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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD****ON THURSDAY 18 DECEMBER 2014****AT 7.30 P.M. IN THE COUNCIL CHAMBER, COUNCIL OFFICES, WEELEY**

**Present:** Councillors Griffiths (Chairman), Sambridge (Vice-Chairman), Challinor, Hawkins and Talbot

**In Attendance:** Finance and Procurement Manager (Richard Barrett), Audit and Governance Manager (Steve Blake), Planning Development Manager (Clare David) and Senior Democratic Services Officer (Ian Ford)

**19. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies for absence were submitted on behalf of Councillor I J Henderson (with Councillor Hawkins substituting) and the Planning and Corporate Services Portfolio Holder (Councillor G V Guglielmi).

**20. MINUTES OF THE LAST MEETING**

The minutes of the meeting of the Committee held on 25 September 2014 were approved as a correct record and signed by the Chairman.

**21. DECLARATIONS OF INTEREST**

Councillor Hawkins reminded Members that he had a Disclosable Pecuniary Interest in relation to the Coast Protection Scheme (which was referred to in item A.4 of the Report of the Corporate Director (Corporate Services)) and that he had been granted a Dispensation by the Monitoring Officer.

**22. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT**

At the request of the Chairman, the Finance and Procurement Manager (Richard Barrett) made a brief statement in respect of the Provisional Local Government Finance Settlement for Tendring which had been announced that day by the Government.

The Finance and Procurement Manager informed the Committee that the Settlement amount was slightly higher than had been budgeted for and that therefore there were no immediate budgetary issues for the Council. The Settlement would be formally reported to the Cabinet at its meeting to be held on 23 January 2015.

The Committee noted the foregoing.

**23. SECTION 106 UPDATE**

The Committee received a written update on the use of Section 106 monies from the Planning Development Manager (Clare David).

The Planning Development Manager (Clare David) reported that there were 223 cases that were being monitored and that there were aware of 28 that were currently in breach of the requirements. Those cases had been actioned and five payments had been received in the last week.

In response to a question from Councillor Talbot, Mrs David informed Members that the Community Infrastructure Levy (CIL) was not yet in place for this District as it was intrinsically linked to the emerging Local Plan.

Mrs David also stated that she would be happy to consider any suggestion put forward by Ward Members in relation to spending projects for Section 106 monies.

Members discussed the difference between the Section 106 statutory regime and the statutory regime for the CIL.

The Committee noted the foregoing.

The Chairman thanked Mrs David for her attendance and the useful information that she had provided.

Mrs David placed on record her thanks for all the assistance given to her on this matter by the Audit and Governance Manager (Steve Blake) and the Finance Officer (Aaron Wilden).

### **23. REPORT ON INTERNAL AUDIT – SEPTEMBER 2014 TO NOVEMBER 2014**

The Council's Audit and Governance Manager provided a report which gave a periodic report on the Internal Audit function for the period September 2014 to November 2014.

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

- A self-assessment regarding the Public Sector Internal Audit Standards had been undertaken. One time critical issue had been identified requiring action at this time, which related to the budget for the Internal Audit function. Other issues would form part of the required Quality Assurance and Improvement Programme in due course;
- Internal Audit Plan adjustments were required to take account of Council needs and Internal Audit resource availability; and
- Six audits had been completed in the period, of which two had been classified as "Improvement Required".

Following the periodic review of the progress of the Internal Audit Plan it was proposed by the Audit and Governance Manager that the following audits be deferred to the 2015/2016 Annual Internal Audit Plan at this time:

- (1) Fraud Investigation Team;
- (2) Cemeteries and Crematorium;
- (3) Office Rationalisation and Modernisation;
- (4) Health and Safety; and
- (5) Seafront services.

Following discussion it was:

**RESOLVED** that

- (a) the contents of the report be noted;
- (b) the Committee has no comments to make regarding the draft Internal Audit budget for 2015/2016 but would request that the review and/or approval of the Internal Audit Budget and resource plan be included in its Terms of Reference; and
- (c) the following audits be deferred to 2015/16:
  - (1) Fraud Investigation Team;
  - (2) Cemeteries and Crematorium;
  - (3) Office Rationalisation and Modernisation;
  - (4) Health and Safety; and

(5) Seafront services.

