

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

**Minutes from the Meeting of the Audit Committee held on Monday, 20th February, 2023 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:**

Councillors A Bubb (substitute Councillor I Devereux), Mrs J Collingham, P Gidney, J Moriarty (substitute Councillor A Ryves), C Morley, J Rust, M Storey, A Ware (substitute Councillor J Lowe) and D Whitby (substitute Councillor C Manning)

**Portfolio Holder:**

Councillor Mrs A Dickinson, Finance

**Officers:**

Michelle Drewery, Assistant Director – Resources/Management Team Representative

Ged Greaves, Senior Policy and Performance Officer

Faye Haywood, Internal Audit Manager

Carl Holland Financial Services Manager

Wendy Vincent, Democratic Services Officer

**A62 APPOINTMENT OF CHAIR**

**RESOLVED:** That Councillor Mrs J Collingham be appointed Chair for the meeting.

**A63 APPOINTMENT OF VICE-CHAIR**

**RESOLVED:** Councillor C Morley was appointed Vice-Chair for the meeting.

**A64 APOLOGIES**

Apologies for absence were received from Councillors I Devereux, J Lowe, C Manning and A Ryves.

**A65 MINUTES**

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The minutes of the meeting held on 21 November 2022 were agreed as a correct record and signed by the Chair.

**A66**      **DECLARATIONS OF INTEREST**

There were no declarations of interest.

**A67**      **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

**A68**      **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

**A69**      **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

**A70**      **CORPORATE RISK REGISTER**

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The Committee was provided with background on what the Corporate Risk Register was and how it was developed and how it had been reshaped reducing the number of entries from 40 to 14 strategic risks.

The Corporate Performance Manager explained that the report presented an updated version of the register as at December 2022. The report gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

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

The Corporate Performance Manager referred to an idea raised in a sifting meeting for the Committee and since been explored by Management Team was whether the Committee may be minded to rather than review entire risk register at each meeting to take one or two risks to have a deeper dive and the relevant officers be in attendance to answer any questions from the Committee.

The Chair thanked the Corporate Performance Manager for the report and commented that previous discussion of the Committee had been to pair Members to take a subject heading. In response, the Corporate Performance Manager explained that could be an alternative approach. The Chair invited the Committee who was present at the previous meeting for views on how this could be taken forward. Councillor Rust added that it was felt a good idea to address in this way but believed there may have been concern expressed in doing so. In conclusion, the Chair explained that it was a very detailed report and she was keen

to split off the areas of the risk register either by considering a subject heading at each meeting or divide into pairs to consider a subject.

Councillor Morley explained that the Audit Committee had said that an executive summary would be useful and for Members to look at the groupings of risks, for example, finance, devolution, etc in depth. Councillor Morley referred to the Corporate Business Plan – the 6 groupings and added that the Committee could look at those groupings and associated risks meeting the corporate objectives. Councillor Morley stated that it was difficult to connect the Corporate Business Plan, Corporate Risk Register and performance indicators.

The Chair, Councillors Mrs J Collingham favoured the approach to take the Risk Register by topic and explore the associated risks as explained by the Corporate Performance Manager.

Councillor Rust asked if any decisions made by the Committee would be taken forward following the May 2023 election. Councillor Rust referred to the Shareholder Committee and asked if an entry was included within the risk register as it was the responsibility of the Audit Committee. In response, the Corporate Performance Manager responded to say that this was a specific risk relating to the Council's wholly owned companies and the Shareholder Committee was a mitigation measure. The Chair, Councillor Mrs Collingham commented that the Committee should plough on and would like to make a strong recommendation to look at topic headings at each future meeting.

In response to comments and questions from the Committee, the Internal Audit Manager highlighted that the Internal Audit team were required to support the Committee by looking at the corporate aims and objectives, ascertaining performance in relation to those and reviewing the associated risks. The team was responsible for providing a view on whether risks were being mitigated by providing independent assurance back to the Committee.

The Corporate Performance Manager explained that one of the considerations was for the relevant officers being present to support the Committee's deliberations and questions about particular risks. Councillor Devereux, Chair of the Audit Committee had suggested that work programme could be developed over a period and the topics could be split out of the risk register and look at a high risk at each Audit Committee meeting.

Councillor Gidney added that it was a complex document and that his view he would like to concrete on the areas at risk rather than the whole register and asked if the register could be summarised and highlight the areas at risk, etc.

The Chair, Councillors Mrs Collingham stated that the Committee would like to look at how to reorganise/format the risk register so that Members could identify the areas which were most at risk.

The Assistant Director, Resources responded to questions from Councillor Moriarty in relation to the Pension Fund and upfront payments and advised that there was a recommendation in the Financial Plan which would be considered by Full Council on 23 February 2023 . Councillor Rust highlighted the importance of understanding the implications on the pay award 2023/24 at the earliest opportunity. The Assistant Director, Resources undertook to discuss the comments made with the relevant Assistant Director and respond to the Committee.

