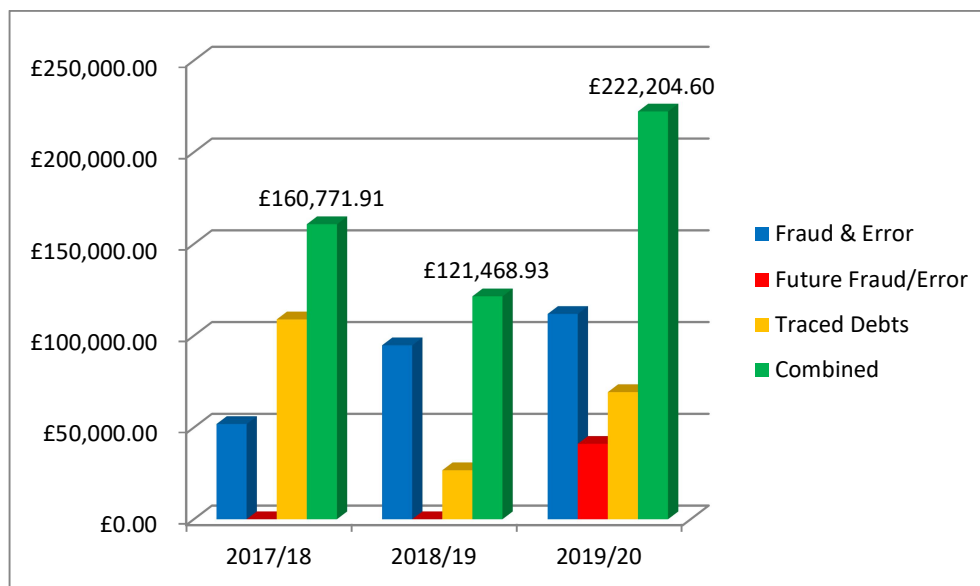


- 4.2 The above chart shows the actual fraud and error detected in green and the future savings that have been identified as a result of stopping the fraud and error from continuing in red; these are calculated using a national calculation methodology which has been adopted by all members of the Norfolk FraudHub.

- 4.3 Investigation work has continued on an adhoc basis to attempt to trace debtors/absconders who have not advised of their address/contact information but have outstanding arrears with the Authority. Where a successful trace has been made any new address/contact information is being passed on to the relevant section for recovery purposes. The following values of Debtors/Absconders have been identified during April 2019 to March 2020:



- 4.4 Other investigation work has resulted in 31 Council Tax accounts being amended from a Single Person Discount award to a Student Disregard (the council tax liability has not changed but future fraud and error may have been prevented). Furthermore, one new Business Rates property was identified (but no rateable value had been received prior to the beginning of the new financial year).
- 4.5 Joint working with the Department for Work & Pensions Single Fraud Investigation Service on cases of suspected Council Tax Reduction Fraud where DWP benefits are also under suspicion of fraud has continued.
- 4.6 During the financial year 2019-20, investigations have been conducted into **5,605** cases of fraud and error. Below is a comparison of the results from investigations during the past three financial years to show how this year's work compares:



**N.B. Future fraud/error was not calculated prior to 2019-20.*

- 4.7 As part of the investigation work conducted, data matching exercises are carried out with the Cabinet Office's National Fraud Initiative, these exercises cross-over financial years and form part of the fraud and error figures stated above at 4.1.

There are currently two themes of National Fraud Initiative (NFI) reporting being completed:

- 1) The NFI National Exercise – This is a council wide data matching exercise, focusing on all possible areas of the council including Creditors, Payroll, Council Tax and Housing Benefits. This exercise is undertaken every two years.
- 2) The Flexible Matching Service – This is carried out annually, focusing primarily on Council Tax data matches in need of investigation. The Flexible Matching Service deals with matches mainly consisting of:
 - Council Tax Single Person Discount (SPD) - the outstanding matches are for Council Tax accounts that do not match Electoral Register information that require further investigation.
 - Additionally, some matches refer to details where the second adult is due to turn 18 between now and the end of the financial year.

- 4.8 A further project has commenced during 2019-20 in conjunction with all 7 district authorities in Norfolk and Norfolk County Council to carry out additional data matching for the purposes of detecting fraud and error, as well as providing assurance that claims and applications are genuine and furthermore to ensure that information and data recorded in our systems is consistent and accurate. This is known as the "Norfolk FraudHub"; this will be introducing new data matching options in the new financial year that includes Business Rates for the purposes of identifying potential Small Business Rates Relief fraud and error.

- 4.9 As part of the "Norfolk FraudHub" project, a Steering Group has been established in order to raise common queries and to incorporate best practices and share knowledge of investigations across each of its 8 member organisations. A further product has been made available on a trial basis known as "AppCheck" which can be used to check any applications at the point they are received to check for

potential fraud/error and to help prevent fraud/error entering our systems in the first place. As part of this steering group funding has been agreed with Norfolk County Council for a 2 year data matching project known as “Premium SPD” data matching, which also incorporates additional funding to resource the additional data matches from the “FraudHub” relating to Small Business Rates Reliefs and furthermore new data matching that has been released from the National Fraud Initiative where HMRC data has identified discrepancies in benefit claims and household compositions for SPD purposes. This funding is in excess of £90,000 for the 2-year project and will include a new Revenues Investigator post to assist with these additional matches.

- 4.10 Below is a table outlining the number of data matches that have been received, processed, errors identified and value identified from those errors (these figures are included within the above figures at 4.1 where matches have been processed during the period 2019-20 only):

Exercise	Matches Received as at 31/03/20	Matches Processed as at 31/03/20	Matches left as at 31/03/20	Errors identified as at 31/03/20	Value identified as at 31/03/20
NFI National Exercise 2018/19	1,950	1,815	135	20	£59,056.03*
NFI FMS 2018	10	10	0	1	£0.00
NFI FMS 2019 (inc. HMRC 2019)	5,806	2,633	3,173	140	£61,210.31
Norfolk FraudHub 2019/20	1,145	1,026	119	0	£0.00
NFI Premium 2019/20	1,391	0	1,391	0	£0.00
TOTAL	10,302	5,484	4,818	161	£120,266.34

**This figure would be £84,976.03 using the NFI's national calculation methodology for removing someone from the housing register who has been found to be no longer eligible (a local calculation has been used to better reflect the actual figure).*

- 4.11 Work has been carried out to produce an Anti-Fraud and Corruption Risk Register which will be used by Internal Audit to help identify any potential areas of risk and to then further mitigate those risks where possible. This will continue to be developed as a live document in order to help mitigate risks as they arise across the authority.
- 4.12 The “Fighting Fraud & Corruption Locally 2020's” national fraud and corruption strategy was released in March 2020 and has been reviewed with a view to developing and reviewing our corporate fraud and corruption policies and strategies. An Anti-Money Laundering Policy is in the process of being introduced to further protect the authority from fraud and corruption.

5. Issues for the Audit Committee to Consider

- 5.1 The Committee needs to consider if the work completed by the Internal Audit team during 2019-20 is sufficient to support an opinion on the systems of internal control within the Council.

6. Corporate Priorities

- 6.1 The internal audit activity supports the achievement of the Corporate Business Plan by adding value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

7. Financial Implications

- 7.1 None to Consider.

8. Any other Implications/Risks

- 8.1 Monitoring the work of the Internal Audit team enables the Audit Committee to receive assurance on the state of the internal control system of the Council.

9. Conclusion

- 9.1 The Strategic Internal Audit plan provides the basis for the Internal Audit team to carry out the work necessary to provide assurance on the systems of internal control. Monitoring progress against the plan ensures sufficient work is completed to provide an Annual Audit Opinion for the Annual Governance Statement and to fulfil the requirements of the Accounts and Audit Regulations 2015.

- 9.2 Progress to date has been satisfactory to provide an Annual Audit Opinion for the Annual Governance Statement.

10. Background Papers

Strategic Internal Audit Plan 2019-20.
Accounts and Audit Regulations 2015

Notes to support the summary in Appendix 1

The following tables provide an explanation of the terms used to grade the recommendations contained in the final audit reports, and the overall opinion attributed as the result of each audit.

Recommendations

The observations and recommendations are allocated a grading High, Medium or Low as defined below|:

High	A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected. It is expected that corrective action to resolve these will be commenced immediately.
Medium	A control process that contributes towards providing an adequate system of internal control. It is expected that corrective action to resolve these will be implemented within three to six months.
Low	These issues would contribute towards improving the system under review and are of limited risk. It is expected that corrective action to resolve these will be taken as resources permit.

Please note – ‘Low’ recommendations are not summarised in this report due to the insignificant nature of the issue.

Audit Opinion

At the conclusion of the audit an overall audit opinion is formed for the audit area. The definition for each level of assurance is given below.

