



Audit Committee

Agenda

Monday, 15th March, 2021
at 4.30 pm

**Remote Meeting on Zoom and available for
the public to view on You Tube**



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

Friday 5th March 2021

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Monday, 15th March, 2021 at 4.30 pm** in the **Remote Meeting on Zoom and available for the public to view on WestNorfolkBC on You Tube - Zoom and You Tube** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies

2. Minutes (Pages 5 - 11)

To approve the minutes from the Audit Committee held on 25 January 2021.

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 Chair 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. Annual Audit Letter 2018/2019 (Pages 12 - 33)

8. External Audit Work Plan for 2019/2020 (Pages 34 - 78)

Ernst and Young will present their work plan for 2019/2020.

9. Internal Audit Plan for 2021/2022 (To Follow)

The Audit Manager will present the report.

10. Update on the Major Projects Board (Verbal Report)

To receive a verbal update from the Chair.

11. Cabinet Forward Decisions List (Pages 79 - 83)

12. Committee Work Programme (Pages 84 - 90)

To note the Committee's Work Programme for 2021/2022.

13. Date of Next Meeting

To note that the date of the next meeting of the Audit Committee will take place on 7 June 2021.

14. Exclusion of Press and Public

To consider passing the following resolution:

"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 Schedule 12A to the Act".

15. Exempt Report - Risk Based Verification Policy for Housing Benefit and Council Tax Support (Pages 91 - 105)

The Revenues and Benefits Manager will present the report.

16. Exempt Report: Internal Audit Service Delivery (Pages 106 - 111)

The Assistant Director Resources/Section 151 Officer will present the report.

To:

Audit Committee: Miss L Bambridge, Mrs J Collingham, J Collop, A Dickinson (Chair), A Kemp, C Manning, C Morley, A Ryves and Mrs V Spikings

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

Minutes from the Meeting of the Audit Committee held on Monday, 25th January, 2021 at 4.30 pm in the Remote Meeting on Zoom and available for the public to view on WestNorfolkBC on You Tube - Zoom and You Tube

PRESENT: Councillor A Dickinson (Chair)
Councillors Miss L Bambridge, Mrs J Collingham, J Collop (Vice Chair),
A Holmes, B Jones, C Manning, A Ryves and Mrs V Spikings

Portfolio Holder:
Councillor B Long, Leader

Under Standing Order 34
Councillors C Morley and J Rust

Officers:
Michelle Drewery, Assistant Director Resources/Section 151 Officer
and Management Team Representative
Ged Greaves, Senior Policy and Performance Officer

By Invitation:
Mark Hodgson and Amalia Valdex Herrera – Ernst and Young the
Borough Council's External Auditors

A99 **WELCOME AND INTRODUCTIONS**

The Chair informed the Committee that the meeting was being broadcast live on You Tube.

The recording of the meeting is available at:
<https://www.youtube.com/user/WestNorfolkBC>

The Democratic Services Officer conducted a roll call to confirm attendees.

A100 **APOLOGIES**

An apology for absence was received from Councillor A Kemp.

A101 **MINUTES**

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

The minutes of the meeting held on 17 December 2020 were agreed as a correct record.

A102 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A103 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A104 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillors C Morley and J Rust were present under Standing Order 34.

A105 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A106 **ANNUAL AUDIT RESULTS REPORT FOR YEAR ENDED 31 MARCH 2019 AND EXTERNAL ISA 260 REPORT**

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The Chair explained that getting to this point to approve the Statement of Accounts had been difficult for all involved and congratulated Borough Council officers and staff at Ernst and Young for their arduous attention to the matter which would be the ongoing position for further years.

Prior to presenting the Annual Audit Results Report, M Hodgson, Ernst and Young explained that he would draw attention the Committee's attention to the key areas, messages, and observations. Members were informed that it had been a difficult audit over a period of time, which had presented major issues as set out below:

- Delay in the preparation of the financial statements
- Valuation of plant and equipment.
- King's Lynn Innovation Centre: the impact on accounts, financial statements, and value for money.
- Impact of Covid and the Borough Council's response to the national pandemic had reduced the capacity to deal with the audit and queries raised.

M Hodgson, presented the Audit Results Report for the year ended 31 March 2019 and External ISA 260 Report and highlighted the following key areas:

- Changes in materiality – overall materiality assessment updated to £1.733m

- Audit risks/findings for discussion.
- Fraud or error – a good outcome no matters were identified to report good news story.
- King's Lynn Innovation Centre accounting treatment for Norfolk and Waveney Enterprise Services Loan - audit adjustment of £953,000k which had been revised in the Borough Council's Financial Statement.
- Methodology and assumptions used in the valuation of the King's Lynn Innovation Centre building.
- Valuation of Property, Plant and Equipment - total adjustment of £20m required.
- Going concern disclosure Note 38, page 100 in the Council's Statement of Accounts.
- New accounting standards IFRS 9 and IFRS 15.
- Finance Team capacity.
- Summary of adjusted differences.
- Letter of Representation.
- Value for Money – section 5 – King's Lynn Innovation Centre/NWES loan.
- Impact of Covid.

M Hodgson outlined the recommendations which the Borough Council should take seriously and advised that at the current time Ernst and Young did not need to use its statutory powers. It was noted that the External Auditor's Opinion would be finalised by 29 January 2021.

In response to question from Councillor Bambridge regarding a time limit being implemented on the value for money risks recommendation, Ernst and Young concurred that a time limit should be attached and implemented as soon as practicably possible and recognised that some of these would be set out as part of the action plan attached to the Internal Audit report.

Councillor Collingham commented that she had been a Member of the Audit Committee Cross Party Working Group set up to examine lessons learned report for the King's Lynn Innovation Centre and had been concerned of the loss of the Chief Financial Officer and asked if the departure of the postholder had impacted on the relationship of the Borough Council and NWES. In conclusion, Councillor Collingham asked if it was normal practice to risk assess the loss of a key person and what checks and balances could be put in place if this occurred in the future.

In response, Ernst and Young commented that this had occurred to a number of clients where the capacity within finance teams had diminished over the years. It was explained that the departure of the Council's Group Accountant had left the authority exposed with regard to the financial accounting and relationships. However, the Assistant Director, Resources and Section 151 Officer was in the process of addressing the issues on behalf of the council.

The Chair added that the impact of the loss of key staff was an entry in the council's Risk Register and explained that it was within the Committee's remit to revisit this entry. It was noted that the Audit Committee received regular updates on the risk register and had previously made changes to the information presented.

In response to a question from Councillor Ryves on the adjustment required for the Valuation of property, plant and equipment - total adjustment of £20m required, Ernst and Young explained that the incorrect methodology had been used in the valuations undertaken by the Internal Valuation Team. Ernst Young advised that the issue had now been recognised and was being addressed.

Following a further question from Councillor Ryves regarding the transparency of the additional audit fees, Ernst and Young explained that the total of additional fees incurred for the extra work required had not yet been concluded.

Ernst and Young responded to questions with regard to the King's Lynn Innovation Centre loan to NWES and the repayment plan.

Ernst and Young also responded to questions on the Norfolk Pension Fund and the borough council's contribution.

Under Standing Order 34, Councillor Rust addressed the Committee in relation to the Internal Audit Report and 35 recommendations on the King's Lynn Innovation Centre.

Under Standing Order 34, Councillor Morley addressed the Committee in relation to the General Fund and asset valuation.