In response to comments made by Councillor Moriarty on page 28 – progress against the National housing delivery figures published in November being assessed as part of the Local Plan review process and date of the anticipated Examination and how much up dating was going on, the Corporate Performance Manager explained that he had tried to do distinguish between new and old text, new text was in italics and undertook to discuss this point with the relevant Assistant Director for a more up to date response and forward the information to the Committee.

Councillor Moriarty stated that he had a number of questions to ask and would send an email to the Corporate Performance Manager for a response and advised that he would circulate both the questions to the Committee.

Councillor Morley recommended that for those Councillors on the Audit Committee post the May 2023 elections that they read the Government Orange Book and that Members should focus on the outcomes from Internal Audit and undertake a deep dive as appropriate. In conclusion, Councillor Morley commented that the Audit Committee should signpost Members on the next Audit Committee as appropriate.

The Chair, Councillor Collingham outlined the importance of the current Audit Committee signposting Members on the Audit Committee post May 2023 Elections.

**RESOLVED:** The Committee considered the Corporate Risk Register as at December 2022 and confirmed agreement with Management Team’s assessment of the risks to the corporate business plan.

A71

### **AUDIT COMMITTEE INDEPENDENT PERSONS**

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The Internal Audit Manager presented the report which outlined the proposal for appointing Independent Person(s) to the Audit Committee.

The Committee’s attention was drawn to the key issues set out in the report.

The Chair, Councillor Mrs Collingham commented that the Committee would benefit from the input of an Independent Person and asked questions on the recruitment process.

Councillor Morley added that he was in favour of an Independent Person and outlined the benefits to the Audit Committee. Councillor Morley commented that the present Audit Committee could signpost the next Administration to appoint an Independent Person.

Councillor Rust commented that it was a good idea and stated that two other Norfolk Councils who had appointed an Independent Person offered a modest allowance together with travel and subsistence expenses. The demand for an Independent Person could be high but supported the appointment of an Independent person to enable openness and transparency.

The Chair, Councillor Mrs Collingham concurred with the comments made by Councillors Morley and Rust.

In response to questions from Councillor Moriarty on experience from other councils, the Internal Audit Manager explained that she was aware that other Councils had opted to appoint two independent persons at once but locally the decision had been made to appoint one after the elections.

The Chair, Councillor Mrs Collingham thanked the Internal Audit Manager for the report.

**RESOLVED:** The Committee discussed the report and if in principle agreed the appointment of an Independent Person(s) to the Audit Committee.

A72

### **AUDIT COMMITTEE SELF-ASSESSMENT QUESTIONNAIRE/ OUTCOMES**

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The Internal Audit Manager explained that the Audit Committee carried out a self-assessment discussion on 26 September 2022 facilitated by the Internal Audit Manager. The results of the assessment were provided within the report, to allow the Committee to track progress made against agreed actions and to make any amendments based on the current position.

It was noted that this was the first time the Audit Committee had undertaken a self-assessment exercise and as a result, actions had been identified to ensure full compliance with best practice.

The Internal Audit Manager advised that in conclusion, the Audit Committee self-assessment had indicated that the Committee felt it was acting broadly in line with best practice and could demonstrate that it was adding value to the Council through its role and terms of reference. This exercise would be carried out annually and improvement actions tracked in the Audit Committee work plan to ensure completion.

In response to questions from Councillor Bubb on the questionnaire, the Internal Audit Manager explained that she had facilitated a self-assessment exercise in September 2022 and had used the CIPFA documentation. Members of the Audit Committee had answered questions and had different views as to what worked in reflection to the Committee's Terms of Reference.

Councillor Moriarty commented that previously a training session/briefing had been the first item on the Agenda and asked why this had not been continued. In response, the Internal Audit Manager outlined the areas of training that could be offered to the Committee.

The Chair, Councillor Mrs Collingham added that the Committee used to having training prior to the formal meeting and highlighted the importance of training on a regular basis. In response, the Internal Audit Manager explained that she had noted the request for regular training as an action to take forward.

Councillor Morley referred to a meeting held in 2017 when it had been recommended that training should be undertaken by Members of the Audit Committee and substitutes.

Councillor Morley stated that the data presented to the Audit Committee should be in an understandable format and not too technical and that training was required to understand the facts being presented.

In response to questions raised regarding the gaps in knowledge within the self-assessment questionnaire, the Assistant Director – Resources explained that there was an officer action plan which would deliver the correct training and added that audit training had also been included in the Members Induction Programme following the May 2023 elections.

Councillor Rust welcomed audit training being included in the Members Induction Programme and commented that it was necessary to undertake the self-assessment exercise to ascertain if the Committee was doing their job properly and concurred with the views expressed on the importance for regular training.

Councillor Storey added that he was in favour of receiving regular training in relation to topics considered by the Committee and commented that in his view it was up to the individual Councillors to ask officers if they did not understand the information to be presented.

Councillor Gidney stated that he was also in favour of receiving training to assist the Committee to understand the data presented.