Full Assurance	In our opinion, there is a sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	In our opinion, there is a sound system of internal control operating, but there are a few weaknesses which could put the achievement of system objectives at risk.
Limited Assurance	In our opinion, there is a system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	In our opinion, there is a fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

Audits completed April 2019 to March 2020	Overall Opinion
<u>Housing Strategy</u> Report Published August 2019 1 Medium and 4 Low recommendations made. The medium recommendation relates to continuing to identify sites to be allocated for the development of housing. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Child Protection</u> Report Published July 2019 1 High, 1 Medium and 7 Low risk recommendations made. The high risk recommendation relates to ensuring all departments across the council are following the risk assessment procedures as set out in the Safeguarding Policy. The medium risk recommendation relates to ensuring that upcoming contract tenders consider safeguarding provisions. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Treasury Management</u> Report Published August 2019 1 Medium and 4 Low recommendations made. The medium risk recommendation relates to ensuring that internal procedures reflect current staffing authorisation limits and signatures. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Community Infrastructure Levy (CIL)</u> Report published September 2019 1 High recommendation and 2 Medium recommendations were made. The High risk recommendation relates to the governance arrangements regarding the spending of CIL receipts. The medium recommendations relate to training and guidance for the Validation Team and contingency arrangements to provide cover in the event of long-term absence.	Substantial Assurance
<u>Data Quality and Interpretation</u> Report Published September 2019. 3 Medium risk and 10 low risk recommendation made. The medium risk recommendations relate to ensuring that the Data Protection Policy is fit for purpose and communicated to officers and members, including reporting. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Vehicle Fleet</u> Audit Complete January 2020 11 Medium risk recommendations and 2 Low risk recommendations. The medium risk recommendation relates to procedural and processing for the administration of the vehicle fleet. There is also a need for some updating of training and records and a revision to the processing of fuel invoicing. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance

Audits completed April 2019 to March 2020	Overall Opinion
<u>Legal Services</u> Audit Complete January 2020 3 Medium risk recommendations and 11 low risk recommendations. The medium risk recommendations relate to regular market testing to ensure value for money, ensuring appropriate contract management arrangements are in place and refresher training on data protection is available for all staff. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Procurement</u> Report published January 2020 3 Medium risk recommendations. The medium risk recommendations relate to ensuring the revised Contract Standing orders identify termination clauses and joint / collaborative approaches and that the threshold levels for procurement are achieving value for money and utilising the most efficient use of officers time.	Substantial Assurance
<u>Careline</u> Audit Complete January 2020. 2 high risk, 6 medium risk and 5 low risk recommendations made. The high risk recommendations relate to the process for ensuring customer consent has been granted for processing benefits checks. The medium risk recommendations relate to procedural tasks, IT software being fit for purpose and processes being appropriately documents and updated to ensure resilience and business continuity can be maintained. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Allotments</u> Audit Complete April 2019. 6 Medium and 13 low risk recommendations. The medium risk recommendations relate to a lack of documentation around processes and inspections. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Council Awarded Grant Funding</u> Audit Completed March 2020. 4 Medium and 1 Low risk recommendation. The medium risk recommendations relate to ensuring the policies of partner organisations are reviewed to ensure compliance with our own policies. In addition to this ensuring that the SLA's reflect the monitoring and due diligence checks required by the scheme and the Borough Council.	Substantial Assurance
<u>Cyber Security</u> Report due to be published. Update to follow in next progress report	

Audits completed April 2019 to March 2020	Overall Opinion
<u>Land Charges</u> Report due to be published. Update to follow in next progress report	
<u>Document Management</u> Audit Complete March 2020. 4 Medium risk recommendations and 9 Low risk recommendations. The medium risk recommendations relate to ensuring that Retention policies are up to date and reflect the DPA legislations and SLA's with other departments are also up to date. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Personal Identifier and Financial Relationship</u> Audit Complete October 2019 2 Medium recommendations. The recommendations relate to ensuring departmental privacy notices are created and published and that all departments that have a financial relationship with a customer have a process to ensure the appropriate level of data is collected to pursue outstanding debts.	Substantial Assurance
<u>Whistleblowing</u> Report due to be published. Update to follow in next progress report	
<u>Prevention of Fraud and Corruption</u> Report Published February 2020 1 High risk, 5 medium risk and 1 low risk recommendation. The high risk recommendation relates to the Council not having an Anti Money Laundering Policy. The medium risk recommendations relate to a lack of training and communication of fraud related matters throughout the council. The low risk recommendation relates to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Annual Governance Statement</u> Report Published December 2019 4 Medium risk and 13 low risk recommendations. The medium risk recommendations relate to some aspects of the AGS not fully addressing the Code of Corporate Governance requirements and also some documentation and policies referred to are not available or in need of review. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance
<u>Car Parking and Enforcement</u> Report due to be published. Update to follow in next progress report	
<u>Refuse Collection & Recycling</u> Audit Complete March 2020. 3 Medium risks and 4 Low risk recommendations. The medium risk recommendation relate to ensuring appropriate communications, processes and monitoring arrangements are in place for contamination of waste. The low risk recommendations relate to best practice guidance identified during the course of the audit.	Substantial Assurance

Audits completed April 2019 to March 2020	Overall Opinion
--------------------------------------------------	------------------------

Follow up report

<u>Care and Repair</u> The report published in August 2018 contained 3 high recommendations and 7 medium recommendations. 5 are complete, 3 are progressing as planned and 2 are progressing slower than planned.	Aug 2018 Substantial Assurance	May 2019 Further Follow Up required
<u>Benefits</u> The report published in March 2019 contained 1 high recommendation and 2 medium recommendations. The 1 high recommendation is complete and the 2 medium recommendations are progressing as planned.	Mar 2019 Full Assurance	Sep 2019 No further follow up required
<u>Ethical Culture</u> The report published in March 2019 contained 6 low recommendations. 5 recommendations are complete and 1 is progressing as planned.	Mar 2019 Full Assurance	Sep 2019 No further follow up required
<u>Risk Management</u> The report published in January 2019 contained 4 medium risk recommendations and 13 low risk recommendations. 7 have been actioned and the others have a revised completion date due to committee meeting dates being shifted.	January 2019 Substantial Assurance	Dec 2019 Further follow up required July 20
<u>Treasury Management</u> The report published in August 2019 contained 1 medium and 4 low risk recommendations. All recommendations are complete,	August 2019 Substantial Assurance	Feb 2020 No further follow up required.

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 th July 2020		
TITLE:	Internal Audit Annual Report and Opinion 2019-20		
TYPE OF REPORT:	Scrutiny		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Kathy Woodward, Shared Internal Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
To provide the Audit Committee with an overview of the work undertaken by Internal Audit during 2019-20 and provide the Audit Manager's annual opinion on the system of internal control.
KEY ISSUES:
<p>Under the Accounts and Audit Regulations 2015, the Council '<i>must conduct a review of the effectiveness of the system of internal control</i>'. The work of Internal Audit forms part of the assurance provided to Councillors and Management Team and supports the Annual Governance Statement.</p> <p>Public Sector Internal Audit Standards (PSIAS), which are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, state that the Audit Manager '<i>must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement</i>'. This report fulfils that requirement.</p> <p>The report includes consideration of the effectiveness of the internal audit team and the basis of the Audit Manager's opinion.</p>
OPTIONS CONSIDERED:
Not applicable
RECOMMENDATIONS:
To receive the annual audit opinion and note the work of Internal Audit for 2019-20.
REASONS FOR RECOMMENDATIONS:
To comply with the requirements of the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS).

REPORT DETAIL

1. Introduction

- 1.1 Under the Accounts and Audit Regulations 2015, the Council '*must conduct a review of the effectiveness of the system of internal control*'. The work of Internal Audit forms part of the assurance provided to Councillors and Management Team and supports the Annual Governance Statement.
- 1.2 Public Sector Internal Audit Standards (PSIAS), which are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, state that the Audit Manager '*must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement*'. This report fulfils that requirement.
- 1.3 The Internal Audit Annual Report states the Audit Manager's opinion on the system of internal control and the sources of assurance used to form this opinion.
- 1.4 To support the stated opinion, this report describes the work carried out by Internal Audit during 2019-20 and summarises the resulting findings. It also reflects on the performance against the strategic plan and the effectiveness of the Internal Audit team.

2. Audit Manager's Opinion

- 2.1 The Council is required to report in its annual statutory financial statements an assessment as to the adequacy of the internal control environment, risk management, and governance arrangements. This is referred to as the Annual Governance Statement.
- 2.2 Information for this purpose is drawn from many sources one of which is the work of Internal Audit in that financial year, and up to the date of the approval of the annual accounts. All audits have been carried out in conformance with the Public Sector Internal Audit Standards.
- 2.3 As part of the Annual Governance Statement evaluation, an assurance mapping exercise takes place which documents and establishes additional sources of assurance.
- 2.4 The annual audit opinion concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control
- 2.5 Based on the work that Internal Audit has performed the Internal Audit Manager's opinion for 2019-20 is that, there is "adequate" assurance as to the adequacy and effectiveness of internal controls, the risk management and governance arrangements. Management has adopted plans for improvement in control, and within appropriate timescales that will be followed-up to ensure further improvement is delivered. Potential risks and opportunities for further improvement have been incorporated into Management Action Plans.
- 2.6 On the basis of the work undertaken during the year, it is considered that the key systems operate in a sound manner and that there has been no fundamental breakdown in control resulting in material discrepancy. However the Audit Manager's opinion can only provide a reasonable, not absolute, level of assurance as to the adequacy and effectiveness of these systems.

