

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 24th June, 2024 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

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

Portfolio Holders

Councillor C Morley
Councillor A Beales

Officers:

Michelle Drewery – Assistant Director, Resources/Section 151 Officer
Jamie Hay- Senior Internal Auditor
Natalie Gourley- Senior Internal Auditor
Emma Briers- Democratic Services Officer
Teresa Sharman- Head of Internal Audit
Jo Stanton- Revenues and Benefits Manager
Ged Greaves- Senior Corporate Governance & Risk Officer/Climate Change Manager

A172 **APOLOGIES**

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Apologies were received from Councillor Beal and Councillor Dark.

A173 **MINUTES**

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RESOLVED: The Minutes from the meeting held on 22nd April 2024 were agreed as a correct record and signed by the Chair.

A174 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A175 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business under Standing Order 7

A176 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no members present pursuant to Standing Order 34.

A177 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was none.

A178 **APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR 2024/2025**

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RESOLVED: That Councillor Bone be appointed Vice Chair of the Committee for the 2024/2025 Municipal Year.

A179 **RISK REGISTER UPDATE**

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

The Senior Corporate Governance and Risk Officer/Climate Change Manager presented the Risk Register Update.

The Senior Corporate Governance and Risk Officer/Climate Change Manager advised the Committee the risk was influenced by external factors such as the economy. He further advised that since the last review three matters had emerged: short term cash flow issue, issues following a sub-contractor to Lovell Homes going into administration resulting in delays in the housing programme and thirdly, Senior Management staff changes. He confirmed to the Committee there were no proposals to add or delete any risks from the register.

The Chair invited questions and comments from members of the Committee.

Councillor Bearshaw highlighted due to the financial position of the country he did not expect the risk to have changed to the financial risks. He added that due to the resignation of the Chief Executive and changes to Senior Management he expected this risk to increase however it had not. Councillor Bearshaw confirmed it is expected that if the mitigation barrier decreased the risk score would increase.

The Chair endorsed Councillor Bearshaw's comment and highlighted further the changes in Senior Management were not reflected in the Risk Register.

Councillor Long referred to the risk score in August 2023 and the report of the Chief Executive and Executive Directors retiring. He added that now the new Chief Executive had been appointed and a start date had

been agreed the risk had therefore reduced as actions had been taken.

Councillor Bearshaw highlighted the vacancies in the Planning department and advised the Committee he expected the risk to be higher.

Councillor de Winton stated he believed Councillor Bearshaw's point was an academic point and the resignation of the Chief Executive would not prevent the Council from operating.

The Assistant Director brought to the Committee's attention the score for change management was at 20 which had included a major impact due to the period of change. She added as the recruitment process had been concluded with the appointment of the new Chief Executive this was a major impact not an extreme impact. She provided assurance to the Committee there were plans in place to cover any gaps throughout this change.

The Chair thank the Assistant Director and stated that Officers had considered plans throughout this change. The Chair added he was surprised that the risks had not changed and referred to Alive West Norfolk and the property market.

The Portfolio Holder, Councillor Morley commented the internal drainage boards potential to be funded elsewhere and this should be included in the report as a risk. He added financial sustainability is difficult and it forced management to be more effective due to lack of funds.

Councillor Bearshaw referred the Committee to the Strategic Risk 3 and commented there was still a consultation on the shortfall of Gypsy/Traveller Community, and this was not detailed in the report.

The Assistant Director confirmed to members this would need to be feedback to the relevant Assistant Director.

Councillor Bearshaw referred the Committee to the Strategic Risk 5 which was the Council's ability to respond to major emergencies and if any of the considerations had been adopted.

The Senior Corporate Governance and Risk Officer/Climate Change Manager advised he would check with the Assistant Director and feedback to the Committee.

Councillor de Winton referred to Strategic Risk 5 and that a community fire is not mentioned in this risk and the fire service had advised there is no direct line to the Borough Council. He added he wanted to encourage liaison between the fire service and the Borough Council.

Councillor Long further commented he was surprised the fire service felt there was no direct line to the Borough Council, and this needed to be looked at operationally.

Councillor Bone added mitigation of the risk surrounding global warming and loss of trees following the fire's last year therefore fire should be included in this risk.

The Senior Corporate Governance and Risk Officer/Climate Change Manager added incidents such as this would go through the Council's CCTV control room and a significant incident team which included Senior Management.

The Chair asked Officers if the documents provided could be presented in a different format and more user friendly.

The Senior Corporate Governance and Risk Officer/Climate Change Manager provided assurance to the Committee that a new software product to produce these reports and fulfil different purposes such as action plan and performance indicator reporting was being progressed.