The Chair explained that the Audit Committee would continue to meet as scheduled to consider essential items only.

The Chair reminded Members of the Joint Panels Meeting on 26 January 2021 when the Assistant Director, Resources/Section 151 Officer would give a presentation on the council's budget plans.

M Hodgson and the Assistant Director, Resources and Section 151 Officer responded to questions from Councillor Spikings on the impact on the council's insurance policies if assets were undervalued.

The Leader thanked Ernst and Young for the work undertaken on the council's audit.

The Chair explained that the Audit Committee was the only council body that the accounts were presented to and asked the Democratic Services Officer to check if that was correct.

RESOLVED: The Committee noted the content of the Audit Results Report produced by the Council's External Auditors, Ernst and Young.

A107 **STATEMENT OF ACCOUNTS 2018/2019**

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The Assistant Director Resources/Section 151 Officer presented the Borough Council's Statement of Accounts 2018/2019 and explained that adjustments had been made as a result of Ernst Young's review. A training session had been held to which all Members were invited to attend, responses to the questions at the training session had been circulated to Councillors in attendance.

The Chair congratulated the Assistant Director, Resources/Section 151 Officer for a comprehensive document.

There were no questions from the Committee or Members attending under SO 34.

The Chair proposed an amendment to Recommendation 2, as set out below:

Delegate authority to the Assistant Director Resources/Section 151 Officer, in consultation with the Chair and Vice Chair of the Audit Committee, to make any further minor amendments necessary to the Statement of Accounts 2018/19 prior to publication and to report back any changes to the next Audit Committee.

The above amendment was agreed by the Committee.

RESOLVED: The Committee:

- 1) Approved the Statement of Accounts for the year ended 31 March 2019.
- 2) Delegate authority to the Assistant Director Resources/Section 151 Officer, in consultation with the Chair and Vice Chair of the Audit Committee, to make any further minor amendments necessary to the Statement of Accounts 2018/19 prior to publication and to report back any changes to the next Audit Committee.

A108 **ANNUAL GOVERNANCE STATEMENT**

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The Senior Policy and Performance Officer presented the reported 2019 Annual Governance Statement which covered the financial year

2018/2019 and outlined the significant challenges local authorities now faced.

The Committee's attention was drawn to the two amendments listed below:

- At the request of Ernst Young, page 31 of the agenda 5.2.21 which included the loan to NWES.
- Addition of Eastlaw to the list of contracted out services on page 63.

There were no questions from the Committee or Members attending Standing Order 34.

The Chair thanked the Senior Policy and Performance Officer for attending and presenting the report.

RESOLVED: The Committee:

- 1) Confirmed that the 2019 Annual Governance Statement (as attached) properly reflected the risk environment and that actions required to improve it were in hand.
- 2) Approved the 2019 Annual Governance Statement (as attached) and confirmed that the Chair of the Audit Committee should sign it accordingly.

A109 **WORK PROGRAMME**

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The Chair invited the Committee to submit any items for the future work programme.

The Chair advised that she had held a discussion with the Assistant Director Resources/Section 151 Officer and that a work programme for 2021/2022 would be presented to the next meeting

A110 **CABINET FORWARD DECISIONS LIST**

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The Cabinet Forward Decisions List was noted.

A111 **UPDATE ON MAJOR PROJECTS BOARD - TO RECEIVE A VERBAL UPDATE FROM THE CHAIR**

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

The Chair explained that both the Member Major Projects Board and the Audit Committee Cross Party Working had been temporarily suspended as some council staff had been redeployed in response to Covid.

A112 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 15 March 2021 at 4.30 pm in the Remote Meeting Room Zoom.

The meeting closed at 5.47 pm

Borough Council of King's Lynn & West Norfolk

Annual Audit Letter for the year
ended 31 March 2019

24 February 2021

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary (cont'd)

We are required to issue an Annual Audit Letter to Borough Council of King's Lynn & West Norfolk following completion of our audit procedures for the year ended 31 March 2019. The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
► Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended.
► Consistency of other information published with the financial statements	Other information published within the Statement of Accounts was consistent with the financial statements.
15 ► Concluding on the arrangements for securing economy, efficiency and effectiveness	We reported by exception. The Council had put in place proper arrangements to secure value for money in its use of resources, except in the in proper arrangements for commissioning services effectively and procuring supplies and services effectively to support the delivery of strategic priorities.

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 20 January 2021.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on the 29 January 2021.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work and, in particular given the challenging priorities they faced as a result of their work in responding to the Covid-19 pandemic, their collaborative approach which enabled us to complete the 2018/19 audit by working remotely.

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose and Responsibilities

The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued on 12 February 2019, with an update Addendum issued on the 24 May 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2018/19 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit

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Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on the 29 January 2021. Our detailed findings were reported to the 25 January 2021 Audit Committee. The key issues identified as part of our audit were as follows:

Risks	Conclusion
Misstatements due to fraud or error	We did not identify any matters to report to the Council.
Incorrect capitalisation of revenue expenditure	We did not identify any matters to report to the Council.
Accounting Treatment for Norfolk & Waveney Enterprise Services Loan	We did identify matters to report to the Council, in respect of the expected credit loss associated with the loan.
Valuation of Property, Plant and Equipment	We did identify a number of material misstatements to report to the Council and which were amended for within the revised financial statements. We made three recommendations in relation to the approach to valuating the Council's asset base going forwards.
Pension liability	A national issue resulted in a change to the pension fund accounts and IAS 19 fund liability disclosure. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. Revised actuarial reports provided by the actuaries show an increase in the liability of £0.912 million to the Council's Pension Liabilities as a result of the adjustments, with further associated disclosure added to recognise this as a source of estimation uncertainty and an adjusted Post Balance sheet event.
Group Consolidation	We did identify a number of matters to report to the Council in respect to the consolidation of Alive Management Ltd within the Council's group accounts.
Finance Team Capacity	The Council urgently needs to review the capacity and skills of the Finance team to produce robust financial statements with appropriate supporting working papers.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.733 million (2017/18: £1.791 million), which is 2% of gross expenditure on the provision of Services.</p> <p>We consider gross expenditure on the provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £87,000.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: We agreed all disclosures back to source data and approved amounts applying a reduced materiality level of £5,000 in line with bandings disclosed in the financial statements.
- ▶ Related party transactions: We tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence applying a reduced materiality level equal to the reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

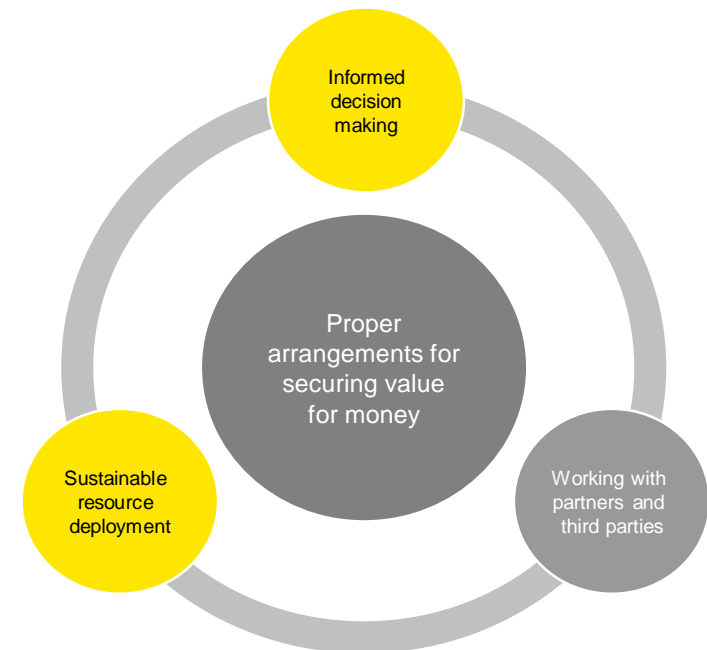
We did identify two significant risks in relation to these criteria:

- ▶ Financial Resilience; and
- ▶ Governance and monitoring arrangements of NWES loan.