3. Effectiveness of the Internal Audit team

- 3.1 The Internal Audit team consists of a part time Shared Internal Audit Manager, 1.7 FTE Auditors and 1 full time Investigation Officer/Internal Auditor. The Shared Internal Audit Manager is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The Internal Auditors have either achieved a Practitioner status of the IIA or hold equivalent qualifications. The Investigation Officer / Internal Auditor is PINS (Professionalism in Security) qualified and also an Accredited Counter Fraud Manager, and is currently training as an Internal Auditor. The full time Auditor is also undergoing training and has received mentoring support from within the team.
- 3.2 This year is the third full year of the Shared Internal Audit Management arrangements with Fenland District Council.
- 3.3 All members of the team undertake training as part of their Continued Professional Development (CPD). This can take the form of attending externally run courses or in-house provision. A list of the courses attended is attached as **Appendix 1**. The training covers not only technical audit issues, but also subjects that the team have to consider as part of the various audits. This all forms part of the 'Knowledge of the Business' that is fundamental to the conduct of constructive audits. The team are also expected to be aware of reports going to the various panels and committees.
- 3.4 Where specialist IT audit skills are required the Audit Manager has the facility to use the IT audit services provided under the contract between Eastern Internal Audit Services (formerly the Norfolk Internal Audit Consortium), based at South Norfolk District Council, and TIAA Ltd.
- 3.5 The Internal Audit service is independent of any operational responsibilities and manages its own budget. During 2019-20 line management was through the Executive Director – Finance Services (s151 Officer) / Deputy Chief Executive until July 2019 and the Chief executive for the remainder of the year but direct access to the Leader, or Chair of the Audit Committee was available if required.
- 3.6 Internal Audit have Terms of Reference which were approved by the Audit Committee on 4th September 2017. These describe the scope and objectives of the service, confirm the independent status, authority and standards by which the team operate, and define the responsibilities. The audit style and content, reporting lines and resources are also included.
- 3.7 All work in 2019-20 has been performed according to the Public Sector Internal Audit Standards (PSIAS) which are mandatory. The standards, based on the Chartered Institute of Internal Auditors' (CIIA) International Professional Practices Framework and augmented by the Local Government Application Notes (LGAN), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 3.8 To ensure the internal audit function meets the PSIAS requirements, an independent external quality assessment is required every five years. Such a review was carried out in 2014 by the CIIA and the next review was due in 2019. This review is currently being procured, but as a result of Covid-19 has been delayed. A further update will be provided to Audit Committee members.

- 3.9 The self-assessment checklist produced by the Chartered Institute of Internal Auditors (CIIA), consisting of 207 questions, is completed each year to ensure that the team continue to comply. The overall result for 2019-2020 was positive. The completed PSIAS Conformance Checklist for 2019/20 is available to Members of the Audit Committee on InSite.

4. Basis of Assurance

- 4.1 Each year a Strategic Audit Plan is prepared by the Audit Manager, showing specific audits for the next financial year and proposals for the next few years. This is then presented to the Audit Committee to endorse. The plan for 2019-20 was agreed on 11th March 2019.
- 4.2 The Strategic Audit Plan for the year is constructed using the Assurance Framework as a basis, with no limitations in scope. The Assurance Framework is a risk based tool that divides the activities of the Council into five high level, and a sixth operational / service based domains. Within these domains various activities are risk assessed and the frequency of audits for each area is based on the results. The risk assessment includes any assurance that can be gained from external sources such as the internal audit carried out by Bedford Borough Council for payroll processing. Other sources include the work of Health and Safety specialists and Security Industry Authority 'Approved Contractor' status for CCTV.

In addition to the Assurance Framework, the Shared Internal Audit Manager has regard for:

- Corporate Business Plan
 - Discussions with the Executive Directors
 - Entries on the Corporate Risk Register
 - Comments from the external auditors.
- 4.3 At the end of each audit a formal report is issued, containing an action plan agreed with the relevant managers to address any control weaknesses identified during the audit. The audit reports are entered in to a restricted area of InSite and Modgov for members of the Management Team and the Audit Committee to view.
- 4.4 Each report attributes a level of assurance gained for the area being audited as below:

Full Assurance	A sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
Limited Assurance	A system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	A fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

- 4.5 During the year 20 internal audit reports have been issued and the results are summarised in the table at **Appendix 2**. All of the audits for 2019-20 indicate a 'Full' or 'Substantial' level of assurance.

There were no instances of 'Limited' or 'No Assurance' reports being issued.

- 4.6 Each audit is followed up approximately six months after the report has been issued to establish if recommendations are being implemented in accordance with the agreed action plan. Follow-up reports for 2018-19 indicate a good level of implementation with no major concerns raised and I would like to thank all managers for being receptive to our comments and recommendations.
- 4.7 Progress against the strategic plan, including summaries of the reports issued and any amendments to the plan were reported to the Audit Committee during the year.

5. Anti-Fraud and Anti-Corruption Procedures

- 5.1 Work with the National Fraud Initiative (NFI) has continued this year, with checks on the majority of matches from the 2018-19 exercise being completed and work is currently underway on the 2019 Flexible Matching Service.
- 5.2 Work with the Norfolk Fraud Hub commenced this year and the majority of matches identified have been completed. So far this has not identified any fraud or error.
- Throughout 2019-20 we have explored other routes available to us to be more proactive in our attempts to prevent, detect and deter fraud and error. Norfolk Counter Fraud Hub has been established and work began in 2019-20.
 - Funding has been provided by Norfolk County Council to utilise a NFI premium service. The value of funding made available is approx. £90,000 for a two year project and this funding will pay for the NFI premium product and also a resource to process the additional matches. So far approx. 1400 matches have been identified and will be reviewed during 2020-21.
- 5.4 The Internal Audit Team did not conduct any internal fraud investigations during 2019-20.

6. Risk Management

- 6.1 The process for reviewing and updating the Risk Register has transferred to the Performance and Efficiency Manager, but responsibility for risk management lies with the Management Team (MT). As well as receiving the Internal Audit reports for their respective areas, which provide an indication of any weaknesses in the control environment, the MT also review the Corporate Risk Register on a 6-monthly basis in April and October. If any significant issues arise in the intervening period, they are discussed at the time and the register amended. The Audit Committee receive the Corporate Risk Register after it has been updated at the regular 6-monthly intervals.

7. Conclusion

- 7.1 The system of internal control is designed to manage risk to a reasonable level, and therefore cannot provide absolute assurance.
- 7.2 Notwithstanding the above, based on the audit work completed during 2019-20, it is the opinion of the Audit Manager that:
- Adequate assurance can be gained in respect of the overall systems of internal control operating within the council.
 - Risk management systems and corporate governance arrangements are satisfactory.

8. Background Papers

Strategic Internal Audit Plan
Public Sector Internal Audit Standards (PSIAS)
Half year progress report
Year end progress report

Training undertaken by Internal Audit 2019-2020 included:

Cyber-Security Awareness Training

PACE training

Public Sector Employment Tax and VAT

Health and Safety Risk Assessment

Coaching Skills training

Positive Mindset Training

Fighting Fraud and Corruption Locally seminar

NFI AppCheck training

Finance System

Audit reports issued during 2019-20 showing assurance levels

Audit title	Full Assurance	Substantial Assurance	Limited Assurance	No Assurance
Housing Strategy		✓		
Child Protection		✓		
Treasury Management		✓		
Community Infrastructure Levy		✓		
Vehicle Fleet		✓		
Legal Services		✓		
Procurement		✓		
Data Quality and Interpretation (GDPR & DPA)		✓		
Careline		✓		
Allotments		✓		
Council Awarded Grant Funding		✓		
Cyber Security		✓		
Land Charges		✓		
Document Management		✓		
Personal Identifier and Financial Relationship		✓		
Whistleblowing		✓		
Prevention of Fraud and Corruption		✓		
Annual Governance Statement		✓		
Car Parking & Civil Enforcement		✓		
Refuse Collection & Recycling		✓		

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 th July 2020		
TITLE:	Internal Audit Strategic Plan 2020-25		
TYPE OF REPORT:	Scrutiny		
PORTFOLIO(S):	Cllr Brian Long, Leader		
REPORT AUTHOR:	Kathy Woodward, Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
To provide Committee Members with the opportunity to review the proposed Strategic Internal Audit Plan for 2020-25.
KEY ISSUES:
<p>The Public Sector Internal Audit Standards (PSIAS) require that the Audit Manager must <i>'establish risk-based plans to determine the priorities for the internal audit activity, consistent with the organisation's goals'</i>.</p> <p>The Audit Manager has to provide an annual Internal Audit opinion on the system of internal control to support the Annual Governance Statement. The work performed in accordance with the plan enables the Audit Manager to form her opinion.</p> <p>In order to satisfy the requirements of the PSIAS and to provide the required audit opinion, the attached plan defines the work of the Internal Audit team for the year 2020-21 and indicates proposed work for the following four years.</p> <p>This report should have initially been presented in April 2020; however as a result of the cancellation of the committee meeting and the ongoing changes in operational delivery due to Covid-19, this report proposes a revised plan for 2020-21.</p>
OPTIONS CONSIDERED:
There are no options
RECOMMENDATIONS:
The Committee is asked to acknowledge the Internal Audit resources and to consider and agree the work planned for 2020-25.
REASONS FOR RECOMMENDATIONS:
To enable the Internal Audit team to perform the audit work necessary to provide assurance on the systems of internal control and to enable the Audit Manager to provide an Annual Audit Opinion for the Annual Governance Statement in 2021.