The Chair sought clarification on the next risk review update.

The Senior Corporate Governance and Risk Officer/Climate Change Manager confirmed the next review is in August 2024 and would be presented to the Audit Committee in November.

Councillor Bearshaw referred to the previous review and sought clarification on the testing of an emergency plan.

The Senior Corporate Governance and Risk Officer/Climate Change Manager confirmed this had recently been tested with a loss of electricity scenario and confirmed further feedback would be provided.

RESOLVED: The Committee agreed the Corporate Risk Register as at May 2024 and agreed Management Team's assessment of the risks to the corporate business plan.

A180

ANNUAL INTERNAL AUDIT PROGRESS REPORT

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

The Head of Internal Audit presented the Annual Internal Audit Progress Report for 2023/2024 to the Committee.

The Chair referred to the limited opinion on two items; Open Spaces and Capital Programme and asked for further information from the Officers.

In response to the Chair, the Senior Internal Auditor referred to the report which included an individual executive summary in the appendix and the key recommendations made. He advised the Committee the executive summary and the key recommendations for Open Spaces were on page 47 and Capital Programme were on page 60. He added further this was a Position Statement and not an audit report with an audit opinion. Position Statements were carried out for West Norfolk Housing and Alive West Norfolk.

The Chair sought further clarification if Alive West Norfolk was included in the Internal Audit. He referred to the Waste Management Contractor and the progress over the next couple of years.

The Senior Internal Auditor confirmed this was included in the Internal Audit. He confirmed internal audit are in contact with Waste Management in regard to this progress.

Councillor Bearshaw sought clarification on the Audit Plan was completed.

The Senior Internal Auditor confirmed to the Committee the Internal Audit Plan for 2023/2024 was completed and the plan was for the financial year.

Councillor Bearshaw sought further clarification that all the recommendations from the reports were accepted and now SMART actions.

The Senior Internal Auditor confirmed the recommendations will have follow up actions and the recommendations have been agreed by Officers and Managers.

Councillor de Winton referred to the Cyber Security and asked if the Borough Council has an external consultant to oversee the technology.

The Assistant Director, Resources provided assurance to the Audit Committee that each year testing is carried out on the Borough Council's systems to ensure they are compliant and the correct security measures was in place. She advised that the Council is also required to be Public Sector Network compliant. The Assistant Director, Resources confirmed the recommendations provided had been complied with and would provide further assurance from the IT Manager.

RESOLVED: The Audit Committee agreed and received the Annual Internal Audit Progress Report.

A181

ANNUAL INTERNAL AUDIT FOLLOW UP PROGRESS REPORT

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

The Senior Internal Auditor present the Annual Internal Audit Follow Up Progress Report.

The Senior Internal Auditor highlight to the Committee this was a regular report and provided an update on Internal Audit recommendations and Management response to the recommendations along with the agreed deadlines.

The Senior Internal Auditor advised the report included an overview of the status on the progress being made against all Internal Audit recommendations as of 2nd May 2024. He confirmed there was 120 recommendations, 80 of which was overdue the agreed due date included 8 of high priority and 29 medium priorities.

Councillor Bearshaw sought clarification on how the outstanding recommendations were being prioritised by high priority rather than time.

The Senior Internal Auditor confirmed the high priority recommendation would be prioritised first.

The Chair expressed concern that due to the number and time of outstanding recommendations that the Audit Committee was failing at their role.

Councillor de Winton endorsed the Chairs comments and referred to page five of the report which related to car parking. He commented the surprise of this recommendation due to it being an income source for the Borough Council.

The Senior Internal Auditor referred further to the report and the Transport Strategy. He confirmed the consultation has taken time and a draft of the strategy is to be reviewed however the deadline was not met.

The Assistant Director, Resources confirmed further the recommendation was outstanding due to there being no car park strategy in place to make effective and informed decisions.

The Chair commented further action by Management is needed and a motion needed to be put in place for this recommendation to be followed up by Management.

The Senior Internal Auditor confirmed to the Committee follow up activities are being encouraged for the recommendations to be actioned.

The Assistant Director, Resources highlighted to the Committee that discussions had taken place around the Audit process and approach and drew the Committee attention to the 3.3 of the report. She highlighted 30% of recommendations had been dealt with and there was a significant number of low recommendations. She confirmed to the Committee discussions had taken place to ensure the recommendations are more effective and if the low recommendations should be considered as advisories. She also confirmed the recommendations were being looked at to be condensed to have one recommendation which included a number of sub actions. She highlighted to the Committee this report had been discussed at a recent Senior Leadership Team meeting.