23 We performed the procedures outlined in our Audit Plan, the details of which are set out on the following pages.

We did identify a weaknesses in the Council's arrangements to ensure it took properly informed decisions and in working with partner and other third parties.

We therefore issued an qualified 'except for' Value for Money conclusion on the 29 January 2021.



Value for Money

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>The Council's Medium Term Financial Strategy 2019 to 2023 has identified a total budget shortfall of £7.6 million over the period, as set out below:</p> <ul style="list-style-type: none"> ▶ 2019/20 = £1.6 million ▶ 2020/21 = £1.0 million ▶ 2021/22 = £2.3 million ▶ 2022/23 = £2.7 million <p>Whilst the Council plans to utilise General Fund reserves to cover the shortfall in the period to 2022, this would reduce the General Fund reserve balance to the minimum level prescribed by the statutory finance officer. This level would then not be sufficient to cover the identified shortfall in 2022/23.</p> <p>It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for future years.</p> <p>There is therefore a risk that the Council does not identify savings or increased income to close the funding gaps.</p>	<p>Deploy resources in a sustainable manner</p>	<ul style="list-style-type: none"> ▶ Assess the adequacy of the Council's budget monitoring process, comparing budget to outturn; ▶ Challenge the robustness of key assumptions used in medium term planning; ▶ Review the Council's approach to identifying savings schemes and testing the robustness of the delivery programme; and ▶ Test the adequacy of Council's calculation on it's use of reserves and assess the remaining General Fund balance. <p>The Authority has significant budget gaps over the next four years. The Authority has worked hard to close the gap for 2019/20 through the planned use of reserves and savings targets (some of which are non-recurrent). The Authority has built up reserve levels over recent years and as at 31 March 2019, the General Fund has increased by £1.935 million from £5.737 million to £7.672 million and earmarked reserves have increased by £2.769 million from £22.705 million to £25.474 million.</p> <p>The Authority has a good track record of delivering to budget and meeting savings targets. Although the Authority has significant budget gaps it has clear plans for how it will manage these in the short to medium term, whilst maintaining reserve balances above the minimum level specified by the statutory finance officer.</p> <p>Whilst the Authority has sound arrangements in place, the size of the challenge in the longer term is significant with a £7.6 million cumulative gap to 2022/23. A number of these challenges are driven by national policy and decisions outside of the control of the Authority. As such there remain risks around the longer term financial resilience of the Authority.</p>

Value for Money

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>Governance and monitoring arrangements of NWES loan</p> <p>The risk is that the Council did not have proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people in relation to the NWES Loan and Kings Lynn Innovation Centre.</p>	<ul style="list-style-type: none"> ▶ Work with partners and other third parties: ▶ Commissioning services effectively to support the delivery of strategic priorities; and ▶ Procuring supplies and services effectively to support the delivery of strategic priorities. 	<p>In order to address this risk we carried out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Establish a timeline of events to ensure we have correctly covered all aspects of the NWES loan; ▶ Review the findings of internal audit and the cross-group working group commissioned by the Council to investigate the issue; ▶ Review the governance arrangements for setting up and issuing the loan; and ▶ Review the arrangements for monitoring and assessing the loan during the contract period and the Council's response to any issues identified. <p>The King's Lynn Innovation Centre (KLIC) project was presented by the Regeneration and Economic Development Officer to Cabinet in May 2012. In September 2012, Cabinet agreed in principle to the report from the Regeneration and Economic Development Panel and agreed to a loan of £2.5 million towards the capital cost of building KLIC. This loan was provided by New Anglia LEP (Suffolk CC) to the council, with onward lending to Norfolk & Waveney Enterprise Services (NWES) under the same terms and conditions. This loan was due to be repaid by NWES by 30 November 2018.</p> <p>In December 2012, Cabinet approved the details of the Heads of Terms of the Partnership Agreement. In addition to the loan, the Council also contributed £1 million as a grant, and the loan and grant amounts were paid on a phased basis during the KLIC construction. NWES contributed £500,000 towards the project, and the New Anglia LEP (Suffolk CC) funded via a grant to BCKLWN, an additional £500,000 for infrastructure.</p>

Value for Money

What are our findings?

The King's Lynn Innovation Centre (KLIC) project was presented by the Regeneration and Economic Development Officer to Cabinet in May 2012.

In September 2012, Cabinet agreed in principle to the report from the Regeneration and Economic Development Panel and agreed to a loan of £2.5 million towards the capital cost of building KLIC. This loan was provided by New Anglia LEP (Suffolk CC) to the council, with onward lending to Norfolk & Waveney Enterprise Services (NWES) under the same terms and conditions. This loan was due to be repaid by NWES by 30 November 2018.

In December 2012, Cabinet approved the details of the Heads of Terms of the Partnership Agreement. In addition to the loan, the Council also contributed £1 million as a grant, and the loan and grant amounts were paid on a phased basis during the KLIC construction. NWES contributed £500,000 towards the project, and the New Anglia LEP (Suffolk CC) funded via a grant to BCKLWN, an additional £500,000 for infrastructure.

In September 2016, the Council approved an additional loan of £250,000 to NWES, to meet final payments due to the main contractor engaged on the construction of the KLIC building. NWES were unable to meet these payments due to a cash flow shortfall.

In November 2018 NWES failed to repay the loan and NWES is indebted to BCKLWN for £2.75 million (£2.5 million initial loan plus a further £250,000).

Whilst some initial due diligence was performed into the partner body (NWES) at the commencement of the project, the Council did not perform regular due diligence reviews on NWES and therefore were not aware of the financial distress the partner organisation was under in 2018/19 financial year.

In addition, a number of key legal documents in relation to the KLIC building, remained unsigned at the commencement of the 2018/19 financial year.

These issues are evidence of weaknesses in proper arrangements for commissioning services effectively and procuring supplies and services effectively to support the delivery of strategic priorities.

Qualified conclusion - Except for

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, the Borough Council of King's Lynn and West Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Value for Money

What are our findings?

We are aware that Internal Audit undertook a review of this issue and reported to the Audit Committee on the 11 March 2019.

The Council had initially procured two further reviews following this report, but we understand that the Council has voted to close the outstanding inquiries.

The Internal Audit report contains 35 recommendations.

Without replicating the recommendations above, but whilst noting the significance of the matter to the Value for Money Conclusion, we make the following recommendations, which we expect the Council to address formally.

Recommendations:

1. The Council should address the actions raised within the Internal Audit report as a matter of priority and report their implementation to future Audit Committee meetings until all actions are discharged.
2. The Council should implement a formal process to continually assess the financial performance of partner bodies through a due diligence process and report these reviews to the appropriate responsible Member body.
3. The Council should ensure that all legal documents are signed by all the relevant parties prior to the commencement of any partnership working or funding of partnership workings.