REPORT DETAIL

1. Introduction

- 1.1 According to the Terms of Reference of the Audit Committee, one of the Core Functions is to review the Internal Audit's Strategic Audit Plan.

2. Proposal

- 2.1 The Strategic Internal Audit Plan 2020-25 is attached to this report and indicates the work proposed by the Audit Manager for Internal Audit function for the next five years. The plan is presented in two parts.
- 2.2 The first part is the Annual Plan (**Appendix 1**), which deals with 2020-21 only. Although the work can be adjusted if necessary to accommodate any major occurrences during the year, it is usual for the plan to be completed as shown. This plan has been adjusted to take into account the work already undertaken in 2020-21 and any impacts that have been foreseen as a result of the ongoing Covid-19 pandemic. It is important to note that this year considerable flexibility will be afforded to the organisation to assist with any ongoing and new pressures that are identified throughout the course of the year.
- 2.3 The second part (**Appendix 2**) provides an indication of allocations for audits in 2021-22 to 2024-25 so that coverage of all areas of the Council can be seen. However the allocations for the later years are indicative only and may change as circumstances arise. It simply provides an indication of the work that is anticipated and demonstrates that all areas of the Council's business are considered
- 2.4 The overall strategy of the Internal Audit is reviewed on annual basis and is attached as **Appendix 3**. The Public Sector Internal Audit Standards refer to this document as the Audit Charter. A revised Internal Audit Charter will be presented to the Audit Committee at the next available meeting.
- 2.5 The Strategic Audit Plan is intended to:
- Ensure all identified areas are audited over the life of the plan, taking in to account clients' audit requirements and the major risks facing the council.
 - Ensure there are adequate resources to undertake the required audits.
 - Provide a basis for monitoring actual performance of the Internal Audit function.
- 2.6 The audit work performed to fulfil the plan informs the Audit Manager's opinion that is required in the Annual Governance Statement.
- 2.7 The Public Sector Internal Audit Standards (PSIAS) require that the Audit Manager must '*establish risk-based plans to determine the priorities for the internal audit activity, consistent with the organisation's goals*'. In response to this requirement, an Assurance Framework has been developed.
- 2.8 The Assurance Framework provides a structured analysis of the Council based on five high level domains that support the Council's business and one domain covering the operational aspects:
- Governance and Reputation
 - People

- Financial
- Infrastructure
- Information
- Operational and Service Delivery

Within these domains, audit areas have been identified and risk assessed based on the following factors:

- Materiality (Value and Volume);
- Significance/ Profile;
- Complexity of the system;
- Change;
- Regulatory/ Contractual matters;
- External Monitoring;
- Prior Audit results;
- Susceptibility to fraud and corruption;
- Staff turnover.

- 2.9 Other sources of assurance are considered within the External Monitoring section and where they are deemed to be satisfactory by the Audit Manager, the score is adjusted accordingly. Examples of this are the use of external specialists to review the Council's Health and Safety systems, and the work carried out to achieve Payment Card Industry (PCI) and Public Services Network (PSN) approval for the security of the ICT network systems. This reduces the need for internal audit to review the systems and duplicate work.
- 2.10 A risk rating of High, Medium or Low is allocated according to the result of the assessment. Based on the rating, a time scale between audits is applied. The audit plan is based on this risk assessment process covering all six domains to ensure all aspects of the Council are covered to some degree.
- 2.11 Both the Audit Manager and the Assistant Director Finance Services (s151 Officer) are satisfied that the resources are sufficient, after the level of contingencies have been adjusted, and that the proposed plan will provide the level of assurance required.

3. Issues for the Audit Committee to Consider

- 3.1 The Committee should consider if they are satisfied that the proposed audit areas represent a sufficient coverage of the services provided by the Council.

4. Corporate Priorities

- 4.1 The internal audit activity supports the achievement of the Corporate Business Plan by adding value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

5. Financial Implications

- 5.1 None.

6. Any other Implications/Risks

- 6.1 The plan enables the Audit Manager to manage the work of the Internal Audit team and to provide an annual opinion as required by the Annual Governance Statement. It also enables the Audit Committee to monitor the work of the team and to receive assurance on the state of the internal control system of the Council.

7. Equal Opportunity Considerations

- 7.1 None.

8. Consultation

- 8.1 Executive Directors have been consulted on services within their respective directorships and the whole plan presented to Management Team for final comments.

9. Conclusion

- 9.1 The Strategic Internal Audit plan provides the basis for the Internal Audit team to carry out the work necessary to provide assurance on the systems of internal control and to enable the Audit Manager to provide an Annual Audit Opinion for the Annual Governance Statement in 2021.

10. Background Papers

Public Sector Internal Audit Standards (PSIAS)

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

The Assurance Framework and the Risk Assessment template are available on InSite within the reports section of Internal Audit.

Audit Title	Risk Rating	Last Audit	Last Audit results	Revised 20-21 days
2019-20 brought forward				
Subtotal brought forward from 2019-20				70
Governance and Reputation				
Policies	Medium	2015/16	Limited	15
Democratic Services	Medium	2014/15	Substantial	0
Subtotal Governance and Reputation				15
People				
Performance and Appraisal	Medium	2015/16	Substantial	15
Compliance with Bribery Act 2010	Medium	New		0
Subtotal People				15
Financial				
Accounts Payable (CORE)	High	2016/17	Substantial	20
Council Tax and Business Rates (CORE)	High	2017/18	Full	15
Benefits (CORE)	High	2017/18	Full	15
Covid-19 Business Grants	High	New	N/A	17
Contracts Management	Medium	New		15
Subtotal Financial				82
Infrastructure				
ICT Disaster Recovery	Medium	2016/17	Substantial	15
ICT Wireless Networks	Medium	New		0
Subtotal Infrastructure				15
Operational and Service Delivery				
Alive West Norfolk	High	New		20
Care and Repair	High	2017/18	Substantial	12
CCTV	Medium	2015/16	Substantial	15
Major Projects	High			15
Planning Control	High	2017/18	Limited	15
Planning Enforcement	Medium	2016/17	Substantial	15
Street Cleansing	Medium	2014/15	Substantial	15
Subtotal Operational and Service Delivery				107
Total Risk Based Audits				304
External Audits and Other Work				
Water Management Alliance				9
Audit Committee				20
Review of Statement of Accounts / AGS				5
Check of calculations for COL and PRP				5
Follow ups				20
Contingency				22
Covid-19 Redeployments				26
Other Audit Consultancy engagements				43
Subtotal External and Other Work				150
Grand Total				454

Strategic Internal Audit Plan 2021/25

APPENDIX 2

37

Audit Title	Risk Rating	Last Audit	2021/22	2022/23	2023/24	2024/25
Governance and Reputation						
Policies	Medium	2015/16				
Risk management	Medium	2018/19			15	
Democratic Services	Medium	2014/15	15			
Performance management and reporting	Low	2012/13				
Health & safety including Crisys & home working	Low	2013/14				
Legal services and compliance	Medium	2019/20				15
Partnership working	Medium	2017/18		15		
Business Continuity	Medium	2016/17	15			
Child Protection	Medium	2019/20				15
Annual Governance Statement	Medium	2019/20			15	
Subtotal Governance and Reputation			30	15	30	30
People						
Recruitment	Medium	2015/16	15			
Training (incl CPD requirements)	Low	2011/12	15			
Performance and appraisal	Medium	2015/16				
Conduct and discipline	Low	None				
Attendance management [Including flexitime, sick leave and Special leave]	Medium	2016/17		15		
Prevention of fraud and corruption	Medium	2019/20				15
Leavers	Medium			15		
Ethical Culture	Medium	2017/18		10		
Staff car leasing	Low	2012/13				
Compliance with Bribery Act 2010		New				10
Compliance with Equalities Act 2010		New	10			
Whistleblowing		New				10
Subtotal People			40	40	0	35