Councillor de Winton sought clarification from Officers on when further action was going to be taken.

The Senior Internal Auditor responded to the Assistant Director, Resources commented that the audit team were working towards recommendation prioritisation, identifying risks and feeding off the risk the recommendations making sure that the risk are appropriate to the recommendation making the risk and action clearer to Officers and reduce the overall number of recommendations. He added Senior Leadership Team are being asked for updates on the progress of the recommendations and confirmed to the Committee they were able to contact Officer directly for responses on the recommendations which had been overdue for a period of time.

Councillor Bearshaw recommended to Officers that these recommendations were turned into SMART actions before the next Audit Committee. He further commented that the relevant Officers with outstanding recommendations to attend the next Audit Committee.

Councillor Long suggested to the Committee that the Committee recommended that the Officers with overdue recommendations would go to the Corporate Performance Panel to be scrutinised.

The Chair highlighted that the Audit Committee were there to highlight risk and therefore as this had become a scrutiny matter, he endorsed this recommendation to Corporate Performance Panel.

Councillor de Winton proposed that Officers responsible for these overdue recommendations to come to the Audit Committee and encourage these recommendations to be actioned.

Councillor Long proposed with advice from the Monitoring Officer and referring to the Constitution if this would be the role of Corporate Performance Panel or the Audit Committee to invite relevant Officers with overdue recommendations from the Internal Audit.

Councillor Nash endorsed Councillor Long suggestion and seconded the motion.

RECOMMENDATION: The Audit Committee consult the Monitoring Officer regarding the Constitution if Corporate Performance Panel or Audit Committee be the appropriate body to invite relevant Officers with long standing and overdue recommendations from Internal Audit to their meeting.

A182

ANNUAL INTERNAL AUDIT OPINION

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

The Head of internal Audit present the report to the Committee on the Annual Internal Audit Opinion.

The Head of Internal Audit referred to page 97 of the report which provided a summary of the number of audits that had been carried out and the recommendations which were raised and highlighted the annual opinion was reasonable/limited. She further referred to page 99-100 and advised the annual opinion did not rely on any third-party assurances and if the number of outstanding recommendations were not acted upon the annual opinion could move towards limited. She added that more KPIs were going to be reintroduced and considered for Internal Audit.

Councillor Bearshaw asked if the term opinion could be changed and further suggested a KPI be closing the outstanding and overdue recommendations.

The Head of Internal Audit clarified this would be a Senior Management Performance Indicator and not an Internal Audit KPI and confirmed all recommendations made have been accepted.

The Senior Internal Auditor confirmed the word opinion is written in the Standards; however, as the Standards could be changing to include the word conclusion instead of opinion, this may be possible.

Councillor Long referred to the three audits carried out with limited assurance and commented on whether the Portfolio Holders were aware of the opinions on these areas.

The Chair sought clarification on the statement, limited assurance opinions represent unresolved risks.

The Head of Internal Audit confirmed to the chair that where recommendations which are overdue are unresolved, control weaknesses exist.

The Chair endorsed Councillor Longs comment and added these areas Portfolio Holders should provide assurance.

Councillor Long proposed a similar recommendation as the previous agenda item and the Officer and Portfolio Holders in relation to the areas with limited assurance opinions, with advice from the Monitoring Officer go to the appropriate Panel or Committee.

Councillor Nash seconded the motion.

Councillor de Winton sought clarification that if this was not to go to another panel then the Officers and Portfolio Holders attend Audit Committee in relation to the areas with limited assurance opinions.

RECOMMENDATION: The Audit Committee consult the Monitoring Officer regarding the Constitution for the appropriate Panel or Committee to invite relevant Officer and Portfolio Holders on the areas with a limited assurance opinions to their meeting

A183

AUDIT COMMITTEE SELF ASSESSMENT REVIEW REPORT

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

The Head of Internal Audit presented the Self-Assessment Review Report to the Committee. She advised the Committee this was the Self- Assessment held prior to the meeting held on the 22nd April 2024. She highlighted to the Committee the action plan resulting from the Self- Assessment.

Councillor Bearshaw sought clarification on the priority of the recommendations included in the action plan and stated these would fall with the same Officers as the other recommendations that had been discussed.

The Assistant Director, Resources confirmed this would not be the case and the previous recommendations were for Assistant Directors and the recommendations in this action plan was for Officers relevant to the Audit Committee.

Councillor de Winton highlighted point 3 and 4 from the report were to be prioritised due to the Terms of Reference being significant.