Note: These recommendations are not issued under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

A blurred background image of a business meeting. Several people in professional attire are gathered around a wooden conference table. A woman with blonde hair is leaning forward, resting her chin on her hand, looking intently at documents on the table. Other people's hands and arms are visible, some pointing at the papers. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. The Council is below the specified audit threshold of £500 million.

Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any matters to report.

Report in the Public Interest

62 We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any formal objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We did not identify any issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Other Reporting Issues (cont'd)

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee dated the 20 January 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Council or the Audit Committee.

A background image showing a close-up of a filing cabinet. Several light-colored folders are visible, some containing stacks of papers. The folders are held in place by a grey plastic filing mechanism. The papers appear to be forms or documents, with some showing tables and text. The overall scene is organized and professional.

Section 6

Audit Fees

Audit Fees

In the Audit Results Report we indicated that we had carried out additional work as a result of the impact of Covid-19 that necessitated an additional audit fee. Having just concluded our audit procedures, we will now determine the quantum of the additional work that was required and discuss this with the Assistant Director of Finance, before seeking formal approval from the PSAA Ltd. We will report under a separate letter the final audit fees.

Description	Final Fee 2018/19 £'s	Planned Fee 2018/19 £'s	Scale fee 2018/19 £'s	Final Fee 2017/18 £'s
Total Audit Fee - Code work	TBC - See Note 1	42,494	42,494	58,291
Total Audit Fee		42,494	42,494	58,291

Note 1 - Audit Fee - 2018/19 Code work

The Council produces consolidated financial statements which in prior years have incurred a scale fee variation to reflect the additional work required for the consolidation including instructing and relying upon the component auditor and in reviewing the disclosures required to meet the group consolidation requirements of the Code of Practice and International Accounting Standards. This will incur an additional fee of £3,000.

We will also be seeking a further scale fee variation because of our reduced performance materiality level (50% of Planning Materiality) in 2018/19. This is due to the scale and nature of errors found in the 2017/18 audit. As a consequence of these errors, we will need to increase our sample sizes to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality. We have not included this further scale fee variation in the table above at this stage.

There will be a further scale fee variations in relation to:

- the increased audit procedures required to address the King's Lynn Innovation Centre risk in terms of the accounting treatment and Value for Money considerations;
- the poor draft financial statements provided for audit and their supporting working papers. This has led to significant increased number of audit issues and subsequently the significant additional audit time to clear those issues; and
- additional considerations of managements going concern assessment and related disclosure within the financial statements as a result of Covid-19.

As at 28 February 2020, the additional fee for audit procedure completed to that date, was agreed with the Interim Financial Services Manager (s151 Officer) and amounted to £25,000.

This does not account for all the issues identified above (such as Covid-19, Property, Plant and Equipment and other financial statement adjustments) for which additional audit procedures and audit time have been required and as of the date of this report are not concluded.

Having concluded the audit, we are currently quantifying this additional element and will discuss the total additional fee with the Assistant Director Resources/Section 151 Officer. We will report the final approved fee (approved by PSAA Ltd) to the Audit Committee by separate letter.

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Borough Council of King's Lynn & West Norfolk

Audit Plan

Year ended 31 March 2020

24 February 2021

Agenda Item 8



Audit Committee
Borough Council of King's Lynn & West Norfolk
Kings Court, Chapel Street
King's Lynn
Norfolk
PE30 1EX

24 February 2021

Dear Audit Committee Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Audit Committee meeting on 15 March 2021, as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Borough Council of King's Lynn & West Norfolk in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Borough Council of King's Lynn & West Norfolk those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Borough Council of King's Lynn & West Norfolk for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Linking to the risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment (PPE) as a specific fraud risk, given the extent of the Council's capital programme.
38 Valuation of Land and Buildings and Investment Properties	Significant risk	Increase in risk or focus	<p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are estimates which are subject to valuation changes, impairment reviews and depreciation charges. Following the pandemic outbreak of COVID-19 in the last quarter of 2019/20, the Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty over valuations.</p> <p>In addition, in the prior year we identified the need for material adjustments to be made to the values reported in the statements. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>
Pension Liability Valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council.</p> <p>The Council's pension fund liability (£67 million as at 31 March 2019) is a material estimated balance and the Code requires that the liability be disclosed on the Council's balance sheet.</p>

Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Group Consolidation	Inherent Risk	No change in risk or focus	<p>The Council prepares group accounts to consolidate Alive Management Limited, Alive West Norfolk, and West Norfolk Housing Company. The latter two companies have been consolidated into the Group accounts for the first time in 2019/20.</p> <p>The Council needs to ensure that the consolidation of the subsidiaries is undertaken in line with the relevant accounting standards and in line with the code of practice. We need to gain assurance from the component auditor of all three subsidiaries.</p>
39 Calculation of expected credit losses (NWES Loan)	Inherent risk	New area of focus	<p>In the previous financial year, the Council entered an agreement with Norfolk & Waveney Enterprise Services (NWES) for the repayment of their loan. An agreement had been signed that the KLIC building be treated as collateral against the loan, however the value of the building did not match the value of the loan.</p> <p>As a result the balance of the loan was impaired by the Council in 2018/19. The expected credit loss model for the remaining loan is complex, and there is a risk that further provision might be required.</p>
Classification of Grant Income	Inherent risk	New area of focus	<p>There were a number of audit adjustments in the previous financial period relating to the classification of grant income, as a number of grants were incorrectly classified as 'specific' in nature. This resulted in the overstatement of Net Cost of Services and the understatement of Taxation & Non-specific Grant Income, as well as impacting several other grant-related disclosure notes. We consider there to be a risk that these errors might re-occur in 2019/20.</p>

Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Incorrect classification of Assets Held for Sale	Inherent risk	New area of focus	<p>In the 2018/19 audit we identified a number of errors relating to the classification of Assets Held for Sale, where assets tested did not meet the criteria and the balance was overstated (with understatement of Property, Plant and Equipment).</p> <p>Given the nature of errors identified in the prior year, and given the balance has increased from £0.934 million to £9.803 million as per the draft 2019/20 statement of accounts, there is a higher inherent risk that the balance may not be materially correct.</p>
Preparation of Cash Flow Statement	Inherent risk	New area of focus	<p>In the previous financial period, we identified a number of issues with the cash flow statement where an incorrect format had been used and figures were inconsistent with the remainder of the statement of accounts. We therefore have an increased risk that similar issues might be present in the 2019/20 accounts.</p>
Impact of Covid-19	Inherent Risk	New area of focus	<p>The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. We have identified a specific risk related to Covid-19 in terms of key disclosure requirements, particularly in relation to Going Concern and Events after the Balance Sheet Date.</p>

Overview of our 2019/20 audit strategy

Materiality

Planning
materiality

£1.97m

(£2.06m for
the group)

Materiality has been set at £1.967 million (£2.056 million for the group), which represents 2% of the prior years gross expenditure on provision of services plus financing and investment expenditure.

Performance
materiality

£0.984m

(£1.03m for
the group)

Performance materiality has been set at £0.984 million (£1.028 million for the group), which represents 50% of materiality. This is based on the quantum of errors reported in the 2018/19 audit and the expectation that this level of error may be present within the 2019/20 draft financial statements.