Strategic Internal Audit Plan 2021/25

APPENDIX 2

Financial	Risk Rating	Last Audit	2021/22	2022/23	2023/24	2024/25
Accounts receivable (CORE)	High	2018/19	20		20	
Creditors (CORE)	High	2016/17		20		20
Treasury management (CORE)	High	2019/20	20		20	
Financial Management System (CORE)	High	2019/20	20		20	
Council tax and Business Rates (CORE)	High	2017/18		20		20
Benefits (CORE)	High	2017/18		20		20
Asset Register and Inventories [Including management and disposal of assets] (CORE)	High	2016/17		20		
Payroll, expenses and allowances [Staff and Members] (CORE)	High	2016/17	20		20	
External funding/ grants received	Medium			15		
Procurement [Including use of corporate credit cards]	Medium	2018/19			15	
Contracts [Letting, management, and use of Framework Contracts]	Medium	2016/17	15			
Contract Management	Medium	New				
Grants / funding to third parties	Medium				15	
Taxation / VAT	Medium	2015/16	External Tax specialists used			
Insurance	Medium	2016/17		15		
Capital programme	Medium	2016/17	15			
S106 funds / CIL / Habitat Levy	High	2015/16		15		
Cost Reduction Programme	High				15	
Financial Governance and Budgetary Control (CORE)	High	New		20		20
Subtotal Financial			110	145	125	80
Infrastructure						
<u>Buildings and land</u>						
Council Offices and sites, including Tourist Information Centre	Medium	2019/20				15
Industrial estates and commercial property	Medium	2017/18		20		
Amenity property and land incl Play Areas, Toilets and Car Parks	Medium	2016/17	15			
<u>Other Infrastructure</u>						
ICT network security, including mobile working	Medium	2013/14	PCI/PCN compliance audit			
ICT disaster recovery	Medium	2016/17				
ICT change management	Medium	2016/17		15		

Strategic Internal Audit Plan 2021/25

APPENDIX 2

ICT Wireless Networks	Medium	New	15			
Cyber-Security	Medium	New				15
Internal Communications [Including Intranet and Ciphernet]	Low	2011/12		10		
Vehicle fleet	Medium				15	
Subtotal Infrastructure			30	45	15	30
Information						
Information legislation [DPA, FOI & EIR]	Medium	2015/16	15			
Information management and security	Medium			15		
Document management [Electronic and physical, retention and destruction]	Medium	2012/13				15
Data quality and interpretation [incl spreadsheets and databases]	Medium				15	
External Communications [Including Internet and social networking]	Medium	2015/16			15	
Transparency Agenda	Low	2015/16	10			
Subtotal Information			25	15	30	15
Operational and Service Delivery						
Alive Leisure/ Management - oversight and accountability	High		20	20	20	20
Allotments	Medium	2016/17			15	
Building Control	Medium		Audited by Eastern Internal Audit Services.			
Care and Repair	High	2016/17				
Careline Community Services	Medium	2015/16			15	
CCTV	Medium	2020/21				15
Cemeteries and Crematorium	Medium	2017/18		15		
Civics	Low	2015/16				
Civil enforcement and car parking	High	2015/16			20	
Community safety and neighbourhood nuisance	Medium	2019/20				15
Electoral services	Medium	2019/20				15
Emergency planning and management	Medium	2017/18				15
Environmental quality	Medium	2019/20				15
Food safety, health & safety and licensing	Medium	2016/17	15			

Strategic Internal Audit Plan 2021/25

APPENDIX 2

40

Graphics and Print room	Low	2012/13				
Housing standards	Medium	2018/19			15	
Housing strategy	Medium	2019/20			15	
Housing options and allocations	Medium	2016/17	15			
Local Land and Property Gazetteer	Low	2011/12				
Major Projects	High		15	15	15	15
Planning Control	High	2017/18			15	
Planning enforcement	Medium	2016/17				
Planning Support	Medium	2014/15			15	
Play Areas	Medium	2016/17	15			
Refuse collection and recycling incl Recycling Credits funding	High	2019/20	20			20
Regeneration and economic development	Medium	2012/13				15
Resort Services	Low	2014/15				
Street cleansing	Medium	2014/15				
Tourism and tourist information	Low	2011/12		15		
Town Centre and Market management	Low	None				
Subtotal Operational and Service Delivery			100	65	145	145
			335	325	345	335
External Audits and Other Work						
Water Management Alliance			5	5	5	5
Audit Committee			20	20	20	20
Review of Statement of Accounts			5	5	5	5
Review of Annual Governance Statement			3	3	3	3
Check of calculations for COL and PRP			5	5	5	5
Follow ups			10	10	10	10
Contingency			70	80	70	70
Subtotal External Audits and Other Work			118	128	118	118
Grand Total			453	453	463	453



Internal Audit Strategy 2020-21

Introduction

Regulation 5 of the Accounts and Audit Regulations 2015 states that local authorities '*...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'.

This strategy is a high level statement of how the Internal Audit service will deliver the required assurance on the Council's internal control systems.

The Council's Internal Auditors will conduct all audit work in accordance with the Public Sector Internal Audit Standards (PSIAS), which define internal audit as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

Internal Audit Objectives

Internal Audit's objectives are to:

- Provide an independent and objective internal audit service that helps the Council to meet its stated objectives
- Support the Assistant Director Resources/ Section 151 Officer in the discharge of her duties as Section 151 Officer (the officer responsible for the proper administration of the financial affairs of the authority).
- Support and assist in embedding corporate governance, effective internal controls and risk management throughout the Council
- Help to identify areas for improvement and make recommendations to address these
- Offer advice and assurance on achieving effective internal controls
- Comply with the Public Sector Internal Audit Standards (PSIAS).

Under the PSIAS the Audit Manager must produce a risk-based audit plan which takes into account the requirement to express an annual internal audit opinion on the adequacy and effectiveness of governance, risk management and internal controls.

To this end, an Assurance Framework has been developed to enable a structured analysis of the internal controls to take place and in turn the framework is supported by a risk analysis of each identified sphere of audit. The whole process enables a risk based plan to be produced.

Outcomes

The Internal Audit team will work with a risk based audit plan that is designed to provide the required assurance on the system of internal controls.

On completion of each audit a report, which will describe the scope of the work undertaken and the results of that work, will be provided to the relevant manager, Executive Director, the Assistant Director Resources/Section 151 Officer and Portfolio Holder. Where necessary recommendations will be made and actions agreed with the manager to rectify any control weaknesses or improve service delivery. Any such recommendations will be followed up at an agreed interval, but usually six months after the report is finalised, to assess progress in implementation.

Progress against the plan will be reported to the Audit Committee at regular intervals. All reports will be made available in full to the members of the Committee via a secure area on InSite and ModGov.

Managers will also be able to seek advice from the team on possible control issues if necessary.

At the end of the financial year, the Audit Manager produces an Annual Report which includes Annual Audit Opinion as described below.

Annual Audit Opinion

Internal Audit's role is to understand the key risks to the Council and to examine and evaluate the adequacy and effectiveness of its systems of risk management, governance and internal control. Each year the Audit Manager will provide her opinion on the effectiveness of the internal control environment to the Audit Committee. It will be influenced by the individual opinions provided for each piece of audit work undertaken and the progress made by managers in implementing previously agreed actions. The opinion will be supported by sufficient, reliable and relevant evidence

Resources

The Internal Audit service is provided by an in-house team consisting of an Internal Audit Manager (shared with Fenland District Council), one full time Auditor, one part time Auditor and a full time Investigation Officer / Internal Auditor.

The frequency of audits over the 5-year strategic audit plan is as follows:

Low risk audits	If time permits in the audit year
Medium risk audits	Full systems audit one year in five
High risk audits	Full systems audit one year in three,
Core audits	Full systems audit one year in two

Core audits comprise:

- Accounts receivable
- Creditors
- Treasury management
- General ledger including budgetary control
- Council tax and business rates
- Benefits
- Asset register and inventories
- Payroll

The available resources are calculated as shown in the table below:

	Days
Total working days available	707
Less:	
Annual Leave	65
Bank Holidays (Including extended Christmas closure)	30
Training (non-qualification)	28
Section administration	76
Management	55
Total audit time available	453
Core Systems	50
Risk based and external audits	263
Follow-ups, reviews and Audit Committee support	50
Contingency	22
Covid-19 redeployments	26
Other consultancy engagements	43
Total allocated	454

In addition to the in-house team, the Council has access to IT auditors via the contract the Eastern Internal Audit Services (based at South Norfolk District Council) has in place with TIAA Ltd for the provision of their internal audit services.

To maintain the skills and knowledge levels required, training assessments of the team will be carried out on an annual basis as part of the Council's appraisal process. The Audit Manager will be responsible for prioritising the identified needs and ensure that the most effective use is made of the available training resources.

Key Performance Indicators

PI Ref	Indicator	Target
AUD 1	Delivery of the Audit Plan	95%
AUD 2	Productive time	60%

Audit Committee

The Terms of Reference relating to the Audit Committee include a requirement to review and approve, but not direct the Internal Audit Strategy. It is intended that this Strategy will be reviewed in the next three months to incorporate the detailed requirements of an Audit Charter as per the PSIAS and on an annual basis thereafter. The results will be presented to the Committee for approval along with the Audit Strategic Plan.