#### **24. CORPORATE RISK UPDATE**

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

It was reported that the Corporate Risk Management Framework had been updated to take into account developments to the processes in operation, and the results of an audit, over the last year. Changes included:

- Added detail regarding the need for risk management, and its contribution to achieving the Council's objectives and delivery of services;
- Clarification of roles and responsibilities; and
- Added detail regarding core risk responses and their application.

It was also reported that the Corporate Risk Register had been updated as part of the on-going review process with no new risks identified and added to the Register, one risk removed as the Council was no longer exposed (namely Risk 6b Tendring Intelligence Sharing Project) and others contained minor amendments to reflect the current position (namely Risk 1d Careline Potential Loss of ECC Contract and Risk 6a Loss of sensitive and/or personal data through malicious actions, loss, theft and/or hacking).

The Chairman thanked the Audit and Governance Manager (Steve Blake) and his team for the clear and concise information provided.

**RESOLVED** that the updated Risk Management Framework and the current Corporate Risk Register be noted.

#### **25. HOUSING DEVELOPMENT IN THE TENDRING DISTRICT**

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented to the Committee an update on the various housing new build, acquisition and development projects in the District such as those in Jaywick, Victoria Court, Walton-on-the-Naze, Hastings Place, Brightlingsea and Berkeley Road, Clacton-on-Sea.

It was reported that, following changes to the financing of Council housing within the Housing Revenue Account, it was now financially viable for local authorities to add to their existing stock and that this Council had set aside £1million per year within the Housing Revenue Account as a contribution to capital investment into new build or acquisition projects.

Having discussed the contents of the report it was:

**RESOLVED** that:

- (a) the update on housing development within the District be noted;
- (b) a further update report be submitted to the next meeting of the Committee in March 2015; and
- (c) a detailed review report be submitted to the meeting of the Committee due to be held in June 2015 and that such report has regard to the strategic context.

#### **26. EXTERNAL AUDIT'S ANNUAL AUDIT LETTER 2013/2014**

There was submitted a report by the Council's Corporate Director (Corporate Services) which presented to the Committee the External Auditor's Annual Audit Letter for 2013/2014.

The Finance and Procurement Manager (Richard Barrett) submitted apologies on behalf of Ernst & Young that no external auditors had been able to attend the meeting.

The Committee was informed that the Letter primarily summarised the outcomes from various audit activities undertaken during the year. The key messages set out in the letter highlighted that the Council had received an unqualified opinion on its financial statements and had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Chairman thanked Richard Barrett and his team for all their hard work and effort during 2014.

**RESOLVED** that the contents of the Annual Audit Letter 2013/2014 be noted.

## **27. 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.5 of the Report of the Corporate Director (Corporate Services). 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.

Another matter reported for the Committee's consideration was the Code of Corporate Governance.

Having discussed the contents of the report it was:

**RESOLVED** that:

- (a) the progress against the Table of Outstanding Issues be noted;
- (b) an update on the use of Section 106 monies be submitted to the meeting of the Committee due to be held in June 2015; and
- (c) the Planning and Corporate Services Portfolio Holder be requested to consider arranging a training/briefing session for Members on the Community Infrastructure Levy and its implications for the District.

## **28. DATE OF NEXT MEETING AND ITEMS SCHEDULED FOR THAT MEETING**

The Committee noted that the date for its next meeting was Thursday 19 March 2015 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, in addition to those raised earlier in the meeting,:

- (1) External Audit – Audit Plan 2014/15;
- (2) Internal /audit Regular Monitoring Report
- (3) Annual Internal Audit Plan 2015/16;;
- (4) Audit Committee Work Programme 2015/16;

- (5) Certification of Claims and Returns 2013/14; and
- (6) Table of Outstanding Issues (including update against External Audit Recommendations).

The Chairman wished Members and Officers a Merry Christmas and a Happy New Year.

The meeting was declared closed at 8.47 p.m.

Chairman