
MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD**ON THURSDAY 19 MARCH 2015****AT 7.30 P.M. IN THE COUNCIL CHAMBER, COUNCIL OFFICES, WEELEY**

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

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

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

29. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors I J Henderson and Talbot.

30. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Committee held on 18 December 2014 were approved as a correct record and signed by the Chairman.

31. DECLARATIONS OF INTEREST

There were none on this occasion.

32. REPORT ON INTERNAL AUDIT – DECEMBER 2014 TO FEBRUARY 2015

The Council's Audit and Governance Manager (Steve Blake) provided a report which gave a periodic report on the Internal Audit function for the period December 2014 to February 2015.

The Audit and Governance Manager informed the Committee that:

- All audits completed in the period had achieved a satisfactory level of assurance; and
- Scheduled audits that had been unable to be progressed in the current year had been taken into account in preparing the 2015/16 Audit Plan.

The Audit and Governance Manager also informed the Committee of the current position in relation to:

- (i) Public Sector Internal Audit Standards;
- (ii) Internal Audit Plan Progress including the forthcoming upgrade to a more modern Internal Audit computer application;
- (iii) Quality Assurance;
- (iv) Outcomes of Internal Audit Work; and
- (v) Management response to Internal Audit findings.

Following discussion it was:

RESOLVED that the contents of the report be noted.

33. INTERNAL AUDIT PLAN 2015/16

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 2015/16.

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 continue to deliver a service that took account of, and followed, the requirements as set out in the Charter, and which:

- 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.

The Audit and Governance Manager in presenting the report made reference to the risk that the implementation of the new Audit Computer System might have on the Internal Audit Plan for 2015/2016 and the Committee in debating that accepted that risk.

Having discussed the proposed Internal Audit Plan it was:

RESOLVED that

- (a) the Internal Audit Plan for 2015/16 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.

34. EXTERNAL AUDITOR'S AUDIT PLAN 2014/15

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 2014/15.

Members were informed that the External Auditor's Audit Plan for the year ending 31 March 2015 set out the planned audit work in respect of the 2014/15 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 2014/15 and, in particular, focused on the Financial Statements Risks and the Value for Money conclusions.

Having considered the proposed External Auditor's Audit Plan it was:

RESOLVED that the External Auditor's Audit Plan for 2014/15 be approved.

35. EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013/14

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 2013/14.

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

- In respect of the housing benefit subsidy claim, testing had identified some errors that had subsequently been amended, with no significant impact on the overall level of subsidy receivable. A qualification letter had been issued by the External Auditor based on the findings set out in their report.

In response, a recommendation had been agreed that related to the Council performing early and extended testing in those areas where errors had been identified in 2013/14 to ascertain the extent of similar errors arising in 2014/15.

- In respect of the second claim that was subject to external audit, no errors had been identified and the claim was certified without qualification.

Chris Hewitt from the Council's external auditor, Ernst & Young, highlighted the salient points of their audit report.

Having considered the External Auditor's report it was:

RESOLVED that

- (a) the contents of the External Auditor's certification of claims and returns annual report 2013/14 be noted; and
- (b) the recommended action in response to the External Auditor's findings be approved.

36. AUDIT COMMITTEE WORK PROGRAMME 2015/16

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 2015 to March 2016.

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; and
- Progress against audit recommendations and other items identified by the Committee.

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.

Having considered the proposed Work Programme it was:

RESOLVED that

- (a) the Audit Committee's Work Programme for 2015/16 be approved; and
- (b) a training session for Members of the Committee be held on Wednesday 17 June 2015 commencing at 6.30 p.m. in the Council Chamber, at the Council Offices, Thorpe Road, Weeley.

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.

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.6 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 the progress against the Table of Outstanding Issues be noted.

38. HOUSING DEVELOPMENT IN THE TENDRING DISTRICT

Further to Minute 25 (18.12.14) there was submitted a report by the Council's Corporate Director (Life Opportunities) which presented to the Committee a further 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.

Having discussed the contents of the report it was:

RESOLVED that

- (a) the update on housing development within the District be noted; and
- (b) a training session be held for Members of the Committee on identifying and discussing all potential risks pertaining to the new housing development in Jaywick. Such training session to be held on Thursday 16 July 2015, commencing at 6.30 p.m. in the Council Chamber, Council Offices, Thorpe Road, Weeley and to which the relevant Portfolio Holders(s), Ward Members for Golf Green, Corporate Director (Life Opportunities), other appropriate Officers and the Council's External Auditor be invited to attend.

39. DATE OF NEXT MEETING AND ITEMS SCHEDULED FOR THAT MEETING

The Committee noted that the date for its next meeting was Thursday 25 June 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:

- 1) Annual Report of the Head of Internal Audit and Annual Review of Effectiveness of System of Internal Control
- 2) Internal Audit Regular Monitoring Report
- 3) Annual Governance Statement (including review of the Council's Code of Corporate Governance)
- 4) Corporate Risk Register (six monthly review)
- 5) Update on use of S106 Funding
- 6) Review / Update in respect of Housing Development in the Tendring District
- 7) Table of Outstanding Issues (including update against External Audit Recommendations)

The Chairman thanked the Officers and Chris Hewitt for all the help, advice and assistance that they had given him and the Committee. He also thanked the Members of the Committee for their input and commitment to the work of the Committee.

The meeting was declared closed at 8.32 p.m.

Chairman