Audit
differences

£0.098m

(£0.103m for
the group)

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £0.098m (£0.103m for the group). Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

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Audit team changes

The engagement team continues to be led by Mark Hodgson as the Lead Audit Partner. Mark has significant experience on local government audits and leads our Government & Public Sector practice across East Anglia. Mark is supported by Amalia Valdez Herrera who is taking on the role of Audit Manager at the Borough Council of King's Lynn & West Norfolk. Amalia is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team. The day-to-day audit team will be led by Rosanna Driver who has replaced Nichola Smith as the Lead Senior on the audit, and who has significant Local Government experience.

Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of the Borough Council of King's Lynn & West Norfolk give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of the Borough Council of King's Lynn & West Norfolk's audit, we have discussed these with management as to the impact on the scale fee - which is set out in Appendix A.



02 Audit risks



Audit risks

Our response to significant risks

Misstatements due to fraud or error *	What is the risk? <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p> <p>Linking to our risk of fraud we consider that the capitalisation of revenue expenditure on Property, Plant and Equipment is a specific area in which management override could manifest itself (see next page).</p>	What will we do? <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none">▶ Identifying fraud risks during the planning stages.▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.▶ Understanding the oversight given by those charged with governance of management's processes over fraud.▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.▶ Determining an appropriate strategy to address those identified risks of fraud.▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
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We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Our response to significant risks (continued)

Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure *

Financial statement impact

We have identified a risk of expenditure misstatements due to fraud or error that could affect the income and expenditure accounts.

We consider the risk applies to capitalisation of revenue expenditure and could result in a misstatement of cost of services reported in the Comprehensive Income and Expenditure statement.

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively (see above).

As the Council is more focused on its financial position over medium term, we have considered the risk of management override to be more prevalent in the inappropriate capitalisation of revenue expenditure on Property, Plant and Equipment (PPE) given the extent of the Council's capital programme.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Reviewing the appropriateness of revenue and expenditure recognition accounting policies and testing that they have been applied correctly during our detailed testing;
- ▶ Performing sample testing on additions to PPE to ensure that they have been correctly classified as capital and included at the correct value to identify any revenue items that have been inappropriately capitalised;
- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Our response to significant risks (continued)

Valuation of Property, Plant and Equipment (PPE) and Investment Property

Financial statement impact

We have identified a risk to reported asset valuations due to material judgemental inputs and estimation techniques applied.

We consider the risk applies to valuation of PPE and Investment Property and could result in a misstatement of the asset valuations reported in the balance sheet.

What is the risk?

The fair value of PPE and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The Council will be using its internal expert for 2019/20 to value the Council's asset base, who will apply a number of complex assumptions and assess the assets to identify whether there is any indication of impairment and changes to their useful life.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated.

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a "material uncertainty over valuations", specifically those for which the valuation methodology relies on market information (EUV and Fair Value methodologies).

For PPE valued under DRC basis, we reported material and pervasive errors in the 2018-19 audit results report due to errors in the valuation methodology and calculation. We identified significant weaknesses with the competence of the Internal Valuation team, and we note that the same team is in place in 2019-20.

What will we do?

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In order to address this risk we will carry out a range of procedures including:

- ▶ Review the output of the Authority's valuer;
- ▶ Challenge the assumptions used by the valuer by reference to external evidence;
- ▶ Review and sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test the journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements.
- ▶ Review the Authority's re-assessment of valuations carried out pre-Covid-19 outbreak to assess the material accuracy of the values reported as at the 31/03/2020;
- ▶ Consider the Authority's asset base by type of asset and valuation methodology, as impact from Covid-19 is likely to be more significant for assets valued on the basis of data from market transactions;
- ▶ Ensure the appropriate disclosure has been made in the accounts concerning the RICS material uncertainty; and
- ▶ Consider the use of EY Real Estates, our internal specialists on asset valuations.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £67 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Borough Council of King's Lynn & West Norfolk;
- ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Audit risks

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p><u>Group Consolidation</u></p> <p>The Council prepares group accounts and has a new group structure in 2019/20. It will be consolidating three subsidiaries: Alive Management Ltd., Alive West Norfolk, and West Norfolk Housing Company.</p> <p>In previous years, we identified a number of audit differences in relation to the group accounts, and the consolidation working papers provided were not of an appropriate standard. The Council needs to ensure that the consolidation of any subsidiaries within the Group Boundary is undertaken in line with the relevant accounting standards and in line with the code of practice.</p> <p>48</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Review the group assessment prepared by the Council, ensuring that the accounting framework and accounting policies are aligned to the Borough Council of King's Lynn & West Norfolk Council group; ▶ Scope the audit requirements for the subsidiaries based on their significance to the group accounts. Liaising with the external auditor of the subsidiaries and issuing group instructions that detail the required audit procedures they are to undertake in order to provide us with assurance for the opinion we will issue on the group accounts; ▶ Reviewing the outcomes of the component auditor's work; and ▶ Ensuring that appropriate consolidation procedures are applied when consolidating relevant entities into the BCKLWN group accounts.
<p><u>Calculation of Expected Credit Loss (NWES Loan)</u></p> <p>In November 2018 Norfolk & Waveney Enterprise Services (NWES) became indebted to the Council after failing to repay a loan for £2.75 million.</p> <p>An agreement had been signed that the KLIC building to be treated as collateral against the loan. As a result, in the 2018/19 audit, we revisited the application of the expected credit loss model for the remaining loan with NWES. Following on from these procedures, an audit adjustment was required to recognise an 85% credit loss against the loan (£0.951 million).</p> <p>There is a risk around the calculation of expected credit loss in the 2019/20 accounts and the reasonableness of methodology and assumptions.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Review the Council's calculation of the expected credit loss model; and ▶ Test that accounting entries have been correctly processed in the financial statements.

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

What will we do?

Classification of Grant Income

In the 2018/19 audit, we reported material audit differences as a number of grants were incorrectly classified as 'specific' in nature, resulting in the overstatement of Net Cost of Services and the understatement of Taxation & Non-specific Grant Income. This resulted in other disclosure adjustments required to update grant-related notes.

There is a risk that grant income may be misclassified resulting in the under/over statement of net cost of services income.

In order to address this risk we will carry out a range of procedures including:

- ▶ Sample test grant income to underlying central government (or other appropriate) notifications;
- ▶ Review conditions of grants and check accounting treatment is appropriate.

Incorrect classification of Assets Held for Sale

In the 2018/19 audit we identified a number of errors relating to the classification of Assets Held for Sale, where assets tested did not meet the criteria and the balance was overstated (with understatement of PPE).

Given the nature of errors identified in the prior year, and given the balance has increased from £0.934 million to £9.803 million as per the draft 2019/20 Statement of Accounts, there is a risk that the balance may be misstated.

In order to address this risk we will carry out a range of procedures including:

- ▶ Sample test assets held for sale and check that items meet criteria
- ▶ Review sales documentation from after the year-end to check that assets classified as held for sale as at 31 March 2020 were subsequently sold

Preparation of Cash Flow Statement

In the prior year, we identified a number of issues with the cash flow statement in the initial 2018/19 draft accounts where an incorrect format had been used and figures were inconsistent with the remainder of the statement of accounts. This resulted in a revised cash flow statement being prepared, and various adjustments were made across several line items.