The Chair sought clarification on the scoring of the Self- Assessment and the importance of this score and highlighted the Head of Internal Audit and External Audit have not met privately with the Committee in the last year and commented this should be done. The Chair referred to an Independent Member for the Audit Committee and asked for an update.

The Assistant Director, Resources confirmed the Monitoring Officer had been considering and investigating using a pool of Independent Members throughout Norfolk and would provide feedback to the Assistant Director, Resources in due course.

The Portfolio Holder for Finance, Councillor Morley commented there was a Constitution Working Group and therefore the Terms of Reference to be taken to them. He added the Governance Statements effectiveness should be included in the Terms of Reference.

RESOLVED: The Committee noted the report and agreed the action plan.

A184

ANNUAL FRAUD & ERROR PROGRESS REPORT

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

The Senior Internal Auditor present the Annual Fraud and Error Progress Report. He advised the report is brought to the Committee every 6 months and provides an update on activity against the anti-fraud and corruption policy. He advised the Committee the report compared fraud and error against previous years and the progress against the key performance indicators. The Senior Internal Auditor highlighted to the Committee the overview of fraud, cost associated, and the service delivery.

Councillor de Winton sought clarification on if costs were covered and how much we recover from identifying fraud.

The Senior Internal Auditor confirmed the figures for the total fraud amount spent and the amount of fraud identified. He confirmed it was down to the individual service areas on what they recover following the fraud being identified.

The Chair queried the trend of fraud.

The Senior Internal Auditor highlighted 2021/22 the figures were lower than this current year but 2022/23 were higher than this year and there was a data matching exercise and the pandemic impact during these figures. He clarified the Revenues Assurance Team identify and review the grant data.

Councillor Long referred to the impact of Covid-19 and the level of fraud detected following this. He reminded the Committee of the encouragement to support the community with these grants and to be paid as quickly as possible.

The Portfolio Holder, Councillor Morley commented we are members of the Cross-Country Fraud Hub which provides an advance and a wide set of benefits as to fraud identified elsewhere.

The Senior Internal Auditor further added an operational/steering group has been set up and regular meetings are attended with the Cabinet

Office Fraud Hub User Group. He added we also hold a membership with central group, Community of Practice.

The Chair asked if the expertise and knowledge we hold as a Council could be used as a service to other Council's.

The Senior Internal Auditor confirmed a business case would be required.

RESOLVED: The Audit Committee noted the report of the anti-fraud and anti-corruption work.

A185

AUDIT COMMITTEE ANNUAL REPORT FROM THE CHAIR

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

The Chair presented the Chair's report to the Committee and invited the Senior Internal Auditor to comment further.

The Senior Internal Auditor explained to the Committee the report included a summary of responsibilities under the Terms of Reference, self-assessment of the Audit Committee and recommendations and comments from previous minutes.

The Portfolio Holder, Councillor Morley brought to the Committee attention the Governance Statements. He advised the 2019/20 Governance Statement had been agreed however 2020/21, 2021/22 had not been along with the Statement of Accounts.

The Assistant Director, Resources confirmed the External Auditors have conducting Value for Money Assessment and the Annual Governance Statement position. She advised the draft Governance Statement 2020/21 and 2021/22 and been reported to Audit Committee previously and 2022/23 draft had not been brought to the Committee yet. She confirmed the 2022/23 and 2023/24 draft Annual Governance Statement is being produced for this to be published with the draft Statement of Accounts.

The Portfolio Holder, Councillor Morley highlighted to the Committee he thought this work had been carried out already.

The Assistant Director provided assurance to the Committee that actions would be in place to prevent this happening again.

RESOLVED: The Audit Committee agreed for the Chairs Report to be taken to Cabinet.

A186 **COMMITTEE WORK PROGRAMME 2024/2025**

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

The Assistant Director requested the item Value for Money Assessment Report from External Auditors to be added for September meeting.

The Head of Internal Audit requested for Internal and External Auditor to private meet with the Audit Committee prior to the next meeting.

A187 **EXCLUSION OF PRESS AND PUBLIC**

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

A188 **EXEMPT- HOUSING BENEFIT SUBSIDY CLAIM ANNUAL CERTIFICATION REPORT**

The Revenues and Benefits Manager presented the report.

The Chair invited questions and comments from the members of the Committee.

The Revenues and Benefits Manager responded.

RESOLVED: The Audit Committee noted the report.

A189 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on **23rd September 2024 at 4:30pm** in the **Town Hall, King's Lynn.**

The meeting closed at 6.24 pm