

AUDIT COMMITTEE

19 JANUARY 2012

Present:- Councillor M J Page (Chairman), Councillor D C Skeels (Vice-Chairman), Councillor S H Challinor, Councillor L J Double.

Substitute Members:- Councillor J F White (for Councillor Talbot).

In Attendance:- Head of Resource Management, Finance and Procurement Manager, Audit Manager, Senior Democratic Services Officer.

Also in Attendance:- Carl Pettitt (Audit Commission) (except items 24 and 25).

(10.00 a.m. - 11.15 a.m.)  
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24.. SILENT TRIBUTE

The Chairman led all persons present in a silent tribute to the memory of the late Councillor Mary Bragg.

25. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Talbot.

26. MINUTES

The minutes of the meeting of the Committee held on 22 September 2011 were approved as a correct record and signed by the Chairman.

27. REPORT ON INTERNAL AUDIT: AUGUST 2011 - DECEMBER 2011

The Committee had before it the periodic report on the Internal Audit function for the period August 2011 to December 2011.

At the request of a Member, the Officers undertook to look at certain presentational issues in respect of the appendices to the report, particularly with regard to differentiating between items that had received an "adequate assurance" and those that had received a "substantial assurance".

Following consideration of the report and the outcomes from a number of recent audits:-

It was:-

RESOLVED - That the contents of the report be noted.

28. TENDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES

The Committee recalled that at its meeting held on 27 June 2011 (minute 13 referred) the Committee had decided to obtain external bids in relation to a tender process for the provision of internal audit services alongside a bid from the current in-house team. It was reported that that process had now been completed and the evaluation undertaken and the successful bid had been submitted by the in-house team.

The Committee further recalled that at its meeting held on 22 September 2011 (minute 20

referred) the Committee had decided to request the Head of Resource Management to look at the current understaffing of the Internal Audit section and to report back to the Committee. It was now reported that the outcome of the tender process would now provide the opportunity to address the understaffing of the Internal Audit section through the recruitment of new members of the team.

The Chairman congratulated the Finance and Procurement Manager and the Audit Manager on the successful outcome of their in-house bid.

RESOLVED – (a) That the outcome of the tender process and the successful bid from the in-house team be noted.

(b) That the Head of Resource Management be authorised to undertake the necessary actions to implement the associated in-house internal audit bid.

(c) That the Audit Manager be designated as Head of Internal Audit for the purposes of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

29. DISABLEDGO

The Committee was aware that at its meeting held on 26 October 2011 (minute 63 referred) the Cabinet had considered a recommendation from the Audit Committee in respect of the Council's Regeneration and Tourism Strategies. As well as making a specific response to the Committee's recommendation Cabinet had also decided to request the Audit Committee to add to their work programme an audit of the £45,000 that this Council had paid towards the DisabledGo Scheme in order to give an explanation and assurances to Members that this money had been spent appropriately as well as transparently.

The Committee had before it, as set out as item A.3 of the Reference from Cabinet, the afore-mentioned audit of the monies paid towards the DisabledGo Scheme.

Having considered the contents of the afore-mentioned audit:-

It was:-

RESOLVED – That Cabinet be informed that:-

(a) Following a review of the relevant information and subsequent discussions in response to the request from Cabinet, the Committee are satisfied that expenditure was incurred in accordance with the agreed DisabledGo budget and with appropriate transparency.

(b) However, against the background of the financial challenges currently faced by the Council, the Committee feels that the Council should look to identify an alternative approach, such as an in-house solution, to provide a reasonable and cost effective reference point for residents and visitors to Tendring, which could include working with the voluntary sector, to be concluded within three months.

30. ANNUAL AUDIT LETTER 2010/11

The Committee considered the contents of the Audit Commission's Annual Audit Letter for 2010/11.

The Chairman and Mr Carl Pettitt both thanked and congratulated the Officers of the

Finance team on the excellent quality of work undertaken by them during the last year in what had been very challenging circumstances.

It was:-

RESOLVED – That the contents of the Annual Audit Letter be noted.

31. AUDIT COMMITTEE - TABLE OF OUTSTANDING ISSUES

The Committee was updated on the progress of items identified in the Table of Outstanding Issues as requiring further action or responses.

It was:-

RESOLVED – (a) That the progress against the Table of Outstanding Issues be noted.