Councillor Morley proposed an additional recommendation c) which was seconded by Councillor Mrs Collingham and agreed by the Committee:

It is mandatory for Audit Committee Members to undertake appropriate induction and regular refresher training and that officers present data in a manner which is more understandable.

**RESOLVED:** In reviewing the areas of partial and non-compliance identified by the self-assessment process and reported at Appendix 1 to the Report, the Audit Committee resolved that:

- (a) the Improvement Plan for outcomes which would deliver and therefore demonstrate, that best practice in Audit had been adopted, would be put into practice;
- (b) it shall be mandatory, for Members to be eligible to vote at Audit Committee, to undertake appropriate induction and regular refresher training; and
- (c) Officers will present reports and data in a manner which is more concise, understandable and complimentary with and to, the training programme.

A73

### **MID-YEAR TREASURY REPORT 2022/2023**

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The Financial Services Manager presented the report and explained that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) and remained fully compliant with its requirements. One of the primary requirements of the Code was receipt by Council of a Mid-Year Review Report.

It was explained that the Mid-Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered the following:

- A review of the Treasury Management Strategy.
- The Council's capital expenditure (prudential indicators).
- An economic update for the first six months of 2022/23.

Additional Supporting Information:

- Appendix 1 – Economic Outlook.

- Appendix 2 – Investments as of 30 October 2022.
- Appendix 3 – Borrowing as of 30 October 2022.
- Appendix 4 – Prudential Indicators.

The Financial Services Manager and Assistant Director, Resources responded to questions and comments in relation to

- Capital Programme forecast and expenditure.
- Working capital available and cash flow.
- Impact of the rise in interest rates on Council services.
- Investments
- Reserves set out in the current financial plan.
- General Fund required to balance the budget.

The Chair, Councillor Mrs Collingham thanked the Financial Services Manager for the report.

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

A74

#### **MONTHLY BUDGET MONITORING REPORT FOR PERIOD 7**

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The Committee was informed that the report had been published on Mod Gov on 23 January 2023.

The Financial Services Manager presented the Budget Monitoring Report – October 2022 and highlighted the following sections of the report:

- Summary.
- Revenue Budget 2022/2023 – Budget Summary, Turnover Savings, Opportunities, Risks.
- Capital – Budget and Spend 2022/23, Notes to Capital Budget Revisions and Movement table.
- Reserves – Budget Revisions and Movements: Ring Fenced Reserves, Service Delivery.
- Age Debt Analysis
- Council Tax and Business Rates.
- Treasury Management 2022/23 – Prudential Indicators, Loans, Investments.
- Conclusion.
- Appendix A – Budget Monitoring Variances October 2022.
- Appendix B – Capital Programme 2021/2026.
- Appendix C – Limits and Purposes for Earmarked Reserves.
- Appendix D – Age Debt Analysis – Period 7.



The Financial Services Manager responded to questions from Councillors Morley and Moriarty in relation to service charges including trade waste.

In response to questions from Councillor Rust regarding the income received from the Pontoons, the Financial Services Manager advised that he did not have the information to hand but would email a response.

Following a question from Councillor Rust on Appendix A and the cost of the Pontoons to the Council, the Financial Services Manager undertook to forward the information requested to the Audit Committee.

The Financial Services Manager responded to questions from Councillor Rust on the budget variance and items which had not been budgeted for example, business rates cleaning, rent for careline, etc.

In response to a question from the Chair on why there had been a reduction in the income from Careline, the Financial Services Manager explained that there had been a change in demand and had therefore not generated the same level of income as previously.

The Assistant Director, Resources responded to questions from Councillor Morley on the Council renting out office accommodation to external organisations and provided an overview of the work currently being undertaken with regard to hybrid/flexible working arrangements.

**RESOLVED:** The Committee noted the Budget Monitoring Report – October 2022.

A75

### **UPDATE ON AUDIT PROGRESS AND TIMETABLE**

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The Assistant Director, Resources provided a verbal update and explained that contact had been made with the External Auditors for dates to complete the 2019/2020 Statement of Accounts and to progress work on the 2020/2021 Statement of Accounts and advised that a holding response had been received explaining that potential dates were being looked at but not yet scheduled.

**RESOLVED:** The Committee noted the update report.

A76

### **COMMITTEE WORK PROGRAMME**

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Officers advised that the items scheduled for 13 March 2023 would not be available and would need to be considered at the April meeting. It

was proposed that the 13 March meeting be cancelled subject to consultation and agreement with the Chair of the Audit Committee.

The Committee noted the work programme.

A77 **CABINET FORWARD DECISIONS LIST**

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The Committee noted the Cabinet Forward Decisions List.

A78 **DATE OF NEXT MEETING**

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Subject to consultation with the Chair it was proposed and agreed by the Committee to cancel the 13 March meeting, the next meeting of the Audit Committee will take place on 17 April 2023 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

**The meeting closed at 6.29 pm**