The next date for review will be – March 2021.

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 July 2020		
TITLE:	Audit Committee Effectiveness 2019-20		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):			
REPORT AUTHOR:	Kathy Woodward, Shared Internal Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
It is considered to be good practice for the Audit Committee to present Cabinet with an annual report on the work carried out by the Committee in the preceding year. This report reviews the work of the Audit Committee during the year 2019-20 and considers if the Committee has effectively fulfilled its role.
KEY ISSUES:
The report indicates the training received by the Committee in order to be able to fulfil their governance role, the reports received and a summary of the points discussed.
OPTIONS CONSIDERED:
Not applicable.
RECOMMENDATIONS:
That the Audit Committee considers the content of the report and decides if it accurately reflects the work of the Committee in 2019-20.
That the Audit Committee confirms their agreement to the Chair taking the report to Cabinet as evidence that the Committee operated effectively.
REASONS FOR RECOMMENDATIONS:
To comply with best practice and to enhance the effectiveness of the Audit Committee.

REPORT DETAIL

1. Introduction

- 1.1 The Audit 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 and updated as part of the review of the scrutiny arrangements in June 2016.
- 1.2 Under the Accounts and Audit Regulations 2015, a council is required to '*ensure that it has a sound system of internal control which:*
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
- (b) ensures that the financial and operational management of the authority is effective; and*
- (c) includes effective arrangements for the management of risk.'*
- 1.3 Good corporate governance requires independent, effective assurance about the adequacy of financial and operational management and reporting. This assurance is best delivered by a committee that is independent from the executive and scrutiny functions. This was provided by the Audit Committee during 2019/20.
- 1.4 In order to ensure that this monitoring of governance is carried out effectively, a regular review of the role and activities of the Audit Committee is necessary.

2. Review Details

- 2.1 The review was completed by the Audit Manager using a checklist compiled by CIPFA. The completed checklist is attached as **Appendix 1** of this report. In addition information has been compiled on the reports considered by the Committee and attached as **Appendix 2**. The resulting draft report was then considered by the Chair and Vice Chair of the Audit Committee.
- 2.2 The responses in the checklist are ticked as:
- 'Y' – Yes. The criteria have been met and no action is required.
 - 'P' – Partial. The criteria have only been met in part, some action may be required.
 - 'N' – No. The criteria have not been met and action may be required

3. Items considered during 2019-20

- 3.1 Throughout 2019-20 the Audit Committee held 5 meetings and received a total of 15 reports on a number of issues, including:

Internal Audit and Fraud

- Internal Audit Annual Report and Opinion 2018-19
- Internal Audit Plan 2018-19 – End of year progress report
- Internal Audit and Fraud half year progress report 19-20

External Audit

- External Audit Plan

Finance

- Annual Treasury Report 2018-19
- Mid-year Treasury Report 2019-20

Corporate Governance and Risk

- Draft Annual Governance Statement
- Annual Governance Statement 2018-19
- Audit Committee Effectiveness Review 2018-19
- Business Continuity Annual Update
- Risk Register Update June 2019 and March 2020
- Risk Based Verifications – Policy Update 2020/21
- Cross Party Working Group Review – KLIC
- Major Projects Board – Member and Officer

A summary of the content of each report and the subsequent discussion has been compiled by Democratic Services and is attached as **Appendix 2**.

- 3.2 The Committee received 5 training sessions during the year on:

- Audit Committee – An Introduction
- Finance Services Members Induction Training
- Annual Governance Statement
- Briefing on Treasury Awareness
- Treasury Management

4. Conclusion

- 4.1 During 2019-20 the Audit Committee received and commented on all relevant reports and actively monitored risk and internal controls. As a result it is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.

5. Background Papers

Accounts and Audit Regulations 2015.
CIPFA Audit Committees Practical Guidance for Local Authorities 2018 edition.

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
----	-------	---	---	---	-------------------	-----------------

AUDIT COMMITTEE PURPOSE AND GOVERNANCE

1	Does the authority have a dedicated audit committee?	Y				
2	Does the audit committee report directly to full council? (applicable to local government only)	Y			The Audit Committee reports to Cabinet first, then Council.	.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		P		The Audit Committee have a Terms of Reference that broadly cover the purpose as outlines in CIPFA's Position Statement. The Terms of Reference are currently under review and will be presented to the next available Audit Committee.	Update / review the current Terms of Reference
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			The committee's Terms of Reference are documented on the councils Intranet site (Insite) where officers and members can access relevant documentation.	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The committee supports the authority by following the Nolan Principles adopted by the authority, and ensuring to the best of their ability that the corporate plan and strategic goals of the authority are adhered to.	
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			The Audit Committee report to Cabinet and provide an effectiveness report to Cabinet on an annual basis. Throughout the year other members of the Council attend meetings under Standing Order 34.	

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
----	-------	---	---	---	-------------------	-----------------

FUNCTIONS OF THE COMMITTEE

7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		P		The majority of the core areas are covered in the current Terms of Reference, these are currently under review and will be presented to the next available audit committee.	Update / review the current Terms of Reference
	good governance			N		Update / review the current Terms of Reference
	assurance framework, including partnerships and collaboration arrangements			N		Update / review the current Terms of Reference
	internal audit	Y				
	external audit	Y				
	financial reporting	Y				
	risk management	Y				
	value for money or best value			N		Update / review the current Terms of Reference
	counter fraud and corruption	Y				
	supporting the ethical framework			N		Update / review the current Terms of Reference

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			The Audit Committee completes an annual Audit Committee Effectiveness report, which encompasses this review. The committee also considers as part of its annual work the Annual Governance Statement, Risk Register and Major Projects (including any partnerships the authority is involved in). The committee regularly receives reports from Internal Audit and reviews the financial statements.	
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Y			The committee reviews treasury management reports and has oversight of the annual report. Throughout 2019/20 The committee undertook a review of a major project at the request of Full Council and continues to monitor major projects. Additional wider areas will be considered during the current review of the committee's Terms of Reference.	Additional wider areas will be considered during the current review of the committee's Terms of Reference.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			A review of the Terms of Reference is currently underway.	Update / review the current Terms of Reference.
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			The Audit Committee maintains its independence by adhering to being a non decision making committee. Any decisions required are presented to Cabinet as recommendations by Audit Committee and the approval is made by the executive. During the recent review of the KLIC project, the committee approved the recommendations from the Cross Party Working Group, and was then passed to Cabinet to approve.	

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
----	-------	---	---	---	-------------------	-----------------

MEMBERSHIP AND SUPPORT

12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> separation from the executive an appropriate mix of knowledge and skills among the membership a size of committee that is not unwieldy consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 		P		The current committee is separate from the executive, the current membership has an appropriate mix of knowledge and skills, and the size is not unwieldy. The mix of members from each political party is in line with current policies. The consideration to include an independent member has not taken place as far as I am aware. My understanding of an independent member is an individual from outside the authority (non-officer or member) but with appropriate understanding of the subject.	Consider whether an independent member should be included on the committee.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?				Subject to whether an independent member is to be appointed or not.	See 12 above
14	Does the chair of the committee have appropriate knowledge and skills?	Y			The current chair of the committee has the appropriate subject knowledge for the position. Members of the committee are given opportunity to freely discuss matters with fellow members of the committee. Officers attending the meetings are always available for advice to the chair if required. Mandatory training is given to all members of the Audit Committee to ensure appropriate skills are up to date and relevant.	
15	Are arrangements in place to support the committee with briefings and training?	Y			Training for members of the committee are mandatory, and training is given to members on specific subjects (mainly technical areas – AGS, Statement of Accounts etc) prior to the official meetings taking place.	

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			The committee membership is formed from members with financial backgrounds, historical knowledge of the authority, knowledge from other authorities resulting in a varied mix of experience and knowledge. A formal assessment has not taken place, but could be considered.	Consider undertaking as assessment of current members against the core knowledge and skills framework.
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	Y			All meetings are attended by a mixture of the Assistant Director Resources / S151 officer, external audit and internal audit (Audit Manager and officers).	
18	Is adequate secretariat and administrative support to the committee provided?	Y			Relevant officers attend meeting to facilitate secretarial and administrative support to the committee.	

