
MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD**ON THURSDAY 20 MARCH 2014****AT 7.33 P.M. IN THE COUNCIL CHAMBER, COUNCIL OFFICES, WEELEY**

Present: Councillors Griffiths (Chairman), D C Skeels (Vice-Chairman), Challinor and McLeod.

In Attendance: Finance and Procurement Manager (Richard Barrett), Regeneration Manager (Tom Gardiner), Audit and Governance Manager (Steve Blake) and Senior Democratic Services Officer (Ian Ford).

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

35. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

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

The Chairman welcomed to the meeting Chris Hewitt from the Council's external auditor Ernst & Young and Tom Gardiner, the Council's Regeneration Manager.

36. MINUTES OF THE LAST MEETING

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

37. DECLARATIONS OF INTEREST

There were none.

38. QUERY – LOCAL COUNCIL TAX SUPPORT SCHEME (LCTSS) – PASSPORTING OF MONIES TO PARISH AND TOWN COUNCILS

The Chairman referred to the consideration of the budget at the meeting of the Council held on 11 February 2014 during which Councillor Talbot had raised the point whether, in the light of a statement by the Government, the Council were satisfied that it had acted correctly in terms of reducing the LCTSS funding element to town and parish councils for 2014/15 as it had in 2013/14.

The Finance and Procurement Manager (Richard Barrett) informed the Committee that this money formed part of the unring-fenced Revenue Support Grant and therefore Local Authorities needed to determine at a local level what funding it would make available to Parish and Town councils. The 15% reduction in the grant to Parish and Town Council's in 2014/15 was reported and considered in an informed manner by Members at several points during the financial forecast and budget-setting process and therefore this Council had followed due process and had been open and transparent.

The Committee noted the foregoing.

39. INTERNAL AUDIT PLAN 2014/15

There was submitted a report by the Council's Audit and Governance Manager which sought the Committee's approval for the Internal Audit Plan for 2014/15.

The Committee was reminded that Public Sector Internal Audit Standards required that the Audit and Governance Manager: -

1. Provided a high level statement of how the Internal Audit Service would be delivered and developed in accordance with the Internal Audit Charter and how it linked to the organisational objectives and priorities.
2. Established a risk based Internal Audit Plan, at least annually, to determine the priorities of the Internal Audit function, consistent with the Council's goals.
3. Had in place a mechanism to review and adjust the plan, as necessary, in response to changes to the Council's business, risks, operations, programmes, systems and controls.
4. Produced a plan that took into account the need to produce an annual Internal Audit opinion.
5. Considered the input of senior management and the Audit Committee in producing the plan.
6. Assessed the Internal Audit resource requirements.

It was reported that the Internal Audit Charter, previously approved by the Committee at its meeting on 27 June 2013 remained 'fit for purpose' and that the Internal Audit function would aim to develop and deliver a service that took account of, and followed, the requirements as set out in the Charter, and:

- Discharged the Council's statutory responsibilities with regard to internal audit;
- Contributed to the Council's governance, risk and assurance arrangements;
- Enabled the Audit and Governance Manager to provide an annual opinion on the overall adequacy and effectiveness of the Council's control environment; and
- Delivered a quality service.

The Internal Audit resources available were considered sufficient to be able to deliver an Internal Audit Plan that met the above requirements.

RESOLVED that

- (a) the Internal Audit Plan for 2014/15 be approved; and
- (b) the existing arrangements for updating the Plan during the year, where necessary to reflect changing Authority activity and operational needs and to provide flexibility of service delivery, be continued, with significant amendments reported to this Committee as part of the periodic Internal Audit reporting arrangements.

40. REPORT ON INTERNAL AUDIT – NOVEMBER 2013 TO FEBRUARY 2014

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 November 2013 to February 2014.

It was reported that progress continued to be made regarding the development of processes and working practices to demonstrate compliance with the Public Sector Internal Audit Standards and that there was one audit completed during the period where the assurance given was less than adequate.

The Audit and Governance Manager (Steve Blake) informed the Committee that the results of the audit on Parking Services that included cash handling processes would be submitted to its meeting in June 2014.

RESOLVED that

- (a) the contents of the report be noted;
- (b) the changes to the 2013/14 plan identified be approved; and
- (c) a report be submitted by Housing Officers on the issues arising from the recent internal audit on Housing Rents, and their resolution, for detailed consideration at the next Audit Committee meeting and that the appropriate Officers from housing and parking services be requested to attend to answer Members' questions.

41. 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.

42. 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.

43. 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.

44. 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.

45. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

The meeting closed at 8.46 p.m.

Chairman