(b) That Cabinet be made aware that the review of the Membership of Outside Bodies has been on the Committee's Table of Outstanding Issues for a significant period of time and that the Committee feels that it is now very important that this review should be completed by the time of the next meeting of the Committee in March 2012 as the Committee feels that this is now having an adverse effect on the reputation of the Council.

32. EXTERNAL AUDIT - CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014/15

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented the External Auditor's certification of claims and returns annual report for 2014/15.

In summary, the key outcomes from the annual report were as set out below:

- In respect of the housing benefit subsidy claim, testing had identified some errors that had subsequently been amended, with no significant impact on the overall level of subsidy receivable. A qualification letter had been issued by the External Auditor based on the findings set out in their report.

In response, a recommendation had been agreed that related to the Council performing early and extended testing in those areas where errors had been identified in 2013/14 to ascertain the extent of similar errors arising in 2014/15.

- In respect of the second claim that was subject to external audit, no errors had been identified and the claim was certified without qualification.

Mr Hewitt from the Council's external auditor, Ernst & Young, highlighted the salient points of their audit report

Having considered the External Auditor's report it was:

RESOLVED that

(a) the contents of the External Auditor's certification of claims and returns annual report 2014/15 be noted; and

(b) the recommended action in response to the External Auditor's findings be approved.

**33. AUDIT COMMITTEE'S WORK PROGRAMME 2016/17**

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented for approval the Committee's proposed work programme for the period April 2016 to March 2017.

Members were aware that, in addition to the regulatory and statutory activities undertaken by the Committee such as the Statement of Accounts, Corporate Governance and Risk Management, the Committee were also required to review and scrutinise:

- The work and performance of the Internal Audit function;
- The outcomes from the work of the Council's External Auditor; and
- Progress against audit recommendations and other items identified by the Committee.

It was reported that as the year progressed, it might be necessary to review items as some reports / activities and associated timescales could be subject to change. As appropriate, the Chairman of the Committee would be consulted on any significant changes to the work programme.

Having considered the proposed Work Programme it was:

RESOLVED that

The Audit Committee's Work Programme for 2016/17 be approved.

**34. TABLE OF OUTSTANDING ISSUES**

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented to Members the progress against outstanding actions identified by the Committee.

It was reported that there were no significant issues to bring to the attention of the Committee, with updates provided against individual items, as set out in Appendix A to item A.6 of the Report of the Corporate Director (Corporate Services). It was confirmed that the three items in Appendix A of the afore-mentioned report were a snapshot at this time and that the Committee would be kept up to date on the issue of the Council being able to appoint external auditors in 2017/18 and Mr Barrett gave further clarification on that issue. Further information was set out in Appendix B to that report that gave updates against actions identified within the Annual Governance Statement, again with no significant issues to highlight at the present time.

Mr Barrett also informed the Committee that the department had currently been working with insurers concerning a property risk audit.

Other matters reported for the Committee's consideration were the Code of Corporate Governance, how the department was dealing with fraud issues as identified in the afore-mentioned report. Mr Barrett informed the Committee he would report on updates as appropriate and include this as an item on future Table of Outstanding Issues reports along with arrangements in respect of the Garden Communities project that is currently being developed with Local Authority

Having discussed the contents of the report it was:

RESOLVED that the progress against the Table of Outstanding Issues be noted.

35. ITEMS SCHEDULED FOR THE NEXT MEETING OF THE COMMITTEE IN JUNE 2016

The Committee noted that the date for its next meeting was Thursday 23 June 2016 commencing at 7.30 p.m. in the Council Chamber, in the Council Offices, Thorpe Road, Weeley.

It was reported that items currently scheduled for that meeting included:

- 1) Annual Report of the Head of Internal Audit and Annual Review of Effectiveness of System of Internal Control
- 2) Internal Audit Regular Monitoring Report
- 3) Annual Governance Statement (including review of the Council's Code of Corporate Governance)
- 4) Corporate Risk Register (six monthly review)
- 5) Table of Outstanding Issues (including update against External Audit Recommendations)

The Chairman thanked the Officers and also Chris Hewitt and Kevin Suter for all the help, advice and assistance that they had given him and the Committee. He also thanked the Members of the Committee for their input and commitment to the work of the Committee.

Chairman