52

EFFECTIVENESS OF THE COMMITTEE						
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			<i>The Chairperson of the Audit Committee presents an annual report to the Cabinet team and receives feedback from the executive.</i>	
20	Are meetings effective with a good level of discussion and engagement from all the members?	Y			All members are encouraged to be involved fully at all meetings. Relevant officers are invited to attend meetings to provide greater detail to help discussions and engagement.	
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible	Y			The committee engages with the relevant responsible officers when discussing risks and action plans. Examples of this are the AGS, Corporate Risk	

APPENDIX 1

Borough Council of King's Lynn and West Norfolk

For the year 2019-20

Audit and Risk Committee Self-Assessment Exercise

No	Issue	Y	P	N	Evidence/ Comment	Action Required
	officers?				Register, Risk Based Verification Policy, Treasury Reports and Business Continuity etc.	
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Y			All reports presented to the committee for approval are discussed and actions minuted on suggested improvements. These actions are reviewed by the officers to ensure they are followed up on and discussed at the following meeting.	
23	Has the committee evaluated whether and how it is adding value to the organisation?		P		No formal evaluation has taken place, but the annual audit committee effectiveness report considers this to some degree.	Consider whether the committee is adding value using the information provided in CIPFA 2018 guidance.
24	Does the committee have an action plan to improve any areas of weakness?			N	As no evaluation currently takes place this could be considered as an action.	Consider completing an evaluation and adding an action plan to the Audit Committee Effectiveness report in future.
25	Does the committee publish an annual report to account for its performance and explain its work?	Y			Audit Committee Effectiveness Report.	

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome/Recommendation</u>
03.06.19 (161 mins)		
A8: Revised External Audit Plan	<p>M Hodgson, Associate Partner, Ernst and Young presented the update to the Audit Plan which was presented to the Committee on 11 March 2019.</p> <p>The Committee was advised that the additional risk and the increased audit work to address it would also impact on the previously agreed audit timetable. To ensure that the Borough Council received the best quality audit from Ernst Young, it is proposed that an alternative timetable is issued for the audit of the 2018/2019 accounts.</p>	RESOLVED: The Committee received the revised Annual Audit Plan.
A9: Corporate Risk Register	The Senior Policy and Performance Officer presented the report which detailed the changes to the Corporate Risk Register since the last monitoring report in October 2018.	RESOLVED: The Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate objectives.
A10: Draft Annual Governance Statement covering the 2018/2019 year	The Senior Policy and Performance Officer outlined the purpose of the report and reminded Members that the report brought the Council's draft Annual Governance Statement (AGS) 2019 to the Committee to review, challenge and provided an opportunity to input prior to the AGS being finalised and considered by the Committee at its meeting in July 2019.	<p>RESOLVED: The Committee</p> <ol style="list-style-type: none"> 1. Reviewed the draft Annual Governance Statement 2019 and determined that the work undertaken to review the governance arrangements in place during the 2018/19 year was appropriate. 2. A training session be scheduled on the AGS prior to the next Committee meeting on 29 July 2019.
A11: Internal Audit Annual Report and Opinion 2018/2019	The Shared Internal Audit Manager presented the report which provided the Committee with an overview of the work undertaken by Internal Audit during 2018/19 and provided the Audit Manager's	RESOLVED: The Committee received the annual audit opinion and noted the work of Internal Audit for 2018/19.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

	annual audit opinion on the system of internal control.	
A12: Internal Audit Full Year Progress Report 2018/2019	The Shared Internal Audit Manager presented the report which provided Members with an update on progress against the Internal Audit Strategic Plan 2018/19 that was endorsed by the Audit Committee at their meeting on 12 February 2018.	RESOLVED: The Committee reviewed the progress against the planned work, noted the update of the fraud work and ensured that it complied with the requirement of the Accounts and the Audit Regulations 2015.
A13: Audit Committee Effectiveness Report 2018/2019	The Shared Internal Audit Manager presented the report which reviewed the work of the Audit Committee during the year 2018/19 and considered if the Committee had effectively fulfilled its role.	RESOLVED: That the Audit Committee: <ol style="list-style-type: none"> 1) Considered the content of the report and decided it accurately reflected the work of the Committee in 2018/19. 2) Confirmed their agreement to the Chairman taking the report to Cabinet as evidence that the Committee operated effectively. Due to the change in membership the Committee agreed that the Internal Audit Manager and the Chairman would present the report to Cabinet.
A14: Appointment of Members to serve on the Cross Party Working Group	<p>The Committee considered the report circulated with the Agenda.</p> <p>The Committee discussed the draft Terms of Reference for the Cross Party Working Group.</p> <p>The Committee discussed substitutes for the Cross Party Working Group and the general consensus was that substitutes should be discouraged in order to ensure continuity.</p>	RESOLVED: That the Audit Committee: <ol style="list-style-type: none"> 1) The membership of the Cross Party Working Group was confirmed, and that the first meeting be convened as soon as possible, late afternoon/ early evening. 2) The Audit Committee agreed the draft Terms of Reference.
A15: Committee Work Programme 2019/2020	The Chairman invited the Deputy Chief Executive to explain the reasons as to why the 13 September meeting be rescheduled to 7 October 2019.	RESOLVED: That the 13 September meeting be rescheduled to 7 October 2019.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome</u>
29.07.19 (45 mins)		
A23: Annual Governance Statement covering the 2018/2019 Year	In presenting the report, the senior Policy and Performance Officer reminded the Committee that the preparation and publication of an Annual Governance Statement (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 the Code of Corporate Governance during a particular financial year.	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: Annual Treasury Outturn Report 2018/2019		RESOLVED: The item was deferred to the October 2019 meeting.
A25: Major Projects Board	The Executive Director, Financial Services provided a verbal update on both Member and Officer Major Project Boards.	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 2019/20	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.
28.10.19 (108 mins)		
A35: Annual Treasury Outturn Report 2018/2019	The Committee considered the report which reminded Members that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (2009) and remained fully compliant with its requirements. As such there was a requirement to make an annual review of its Treasury operation for the previous year.	RESOLVED: That the Actual Treasury Outturn 2018/2019 be approved.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome/Recommendation</u>
A36: Mid-Year Treasury Report 2018/2019	The Interim Financial Services Manager presented the Mid-Year Review Treasury Report 2019/2020 and reminded Members that the Council had formally adopted the CIPFA Code of Practice on Treasury Management (2011) and remained fully compliant with its requirements.	RESOLVED: The Audit Committee reviewed and noted the report and the treasury activity and recommend that Cabinet note the report.
A37: Internal Audit Half Year Progress Report	The Internal Audit Manager presented the report which provided Members with an update on progress against the Internal Audit Strategic Plan 2019/20 that was endorsed by the Audit Committee at the meeting on 11 March 2019. It was highlighted that the report also provided an update on the fraud work for the first half of the year.	RESOLVED: The Audit Committee reviewed the progress against the audit plan and noted the update of the fraud work.
A38: Member Major Projects Board Update	The Chair provided a verbal update to the Committee	
A39: Cabinet Forward Decision List		The Committee noted the Cabinet Forward Decision List
A40: Committee Work Programme 2019/20	<p>The Chair outlined the proposed amendments to the work programme as set out below:</p> <ul style="list-style-type: none"> • KLIC report to be split into three separate reports. • Special Meeting to be held on 20 November to consider the draft report on KLIC from the Cross Party Working Group. • 27 January 2020 – Committee to receive the report and recommendations from the Cross Party Working Group on Outside Bodies. • 11 March 2020 – Committee to receive the report and recommendations from the Cross Party Working Group on the Terms of Reference of the Major Projects Boards. 	RESOLVED: The Committee approved the amendments to the work programme as set out above.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome/Recommendation</u>
10.02.20 (45 mins)		
<p>A49: Report of the Cross Party Group to review the King's</p> <p>Lynn Innovation Centre (KLIC) Project</p>	<p>The Chair of the Cross Party Working Group presented the report on the Review of the King's Lynn Innovation Centre Project.</p> <p>The Chair of the Cross Party Working Group drew attention to page 9 of the report:- "Nautilus is also a member of the NALEP" - and advised the statement was incorrect and was therefore withdrawn from the report.</p> <p>The Chair of the Cross Party Working Group explained that, as stated in the report, not all the terms of reference had been addressed and that the remaining two areas (to consider the Terms of Reference for the Major Projects Board and to consider the role of Council appointed Directors to an outside body) would be the subject of a separate report.</p>	<p>RESOLVED:</p> <p>A) The Audit Committee agreed the recommendations set out below:</p> <ol style="list-style-type: none"> 1. Notwithstanding the requirements of the Major Projects Boards, all major projects should have a designated Project Manager of sufficient seniority in the Council's hierarchy to make appropriate decisions. 2. In the event that a major project involves a third party in order to bring it to fruition the Chief Executive Officer or appropriate Assistant Director should oversee the project's management. 3. If a loan is granted or investment made under any statutory power that in ordinary circumstances would fall within the Treasury Management Procedures it should be governed by those Procedures, especially as regards to the 3 principal elements, i.e. risk/security, liquidity and return. 4. Any joint venture with a third party must undergo rigorous examination before being entered into to ensure as far as reasonably practicable the third party's financial visibility for a period exceeding the life of the project. 5. If a loan is entered into with a third party that does not fulfil the council's requirements for creditworthiness such a loan must be secured on a tangible asset wholly owned by the third party that is not otherwise secured elsewhere.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

