

AUDIT COMMITTEE26 SEPTEMBER 2013

Present:- Councillors Griffiths (Chairman), Skeels (Vice Chairman), Broderick, Challinor and Hawkins.

In Attendance:- Corporate Director (Martyn Knappett), Finance and Procurement Manager (Richard Barrett), Audit and Governance Manager (Steve Blake); Planning Development Manager (Clare David) (Items 10 - 14), Regeneration Manager (Tom Gardiner) (Items 10 - 14), Democratic Services Manager (Colin Sweeney) (Items 10 - 14) and Democratic Services Officer (Michael Pingram).

7.30 p.m. - 9.02 p.m.

10. WELCOME

The Chairman opened by explaining the reasoning behind moving future meetings to the evening. He said it would make it more accessible for Councillors to attend and the Council Chamber was more user friendly. He then announced that after declarations of interest, there would be a verbal update from officers.

11. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor I J Henderson (with Councillor Hawkins substituting) and Councillor Talbot (with Councillor Broderick substituting).

12. MINUTES OF THE LAST MEETING HELD ON 27 JUNE 2013

The minutes of the meeting of the Committee held on 27 June 2013 were approved as a correct record and signed by the Chairman.

13. DECLARATIONS OF INTEREST

Councillors Broderick and Hawkins declared personal interests in relation to item A.3 (External Audit – Audit Results Report 2012/13), as considered under Minute 15 below, specifically in relation to the Coastal Protection funding and Coastal Protection Project discussed in the 'Other Audit Risks' by virtue of the fact that:

- (i) Councillor Hawkins could not be certain that his property would not be affected by any Coastal Defence Works in the distant future
- (ii) Councillor Broderick was a homeowner within the area in question

14. VERBAL UPDATE BY OFFICERS

Planning Update – Clare David

The Council's Planning Development Manager gave an outline of the current work being undertaken by Planning Services (including the introduction of a Development Management Team and work on the Section 106 database) and discussed linking opportunities with Essex County Council.

Following a question and answer session, the Planning Development Manager was thanked for her attendance.

Regeneration Update – Tom Gardiner

The Council's Regeneration Manager gave an outline of the current work being undertaken by the Regeneration Section (including the appointment of Regeneris Consulting to assist Tendring District Council's Economic Strategy and the progress of the South East Local Enterprise Partnerships Economic Plan), together with the risk and other governance issues that the Section potentially faced.

It was agreed that the Regeneration Manager attend the next meeting to update the Committee on the progress of the South East Local Enterprise Partnerships economic plan. The Chairman also requested a regular update be sent to the Audit Committee on any forthcoming projects.

Following a question and answer session, the Regeneration Manager was thanked for his attendance.

15. REPORT ON INTERNAL AUDIT – JUNE TO AUGUST 2013

The Committee had before it a periodic report of the Council's Audit and Governance Manager, which addressed the internal audit function for June to August 2013.

The Audit and Governance Manager highlighted that progress had continued regarding assessing compliance with the Public Sector Internal Audit Standards and mentioned that one previously raised issue regarding compliance had been identified and included within the report. He further pointed out that the Internal Audit function's performance was currently on target and that there were three audits completed in the period where assurance given was less than adequate, namely Information Management, Seafront Spot Check and Theatres and Entertainments.

The Audit and Governance Manager said that with regard to the Seafronts audit, due to its seasonal nature, a follow up audit was being undertaken and had not quite reached its conclusion. He said he would provide the results of this at the next Audit Committee.

He went on to say that there was currently an anti-fraud audit on cash handling taking place and any issues which arise from that would be brought to the Committee's attention.

During discussions, the Committee was concerned that three completed audits had less than adequate assurance and looked at ways to avoid this being repeated.

It was RESOLVED that:

- a) Before a new system was implemented, Internal Audit Services should be involved
- b) The Audit and Governance Manager inform the Committee of any future identified issues of compliance and;
- c) The Committee expect appropriate action to be taken so that the situation of three less than adequate audits would not occur again (The Finance and Procurement Manager to confirm that this had been achieved at a future Audit Committee).

