

AUDIT COMMITTEE26 JUNE 2014

Present:- Councillor C W Griffiths (Chairman), Councillor D C Skeels (Vice-Chairman), Councillor S H Challinor, Councillor I J Henderson, Councillor M J Talbot

Also Present:- Councillors A Goggin (Finance and Transformation Portfolio Holder), G V Guglielmi (Planning and Corporate Services Portfolio Holder), M J D Skeels and A I Wood

In Attendance:- Finance and Procurement Manager (Richard Barrett), Audit and Governance Manager (Steve Blake), Planning Development Manager (Clare David), Housing Rents Control Manager (John Cholmondeley) and Senior Democratic Services Officer (Ian Ford)

Also in Attendance:- Chris Hewitt (Ernst & Young – External Auditor)

(7.30 p.m. - 9.24 p.m.)  
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1.. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were none on this occasion.

2. MINUTES OF THE LAST MEETING HELD ON THURSDAY 20 MARCH 2014

The minutes of the meeting of the Committee held on 20 March 2014 were approved as a correct record and signed by the Chairman.

3. DECLARATIONS OF INTEREST

There were none.

4. PLANNING UPDATE

The Planning and Corporate Services Portfolio Holder (Councillor G V Guglielmi) and the Planning Development Manager (Clare David) gave an update to the Committee in respect of the provision of information to Members in relation to Section 106 monies. Members were aware that, following the sudden death, in 2011, of John Farrow, the Council's Section 106 Manager, Officers had not been able to fully utilise the database set up by John Farrow due to insufficient knowledge. However, Councillor Guglielmi and Clare David were now pleased to report that, following a lot of work by Clare David and her team and the Council's IT services team and a lot of trial and error, the Section 106 database was once more fully available to use; guidance notes had been produced and more Officers had been trained in its use. Last stage reconciliation checks with records held by the Finance section were being carried out and it was expected that the database would then be available to Members in one month's time.

In response to questions by Members, Clare David confirmed that the database would generate reports that would show the amount of Section 106 monies available by Parish and/or Ward; generate alerts when expiry dates were imminent and also generate alerts as to development sites that needed checking and where development had commenced and monies were now due and could also highlight relevant Essex County Council Section 106 agreements.

After discussion the Chairman thanked Clare David and all Officers who had been involved

in rectifying this situation. It was then:

RESOLVED that

(a) an extra column/data field be added to the Section 106 database that would highlight where individual Section 106 agreements had a related Essex County Council Section 106 agreement; and

(b) the Section 106 Agreements database remains on the Table of Outstanding Issues.

5. REPORT ON INTERNAL AUDIT – MARCH 2014 TO MAY 2014; ANNUAL REPORT OF THE AUDIT AND GOVERNANCE MANAGER 2013/14 AND ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

There was submitted a report by the Council's Audit and Governance Manager which provided a periodic report on the Internal Audit function for the period March 2014 to May 2014; his Annual Report for 2013/14 and the annual review of the effectiveness of the system of internal audit as required in order to comply with legislative requirements and best practice.

The Audit and Governance Manager (Steve Blake) informed the Committee that:

- During the period March – May 2014, three audits had been completed where the assurance given was limited;
- His annual report had concluded that reasonable assurance on the overall adequacy and effectiveness of the Council's control environment could be given for the 2013/14 financial year; and that
- The annual review of the effectiveness of the Council's system of internal audit had identified that three of the four key elements of the Council's system of internal audit had been met, the fourth being only partially met due to a change in standards where progress towards compliance was ongoing.

The Chairman, on behalf of the Committee, thanked Steve Blake and his team for all of their work during the year.

RESOLVED that the contents of the report be noted.

6. CORPORATE RISK REGISTER UPDATE

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented to the Committee the Council's updated Corporate Risk Register.

It was reported that since the Corporate Risk Register had been last reported to the Committee at its meeting in December 2013 the structure and format of the register had evolved to provide a greater focus on high level corporate risks to the Council with the detail now being provided as a second tier within each high level risk. As that change was primarily a presentational issue rather than procedural an updated Risk Management Procedure had not been presented to the Committee at this time.

It was further reported that risks requiring inclusion within the Corporate Risk Register had been grouped into 9 identified corporate risks. All the risks previously identified remain included within the Corporate Risk Register. The detail regarding those risks had been updated, where appropriate. A number of additional corporate risks had been identified and added to the Risk Register as part of the on-going review process.

Following discussion, the Finance and Procurement Manager (Richard Barrett) undertook to raise at Management Team the issue of the level of awareness amongst Officers of the corporate response time to Members' and the public's correspondence and also the amount of out-of-date information on the Council's website. He also undertook to give an update on this to the Committee at its next meeting.

RESOLVED that the current Corporate Risk Register be noted.

7. ANNUAL GOVERNANCE STATEMENT 2013/14

There was submitted a report by the Council's Corporate Director (Corporate Services) which sought approval of the Annual Governance Statement for 2013/14.

RESOLVED that

(a) the Annual Governance Statement 2013/14 be approved; and

(b) the Chief Executive and Leader of the Council be advised of the outcome of the annual review and be authorised to sign the Annual Governance Statement 2013/14, as set out in Appendix A to item A.3 of the Report of the Corporate Director (Corporate Services).

8. 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.

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.4 of the Report of the Corporate Director (Corporate Services). Further information was set out in Appendices B and C that responded to specific issues previously raised by the Committee.

The Housing Rents Control Manager (John Cholmondeley) attended the meeting and presented his responses to the outcomes from the recent internal audit of Housing Rents. He then responded to Members' questions on those responses.

Other matters reported for the Committee's consideration were:

(1) Benefit Fraud Review;

(2) Insurance Claims Review;

(3) The Local Audit and Accountability Act; and

(4) Code of Corporate Governance.

Following discussion, the Finance and Procurement Manager (Richard Barrett) undertook to submit regular updates to the Committee on any emerging governance and risk management issues in relation to the Council's 'big ticket' projects such as the coastal defence scheme, the Transforming Tendring project and the replacement of the cremators at the Weeley Crematorium.

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

9. 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.

10. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

11. 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.

12. 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