In order to address this risk we will carry out a range of procedures including:

- ▶ Review cash flow statement and check internal consistency to the primary statements and disclosure notes
- ▶ Review presentation of the cash flow statement and associates notes are in line with the CIPFA Code of Practice

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

What will we do?

Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the Council are not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.



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03

Value for Money Risks





Value for Money

Background

We are required to consider whether Borough Council of King's Lynn & West Norfolk has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

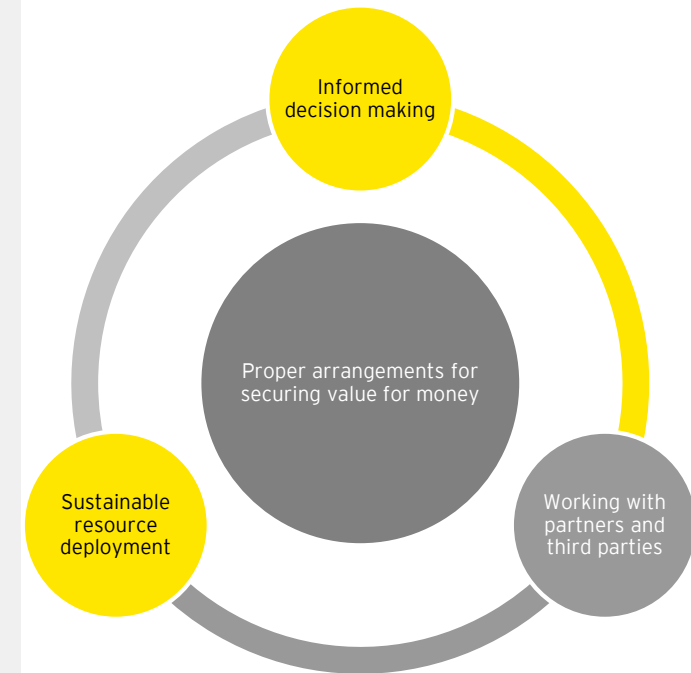
By considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
Sustainable resource deployment: Achievement of savings needed over the medium term	<p>To date the Council has responded well to the financial pressure resulting from the continuing economic downturn.</p> <p>However, the Council's Medium Term Financial Strategy 2019 to 2024 has identified a total budget shortfall of £6.8 million over the period, as set out below:</p> <ul style="list-style-type: none">▸ 2020/21 = £0.163 million▸ 2021/22 = £1.123 million▸ 2022/23 = £2.470 million▸ 2023/24 = £3.070 million <p>Whilst the Council plans to utilise General Fund reserves to cover the shortfall in the period to 2023, this would reduce the General Fund reserve balance to the minimum level prescribed by the statutory finance officer. This level would then not be sufficient to cover the identified shortfall in 2023/24.</p> <p>It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for future years.</p> <p>There is therefore a risk that the Council does not identify savings or increased income to close the funding gaps.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none">▸ Assess the adequacy of the Council's budget monitoring process, comparing budget to outturn;▸ Challenge the robustness of key assumptions used in medium term planning;▸ Review the Council's approach to identifying savings schemes and testing the robustness of the delivery programme; and▸ Test the adequacy of Council's calculation on its use of reserves and assess the remaining General Fund balance.



04

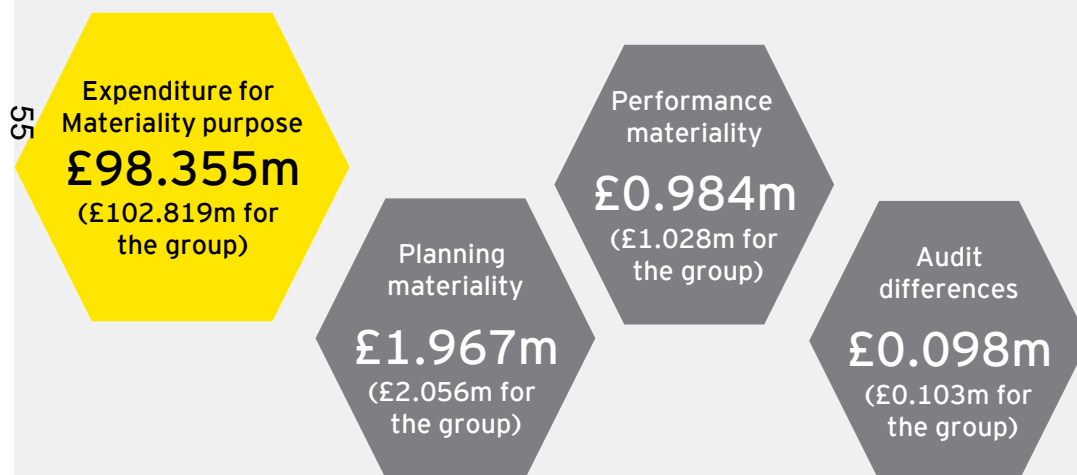
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £1.967 million. This represents 2% of the Council's prior year gross expenditure on net cost of services plus financing and investment expenditure and other operating expenditure. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.984 million which represents 50% of planning materiality. We have considered a number of factors such as the number of errors in the prior year and any significant changes when determining the percentage of performance materiality. We have reduced this figure based on the number of errors identified in the prior year.

Component performance materiality range - we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group. This part of the planning process is still ongoing.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit Committee, or are important from a qualitative perspective.

Specific materiality - We have set a lower materiality for Senior Officer's Remuneration, Members' Allowances and Exit Packages disclosures which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



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05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:


- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

 We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit:

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scope of our audit

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.

Nil	Full scope audits
3	Specific scope audits
Nil	Review scope audits
Nil	Specified procedures
Nil	Other procedures

Alive Management Ltd, Alive West Norfolk, and West Norfolk Housing are wholly owned subsidiaries of the Council. The principal activities of the companies are to provide services for Leisure and Housing.

Scope definitions

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Scope of our audit

Scoping the group audit (continued)

Coverage of Revenue and Expenditure

Based on the group's prior year results, our scoping is expected to achieve the following coverage of the group's net cost of service revenue and group's net cost of service expenditure.

Revenue

7%

of the group's provision of services revenue will be covered by specific scope audits, with the remainder covered by the single entity's audit.

Expenditure

5%

of the group's provision of services expenditure will be covered by specific scope audits, with the remainder covered by the single entity's audit.



Our audit approach is risk based and therefore the data above on coverage is provided for your information only.

Alive Management Ltd, Alive West Norfolk, and West Norfolk Housing will be audited by Ensors, a non-EY member firm, who will confirm their independence via our group instructions.

Key changes in scope from last year

There are 2 more subsidiaries that are now in scope in 2019/20: Alive West Norfolk, and West Norfolk Housing. Alive Management Ltd. has remained a significant component, categorised as specific scope.

Details of specified procedures

In order to provide us a reasonable assurance over the three subsidiaries, we will request the component team to perform specified procedures in relation to what we identify as significant accounts in each.

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below.

- We provide specific instruction to component team and our expectations regarding the detailed procedures;
- We set up initial meeting with component team to discuss the content of the group instructions;
- We will consider the need to perform a file review of component team's work where appropriate; and
- We will attend a closing meeting with component team to discuss their audit procedures and findings.



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06

Audit team



Overview of our 2019/20 audit strategy

Audit team changes

Key changes to our team.