16. AUDIT COMMITTEE SELF-ASSESSMENT UPDATE

The Committee had before it a report of the Audit and Governance Manager which provided a further update on the Committee's self-assessment approach to reviewing its effectiveness, with Appendix A explaining individual actions identified from the review.

It was RESOLVED that:

- a) Having considered the self-assessment update, the proposed actions against the outstanding items, as set out in Appendix A, to the report, be noted; and
- b) The views of External Audit on the work and effectiveness of the Committee be obtained and presented to the Committee periodically.

17. EXTERNAL AUDIT – AUDIT RESULTS REPORT 2012/13

The Committee had before it a report of the Council's Finance and Procurement Manager which sought the Committee's consideration and agreement to the External Auditor's Audit Plan for 2012/13, Letter of Representation and a revised Annual Governance Statement for 2012/13.

The Finance and Procurement Manager said he was content with the report and that there had been two amendments relating to reclassifications highlighted in the audit process, as well as a slight amendment to the Council's Annual Governance Statement 2012/13, that reflected the Council's most up-to-date approach to data and information security.

The Chairman welcomed to the meeting, the Council's External Auditor, Mr Neil Harris, for and on behalf of Ernst and Young LLP.

Mr Harris explained that he had completed the audit of the 2012/13 accounts and the message of his report was that he planned on issuing an unqualified audit opinion on both the Council's financial statements and value for money arrangements. Mr Harris put on record his thanks to the Finance and Procurement Manager and the Council's Finance Team for their co-operation throughout.

The Corporate Director (Martyn Knappett) praised the work of the Finance and Procurement Manager and the Council's Finance Team for all of their hard work. The Committee agreed with this and also expressed its appreciation.

It was RESOLVED that:

- a) Having considered the External Auditor's Audit Results Report 2012/13, including the required adjustments to the Financial Statements as set out in Appendix 1 to that report, it was agreed that the contents be noted;
- b) The Letter of Representation, set out as Appendix B to the report, be approved;
- c) The Finance and Procurement Manager be authorised to sign the Letter of Representation for forwarding to the External Auditor;
- d) The audited Statement of Accounts for 2012/13, amended to take account of the adjusted items identified, be approved for publication;
- e) The revised Annual Governance Statement, as set out in Appendix A to the report, be approved, and;

f) The Chief Executive and Leader of the Council be authorised to sign the Annual Governance Statement as set out in Appendix A to the report.

18. AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

The Committee had before it a report of the Council's Finance and Procurement Manager, which presented to the Committee, a reviewed and updated table of outstanding issues, since it had last been considered by the Committee on 27 June 2013, together with the progress against outstanding actions identified by the Committee.

It was reported that, to date, there had been no significant issues to bring to the attention of the Committee, and that any updates provided against individual items were as set out in Appendix A to the report, or elsewhere within the agenda.

The Finance and Procurement Manager explained that the actions identified within the Annual Governance Statement 2012/13 were included within the report.

In discussion, Councillors were keen to gain a more in depth understanding of the Council's risks. The Finance and Procurement Manager said a risk-based training session would be set up.

It was RESOLVED that:

- a) Having reviewed the progress against the Table of Outstanding Issues it was agreed that this be noted and;
- b) A risk management training session be arranged where all officers and members would be invited to attend.

19. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

20. CHAIRMANS CLOSING REMARKS

In response to a question raised by Councillor Challinor concerning the traffic light system used within the Report on Internal Audit, the Chairman suggested there could be additional meetings/ training to assist Members of the Committee in gaining a good understanding of various issues.

21. ITEMS FOR THE NEXT MEETING OF THE AUDIT COMMITTEE

It was noted that the following matters would be brought before the Audit Committee for consideration at its next meeting, to be held on Thursday 12 December 2013:

- Internal Audit Monitoring Report
- Annual Audit Letter 2012/13
- External Audit – Certification of Claims and Returns
- Risk Strategy and Register
- Table of Outstanding Issues

Chairman