		<ol style="list-style-type: none">6. Each and every project involving a third party should be included in the Council's Risk Register following a risk assessment.7. The loans to NWES should immediately be either reinstated to the half yearly reports on Treasury Management to Audit Committee or be reported on separately to Audit Committee at a shorter frequency.8. All legal documents should be signed off before funds are released. <p>B) The report be presented to Cabinet by the Chair of the Cross Party Working Group.</p>
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome/Recommendation</u>
11.03.20 (127 mins)		
A58: Exempt Report (The press and public were excluded for this item) Risk Based Verification Policy Update for 2020/2021	In presenting the report the Revenues and Benefits Manager explained that the Council introduced Risk Based Verification (RBV) to assess the risk of fraud and error in new claims for Housing Benefit and Council Tax Support from April 2015. In February 2016 RBV was extended to include changes of circumstance. The report provided an update for the Committee on RBV activity over the past year, and made some minor updates to the RBV policy.	RESOLVED: Members noted and agreed the RBV policy and the RBV procedure updates in the report.
A59: Business Continuity Annual Update 8	The Senior Policy and Performance Officer presented the annual update report which outlined the current position of the Council's business continuity arrangements, summarised progress made since the last update in November 2018 and described work that was planned to be undertaken over the coming months.	RESOLVED: The Audit Committee: 1) Reviewed progress made and endorsed the approach being taken to the council's business continuity arrangements. 2) Confirmed annual updates on the topic were required.
A60: Corporate Risk Register Monitoring Report	The Senior Policy and Performance Officer presented the report which outlined the changes to the Corporate Risk Register since the last monitoring report on 3 June 2019. The report set out details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects. The Committee was advised that following the review, the risk scores for 2 entries had been reduced. It was also proposed that 1 risk was added to the register and 4 risks were refocused. Members' attention was drawn to section 2 of the report – Changes to the Corporate Risk Register	RESOLVED: The Audit Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the Corporate Objectives.

ISSUES DISCUSSED AT MEETINGS OF THE AUDIT COMMITTEE 2019-2020

APPENDIX 2

<u>Date of Meeting/Length of Meeting</u>	<u>Details</u>	<u>Outcome/Recommendation</u>
A61: Major Projects Board – Update from the Chair	<p>The Committee received a verbal update report from the Chair. It was noted that as far as she was aware, the Officer Major Projects Board continues to meet on a monthly basis.</p> <p>The Chair outlined the reason for the cancellation of the Member Major Projects Board scheduled for 31 January 2020, which was not to be rescheduled. The next meeting of the Member Major Projects Board was scheduled for 29 April 2020, 6 months after the previous meeting.</p>	
A62: Cabinet Forward Decision List		The Committee noted the Forward Decisions List.
⁹ A63: Committee Work Programme	<p>The Chair advised that the Committee Work Programme had been revised and that the Statement of Accounts would be considered on 20 April 2020.</p> <p>The Chair provided feedback from a recent Ernst and Young Seminar which she had attended.</p> <p>The Committee was invited to forward items for training and the future work programme.</p>	

FORWARD DECISIONS LIST

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
19 August 2020						
	CIL - Community Infrastructure Levy (CIL) – Governance and Spending	Key	Council	Development Asst Dir Environment & Planning		Public
	Outturn position for 2019/2020	Key	Cabinet	Leader Asst Dir – Resources		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
22 September 2020						
	Climate Change Policy	Key	Council	Environment Exec Dir – G Hall		Public
	Scrutiny and the Executive Protocol	Non	Council	Leader Chief Executive		Public
	Standing Orders Review	Non	Council	Leader Chief Executive		Public
	Strategic Property Acquisition	Key	Cabinet	Business Development Asst Dir Property & Projects – M Henry		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)

	Covid 19 – Recovery Plan	Key	Council	Leader Asst to C Ex		Public
	Revised Budget	Key	Council	Leader Asst Dir - Resources		Public
	Revised Capital Programme	Key	Council	Leader Asst Dir - Resources		Public
	Southend Road and Hunstanton Bus Station	Key	Council	Project Delivery Asst Dir Companies and Housing Delivery – D Gagen		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
63	Parkway	Key	Council	Project Delivery Asst Dir Companies and Housing Delivery – D Gagen		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	KLIC Loan Settlement Agreement	Key	Cabinet	Leader Asst Dir – Property & Projects		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Notice of Motion 1/20 – Cllr de Whalley	Non	Council	Leader Asst Dir Environment & Planning		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
17 November 2020						
	Update to the Major Project Board Terms of reference	Non	Cabinet	Leader Asst Dir Property & Projects – M Henry		Public
	Major Housing Project 2	Key	Council	Project Delivery Asst Dir Companies and Housing Delivery – D Gagen		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
64	Salters Road, King's Lynn	Key	Council	Project Delivery Asst Dir Companies and Housing Delivery – D Gagen		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Lynnsport one	Key	Council	Project Delivery Asst Dir Companies & Housing Delivery – D Gagen		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)

AUDIT COMMITTEE WORK PROGRAMME 2020/2021

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
8 June 2020	CANCELLED			
27 July 2020	Training – Risk Management			To be scheduled for 2 pm prior to the meeting and all Councillors have been invited to attend.
27 July 2020	Corporate Risk Register Update	Update	G Greaves	
27 July 2020	Internal Audit Annual report and Opinion 2019/2020	Annual	K Woodward	To receive the Audit Manager's Annual Report.
27 July 2020	Internal Audit Full Year Progress Report 2019/2020	Progress Report	K Woodward	To receive the Audit Manager's Annual Report.
27 July 2020	Audit Committee Effectiveness Report	Cabinet	K Woodward	To review the work of the Audit Committee During 2019/2020 and consider if the Committee has effectively fulfilled its role.
27 July 2020	Strategic Internal Audit Plan		K Woodward	To provide the Committee with the opportunity to review the proposed Strategic Audit Plan 2018 – 2023.
27 July 2020	Future Role of the Audit Committee Cross Party working Group			The Chair of the Audit Committee has requested an update be given to the next meeting.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
27 July 2020	Cabinet Forward Decisions List			
27 July 2020	Major Projects Board – Update from the Chair	Update	Chair of Audit Committee	To receive an update from the Chair
14 September 2020	Annual Audit Letter for Year ending 31 March 2019	Annual Audit Letter	Ernst Young	To receive the Annual Audit Letter for year ending 31 March 2019.
14 September 2020	Statement of Accounts 2018/2019 and External ISA 260 Report		M Drewery	To approve the Statement of Accounts and External ISA 260 report.
14 September 2020	Annual Governance Statement covering the 2018/2019 year		G Greaves	To approve the Annual Governance Statement for 2018/2019 year.
14 September 2020	Update on progress with the Annual Governance Statement covering the 2019/2020 year		G Greaves	To provide the Committee with an update on the progress with the Annual Governance Statement covering the 2019/2020 year.
14 September 2020	Major Project Risks	Update	M Henry	Update to be received on a 6 monthly basis
14 September 2020	Mid Year Treasury Management Report		M Drewery	
14 September 2020	Cabinet Forward Decisions List			
14 September 2020	Major Projects Board – Update from the Chair	Update		

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
16 November 2020	Statement of Accounts 2019/2020 and External ISA 260 Report		M Drewery	To approve the Statement of Accounts and External ISA 260 report.
16 November 2020	Annual Governance Statement covering the 2019/2020 year		G Greaves	To approve the Annual Governance Statement for 2019/2020 year.
16 November 2020	Internal Audit Half Year Progress Report		K Woodward	
16 November 2020	Mid Year Treasury Review			
16 November 2020	Cabinet Forward Decisions List			
16 November 2020	Major Projects Board – Update from the Chair	Update	Chair	
25 January 2021	Training – subject to be identified			
25 January 2021	Risk Register Update		G Greaves	
25 January 2021	Major Project Risks		M Henry	Update to be received on a 6 monthly basis
25 January 2021	Internal Audit Terms of Reference		K Woodward	
25 January 2021	External Assessment Review		K Woodward	
25 January 2021	Housing Benefit Subsidy		J Stanton	

	Report			
25 January 2021	Cabinet Forward Decisions List			
25 January 2021	Major Projects Board – Update from the Chair	Update		
15 March 2021	Training – subject to be identified			
15 March 2021	Annual Update on Business Continuity	Update	G Greaves	
15 March 2021	Internal Audit Plan for 2021/22		K Woodward	
15 March 2021	External Audit Work Plan for 2021/22		K Woodward	
8 15 March 2021	<u>EXEMPT REPORT</u> Risk Based Verification Policy for Housing Benefit and Council Tax Support		J Stanton	
15 March 2021	Cabinet Forward Decisions List			
15 March 2021	Major Projects Board – Update from the Chair	Update	Chair	

Potential Future Training Sessions

Alternatives for service delivery (services in house and those contracted out)

Companies and Structures

Forthcoming Items – Date to be Identified

Additional Audit Work – RIPA Desktop Inspection and GDPR legislation

General overview on the Council's various sources of funding

Review of the Anti Fraud Corruption Strategy