Mark Hodgson
Lead Audit Partner

Amalia Valdez
Herrera
Audit Manager

Rosanna Driver
Lead Senior


Audit team

The engagement team continues to be led by Mark Hodgson as the Lead Audit Partner. Mark has significant experience on local government audits and leads our Government & Public Sector practice across East Anglia. Mark is supported by Amalia Valdez Herrera who is taking on the role of Audit Manager at the Borough Council of King's Lynn & West Norfolk. Amalia is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team. The day-to-day audit team will be led by Rosanna Driver who has replaced Nichola Smith as the Lead Senior on the audit, and who has significant Local Government experience.

Use of specialists

Our approach to the involvement of specialists, and the use of their work.

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Internal valuation team, EY Real Estate Valuation Team (Where necessary)
Pensions disclosure	EY Actuaries, PwC (Consulting Actuary to PSAA) and Hymans Robertson (the Council's actuary)
 Fair Value Investment Measurement	Link Asset Services (the Council's Treasury Advisor)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



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07

Audit timeline





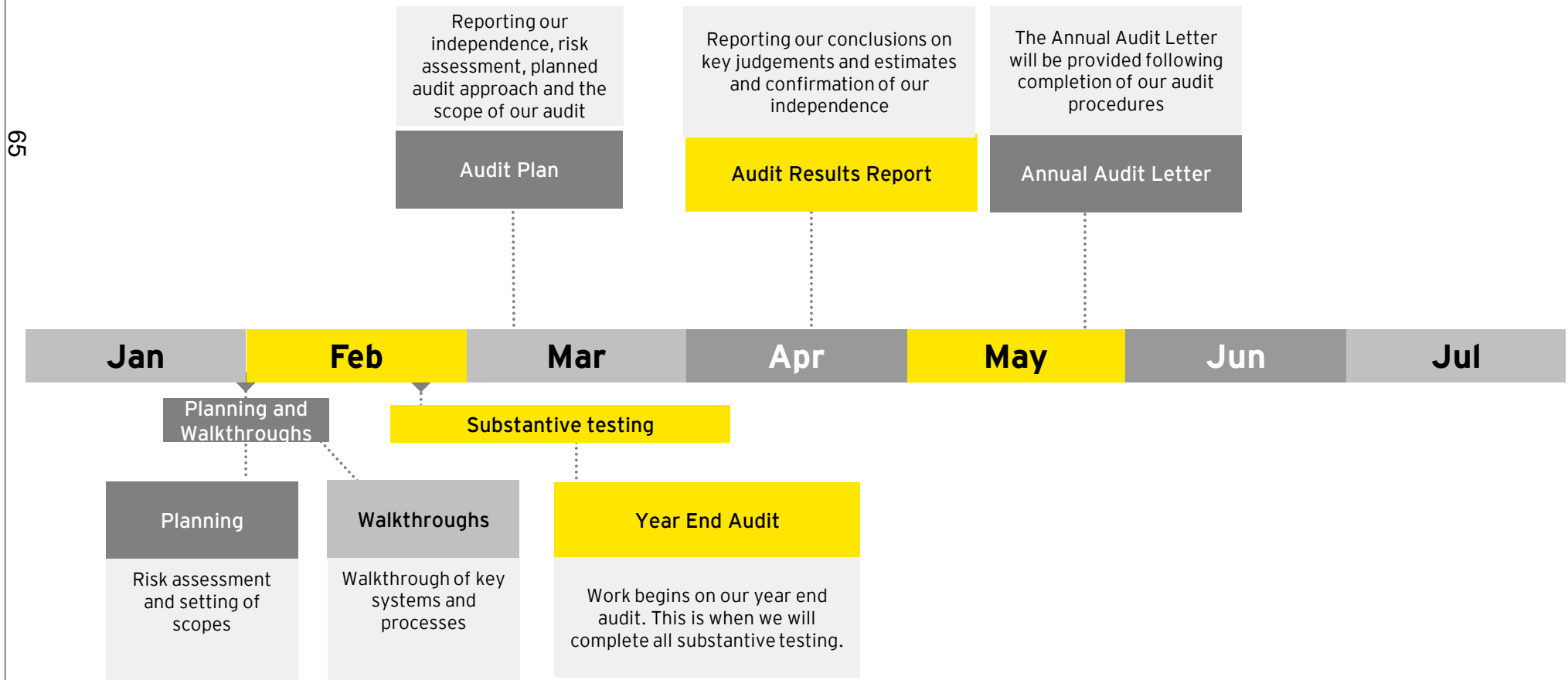
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 24%. This is based on the planned fee for the agreed upon procedures work for the Housing Benefits certification work. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

Description of service	Related independence threat	Period provided/duration	Safeguards adopted and reasons considered to be effective
We have been engaged to undertake the audit of the Housing Benefits Subsidy Claim 2019/20. The agreed upon procedures on the certification arrangements are due to start in March. Our current fee level is £20,475 however we will update you should this amount change.	Self review threat - figures included in the return are also included in the 2019/20 financial statements.	Relates to 2019/20 return for the period to 31 March 2020.	We have assessed the related threats to independence and note that certain figures in the return are included in the financial statements. The agreed upon procedures focus on the specific requirements of the certification arrangements and we place limited reliance on this work for the purposes of the financial statements audit. No other threats to independence have been identified.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.



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Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£'s	£'s	£'s
Total Fee - Code work	39,494	39,494	(Note 1)
Changes in work required to address professional and regulatory requirements and scope associated with risk	40,956 (Note 2)	-	-
Additional work required for Covid-19 considerations (See Note 3)	To be confirmed	-	-
Total audit fees	To be confirmed	39,494	(Note 1)

All fees exclude VAT

Note 1 - The 2018/19 final fee is being concluded following the completion of the audit.

It will be discussed in detail with the Assistant Director - Resources before being subject to formal approval by the PSAA Ltd

Note 2 - For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Council (including the 2 new entities that are now consolidated into the group): £20,277
- Additional work to address increase in Regulatory standards: £18,752
- Client readiness and IT support for Data Analytics: £1,927

This revised scale fee has been discussed with management and is subject to review and approval by the PSAA Ltd.

Note 3 - We will have to perform additional audit procedures to respond to the audit risks pertaining to Covid-19. We cannot quantify the fee impact of the resulting work at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Audit Letter

The agreed fee presented is based on the following assumptions:

- ▶ The level of risk in relation to the financial statements and VFM arrangements remains the same;
- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.




If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B

Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.

		 Our Reporting to you
Required communications	 What is reported?	
		 When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Plan - February 2021
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - April 2021
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - April 2021

Appendix B

Required communications with the Audit Committee

		Our Reporting to you
Required communications	What is reported?	When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report - April 2021
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report - April 2021
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - April 2021
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence. 	Audit Plan - February 2021; and Audit Results Report - April 2021

Appendix B

Required communications with the Audit Committee

Required communications	What is reported?	Our Reporting to you When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - April 2021
Consideration of laws and regulations 75	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report - April 2021
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - April 2021
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - April 2021
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - April 2021
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - April 2021
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan - February 2021 Audit Results Report - April 2021

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.



