

AUDIT COMMITTEE

20 FEBRUARY 2014

Present:- Councillors Griffiths (Chairman), Skeels (Vice-Chairman), Challinor, I J Henderson and Talbot.

Also Present:- Councillors Shearing and M D Skeels.

In Attendance:- Finance and Procurement Manager (Richard Barrett), Assets Manager (Andy White) and Democratic Services Officer (Michael Pingram).

7.30 p.m. - 9.21 p.m.

30. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were none.

31. MINUTES OF THE LAST MEETING HELD ON 12 DECEMBER 2013

The minutes of the meeting of the Committee held on 12 December 2013 were approved as a correct record and signed by the Chairman.

32. DECLARATIONS OF INTEREST

There were none.

33. REVIEW OF PROPERTY DISPOSAL PROCEDURES

There was submitted a report by the Council's Assets Manager, which gave the Committee the opportunity to consider the Council's procedures for property disposal.

The Assets Manager provided the Committee with a presentation that initially explained the procedure involved in the disposal of an asset, using the recent examples of land at Mill Lane and office suites to show that process in action.

In summary, the Assets manager felt that a review of the property disposal procedures was required. It was proposed that the new procedures included changes such as condensed content in the Constitution, an exemption rule and increased delegation.

The Assets Manager then responded to questions on the decision to demolish Westleigh House and the Committee explored potential changes to the process in future and identified a number of improvements that it wished to put forward to Cabinet for further consideration.

Following further discussions it was RECOMMENDED TO CABINET that:

1. The Committee support a suggestion that the Property Dealing Policy allow for a measure of confidentiality to apply until a negotiation to purchase land or property was completed;
2. Any valuation or disposal reports received by the Council be reported confidentially to Members and be signed off by the Portfolio Holder or Leader;
3. That for substantial disposals (over £50,000 was suggested), at least two valuations be

sought as part of the process and that consideration should also be given to a similar report on reallocations of use; and

4. The Committee accept the proposal put forward by the Assets Manager for Levels of Delegation.

34. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

35. EXTERNAL AUDITOR'S AUDIT PLAN 2013/14

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented for the Committee's consideration and agreement the External Auditor's Audit Plan for 2013/14.

Members were informed that the External Auditor's Audit Plan for the year ending 31 March 2014 set out the planned audit work in respect of the 2013/14 Financial Statements and Value for Money conclusion. The Plan had been developed taking into account a number of factors such as strategic, operational and financial risk which provided a reporting focus on the areas that mattered and would more likely be relevant to the Council.

Chris Hewitt from the Council's external auditor, Ernst & Young, highlighted the salient points of their audit plan for 2013/14.

RESOLVED that the External Auditor's Audit Plan for 2013/14 be approved.

36. EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012/13

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 2012/13.

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

- In respect of the housing and council tax benefit subsidy claim, testing had identified some errors that were subsequently amended, with no significant impact on the overall level of subsidy receivable. A qualification letter had been issued by the External Auditor covering a limited number of points although there had been no significant direct impact on the associated level of grant funding or other additional implications.

In response, a recommendation had been made by the External Auditor concerning the development and delivery of the appropriate training to staff to ensure that they understood how income should be recorded within the IT system in order to prevent incorrect benefit potentially being awarded. This had been agreed by Officers and in order to enable the Committee to monitor the progress of that action, an item would be added to the Committee's table of outstanding issues that was reported at each meeting.

- In respect of two further claims that were subject to external audit, no errors had been identified and the claims were certified without qualification.

Chris Hewitt from the Council's external auditor, Ernst & Young, highlighted the salient points of their audit report. He also referred to the further letter from Ernst & Young (copies of which were before the Committee) informing the Council that the Audit Commission had

now formally approved the audit scale fee variation of £4,496 in relation to the Housing and Council Tax Subsidy Benefit claim.

RESOLVED that

- (a) the contents of the External Auditor's certification of claims and returns annual report 2012/13 be noted;
- (b) the proposed action in response to the External Auditor's recommendation be approved.

37. AUDIT COMMITTEE – 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.

The Council's Regeneration Manager (Tom Gardiner) gave an update to the Committee on regeneration issues including:

- the Council's input into, and the progress of, the South East Local Enterprise Partnership's Strategic Economic Plan;
- the Council's input into Essex County Council's Essex Plan for Growth;
- the Council's bid for Assisted Area Status;
- the Council's bid for CORE (Centre of Offshore Renewable Engineering) Status; and
- joint working with Essex County Council and the Haven Gateway Partnership on the promotional booklet "Harwich Offshore – Centre for UK offshore renewables".

The Chairman thanked Tom Gardiner for his attendance.

RESOLVED that

- (a) the progress against the Table of Outstanding Issues be noted; and
- (b) that the appropriate Officer from Planning Services and the Planning and Corporate Services Portfolio Holder be requested to attend the June 2014 meeting of the Committee to answer Members' questions in respect of the provision of information to Members in relation to Section 106 monies.

38. AUDIT COMMITTEE WORK PROGRAMME 2014/15

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 2014 to March 2015.

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;
- Progress against audit recommendations and other items identified by the Committee; and
- Other matters that were presented to the Committee for consideration.

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.

RESOLVED that the Audit Committee's Work Programme for 2014/15 be approved.

39. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

40. 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.

41. 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