Appendix C

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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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
16 March 2021						
	Norfolk Strategic Planning Framework document (v3 2020)	Key	Cabinet	Development Exec Dir – G Hall		Public
69	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)
	Southend Road, Hunstanton	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)
	Standing Order referrals back from Council	Non	Council	Leader Monitoring Officer		Public
	Public Sector Decarbonisation Scheme	Key	Cabinet	Climate Change and Commercial Services Asst Dir – Env and Planning		Public
	Creation of CIL spending Panel	Non	Cabinet	Development Monitoring Officer		Public

	The provision of Internal Audit services	Non	Cabinet	Leader Asst Dir M Drewery		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
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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
10 May 2021						
08	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)
	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)
	Fens Biosphere	Non	Cabinet	Climate Change and Commercial Services Asst Director – S Ashworth		Public
	Food Waste Collection	Key	Council	Environmental Services and Public Protection		Private - Contains exempt

				Asst Dir Operations and Commercial – M Chisholm		Information under para 3 – information relating to the business affairs of any person (including the authority)
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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
15 June 2021						
81	Revenue Outturn 2020/2021	Key	Cabinet	Leader Asst Dir - M Drewery		Public
	Capital Programme and Resources 2020-2025 Outturn	Key	Cabinet	Leader Asst Dir - D Drewery		Public
	Tree Planting Strategy	Non	Cabinet	Climate Change and Commercial Services Asst Director – S Ashworth		Public
	Local Plan Review Documentation – Pre Submission	Key	Council	Development Exec Dir – G Hall		Public
	Norfolk Strategic Planning Framework – Green Infrastructure and Recreational Impact Avoidance and Mitigation Strategy (GI / RAMS)	Key	Cabinet	Development Exec Dir – G Hall		Public
	Pay Award 2021-22	Non	Cabinet	Leader Exec Dir – D Gates		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
3 August 2021						
	Update to the Major Project Board Terms of reference	Non	Cabinet	Leader Asst Dir Property & Projects – M Henry		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
21 September 2021						

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
16 November 2021						

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
11 January 2022						

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
8 February 2022						
	Budget	Key	Council	Leader S151 Officer Asst Dir Resources		Public

	Capital Programme	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Treasury Management Strategy	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Capital Strategy	Key	Council	Leader S151 Officer 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
15 March 2022						

AUDIT COMMITTEE WORK PROGRAMME 2021/2022

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
7 June 2021	Appointment of Vice Chair for the Municipal Year 2021/2022			To appoint a Vice Chair for the Municipal Year 2021/2022.
7 June 2021	Corporate Risk Register – Half Yearly Update	Update	G Greaves	To receive the half yearly update report
7 June 2021	Draft Annual Governance Statement covering the previous financial year 2019/2020	Draft	G Greaves	To receive the draft Annual Governance Statement covering the previous financial year.
7 June 2021	Draft Statement of Accounts 2019/2020 and External ISA 260 Report	Draft	M Drewery	To receive the Draft Statement of Accounts.
7 June 2021	Treasury Outturn Report 2019/2020		R Wilson/ M Drewery	To receive the 2019/2020 Treasury Outturn Report.
7 June 2021	Internal Audit Annual Report and Opinion covering the previous financial year	Annual	Audit Manager	To receive the annual report and opinion covering the previous financial year.
7 June 2021	Internal Audit Full Year Progress Report covering the previous financial year	Annual	Audit Manager	To receive the half-year progress report covering the previous financial year.

DATE MEETING	OF	TITLE	TYPE REPORT	OF	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
7 June 2021		Major Projects Board – Update	Update		Chair	To receive an update from the Chair.
7 June 2021		Cabinet Forward Decisions List				To identify any items to be considered by the Audit Committee.
7 June 2021		Work Programme 2021/2022				To identify any items for the work programme.
26 July 2021		External Auditors; Report and ISA 260 Report for the previous financial year <i>(in a normal year)</i>	Annual		External Auditors	
26 July 2021		Statement of Accounts for previous financial year – sign off <i>(in a normal year)</i>	Annual		M Drewery	
26 July 2021		Annual Governance Statement covering the previous financial year 2020/2021 <i>(in a normal year)</i>	Annual		G Greaves	
26 July 2021		Quarterly Budget Monitoring	Quarterly		M Drewery	
26 July 2021		Treasury Outturn Report 2021/2021	Annual		R Wilson/ M Drewery	To receive the 2020/2021 Treasury Outturn Report.
26 July 2021		Draft Statement of Accounts <i>(in a normal year)</i>	Annual		M Drewery	
26 July 2021		Major Projects Board – Update	Update		Chair	To receive an update from the Chair.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
26 July 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
26 July 2021	Work Programme 2021/2022			To identify any items for the work programme.
6 September 2021	Business Continuity Update	Annual - Update		To receive the annual update report.
6 September 2021	Insurance Claims		M Drewery	
6 September 2021	Quarterly Budget Monitoring	Quarterly	M Drewery	To receive the quarterly monitoring report.
6 September 2021	Major Projects Risks (6 month review)	Review	M Henry	To receive a 6 month review.
6 September 2021	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
6 September 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
6 September 2021	Work Programme 2021/2022			To identify any items for the work programme.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
22 November 2021	External Auditors' report and ISA 260 for the previous financial year (<i>in a Covid year</i>)	Annual	External Auditors	
22 November 2021	Statement of Accounts for previous financial year (<i>in a Covid year</i>)		M Drewery	
22 November 2021	Annual Governance Statement covering the previous financial year (<i>in a Covid year</i>)		G Greaves	To receive the Annual Governance Statement covering the previous financial year.
22 November 2021	Corporate Risk Register – half yearly update	Update	G Greaves	The Committee to receive the half yearly update report.
22 November 2021	Internal Audit Half Year Progress Report	Progress	Internal Audit Manager	To receive the half year progress report.
22 November 2021	Mid-Year Treasury Report	Mid-Year	M Drewery/ R Wilson	The Committee to receive the mid-year report.
22 November 2021	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
22 November 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
22 November 2021	Work Programme 2021/2022			To identify any items for the work programme.
28 February 2022	Draft Annual Governance Statement covering the current financial year	Annual – Draft	G Greaves	To receive the draft Annual Governance Statement for the current financial year.
28 February 2022	Quarterly Budget Monitoring Report	Monitoring – Quarterly	M Drewery	To receive the quarterly budget monitoring report.
28 February 2022	Strategic External Audit Plan for the following Financial Year	Strategic	External Auditors	External Auditors to present the strategic external audit plan.
28 February 2022	Strategic Internal Audit Plan for the following Financial Year	Strategic	Internal Audit Manager	To receive the Strategic Internal Audit Plan for the following Financial Year.
28 February 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
28 February 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
28 February 2022	Work Programme 2021/2022			To identify any items for the work programme.
14 March 2022	External Audit Plan	Annual	External Auditors – Ernst and Young	
14 March 2022	Internal Audit Plan	Annual	Internal Audit Manager	

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
11 April 2022	Insurance Claims		M Drewery	
11 April 2022	Major Projects Risks – (6 month review)	Review	M Henry	To receive a 6 month review report.
11 April 2022	EXEMPT: Risk Base Verification Policy update	Update Exempt –		To receive the exempt report on the Risk Base Verification policy.
11 April 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
11 April 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
11 April 2022	Work Programme 2021/2022			To identify any items for the work programme.

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
Housing Benefit Subsidy Report
Internal Audit Terms of Reference
Audit Committee Terms of Reference (revised draft from 17 December 2020)
Audit Committee Effectiveness Report 2020/2021 (2019/2020 report went to AC 27 July 2020)
Final Report of the Cross Party Working Group

Continuation of the Cross Party Working Group
Risk Management Policy and Strategy Review
Record Retention and Disposal Policy Review

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