

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,  
HELD ON THURSDAY, 28TH MARCH, 2019 AT 7.30 PM  
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

<b>Present:</b>	Councillors Coley (Chairman), Poonian (Vice-Chairman), Alexander, Bray, Hones, Scott and Yallop
<b>In Attendance:</b>	Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Keith Simmons (Head of Democratic Services and Elections) and Craig Clawson (Acting Audit and Governance Manager)
<b>Also in Attendance:</b>	Aphrodite Lefevre (Director) and Numan Indika (Manager) [both representing BDO LLP the Council's External Auditors]

**63. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were no apologies for absence submitted on this occasion.

**64. MINUTES OF THE LAST MEETING**

The minutes of the previous meeting of the Committee, held on 24 January 2019, were approved as a correct record and signed by the Chairman.

**65. DECLARATIONS OF INTEREST**

There were no declarations of interest made on this occasion.

**66. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 37**

There were none on this occasion.

**67. REPORT OF THE ACTING AUDIT AND GOVERNANCE MANAGER - A.1 - REPORT ON INTERNAL AUDIT: DECEMBER 2018 - FEBRUARY 2019**

The Council's Acting Audit and Governance Manager (Craig Clawson) provided a periodic report on the Internal Audit function for the period of December 2018 to February 2019.

The Acting Audit and Governance Manager informed the Committee four audits had been completed in the period in question. Two audits had received an Adequate Assurance opinion and the other two audits had received a Substantial Assurance opinion. Fieldwork had been completed on another audit, Inventory Management, with the actions and overall opinion yet to be agreed.

Members were informed that consultative reviews were still ongoing in respect of Digital Transformation Programme, Office Transformation Programme, Project Management and PCI DSS Compliance. There had been no material changes since the last meeting of the Committee.

As previously reported at the previous meeting, even though Internal Audit were behind target it was anticipated that all key audits would be completed within the next six weeks in order to provide an overall assurance opinion in the Annual Governance Statement in May 2019 and the Head of Internal Audit's Annual Report due to be reported in July 2019.

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

- (i) Inventory Management;
- (ii) Health and Safety;
- (iii) Quality Assurance;
- (iv) Resourcing; and
- (v) Outcomes of Internal Audit Work.

In relation to (iii) above the Head of Finance, Revenues and Benefits (Richard Barrett) stated that the pending restructure of the Internal Audit Section would be communicated to the Members of the Committee at the time that it was implemented.

The Acting Audit and Governance Manager also updated the Committee on previous significant issues reported, namely:-

- (a) Facilities Management actions at Weeley Crematorium; and
- (b) Council's Bank Account – use of Corporate Credit Card.

Members expressed their concern at the length of time being taken to implement the outstanding action from the health and safety audit (and specifically the fire evacuation testing process) at Weeley Crematorium and stated that a firm date for its conclusion should be established as a matter of urgency.

It was moved by Councillor Bray, seconded by Councillor Scott and:-

**RESOLVED** that the contents of the periodic report be noted.

**68. REPORT OF ACTING AUDIT AND GOVERNANCE MANAGER - A.2 - INTERNAL AUDIT PLAN 2019/20**

There was submitted a report by the Council's Acting Audit and Governance Manager (A.2) which sought the Committee's approval for the Internal Audit Plan for 2019/20. The Plan was before the Committee as Appendix A to that report and had been developed using a risk based approach, taking into account the Council's Corporate Objectives, Corporate Risks and Emerging Risks.

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

1. 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.
2. 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.

3. Produced a plan that took into account the need to produce an annual Internal Audit opinion.
4. Considered the input of senior management and the Audit Committee in producing the plan.
5. Assessed the Internal Audit resource requirements.

Members were informed that it was proposed to deliver the Annual Audit Plan based on the current resource establishment and by using the Team's adaptation to new innovative techniques and leaner ways of working. The number of audit days had been reduced from 570 to 520; however, this would not impact on the level of assurance provided to the Committee and the overall assurance opinion for a number of reasons, namely -

- A leaner more practical audit plan had been developed using a risk based approach, knowledge of all operational processes within service areas, historical assurance opinions and an understanding of where procedural changes had occurred around the Council; and
- By having a leaner audit plan it had saved a total of 50 days that would now be used to support services in implementing agreed audit actions in order to help them facilitate change and create more efficient and effective processes within their area.

The Committee was advised that the Plan would be kept under review during the year, in consultation with the Council's senior management, and taking account of changes to the Council's priorities, operations and risk. Changes to the Plan would be brought to the attention of the Committee for its approval.

Members stated the importance of the Planning Enforcement audit as they felt that if the Council's planning enforcement functions were not carried out in an adequate manner then this could lead to a significant negative impact on the Council's reputation.

Following discussion, it was moved by Councillor Bray, seconded by Councillor Alexander and –

**RESOLVED** that -

- (a) the Internal Audit Plan for 2019/20 be approved; and
- (b) that 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 the Committee as part of the periodic Internal Audit reporting arrangements.

**69. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.3 - EXTERNAL AUDITOR'S AUDIT PLANNING REPORT FOR THE YEAR ENDED 31 MARCH 2019**

There was submitted a report by the Council's Deputy Chief Executive (report A.3) which presented for the Committee's consideration and agreement the External Auditor's Audit Planning Report for the year ended 31 March 2019.

The Head of Finance, Revenues and Benefits (Richard Barrett) introduced to the Committee Aphrodite Lefevre and Nuwan Indika who were attending the meeting on behalf of the Council's new External Auditors, BDO LLP. He complimented the readability of BDO's planning document for the period up to issuing the overall audit opinion to the Council in July 2019. The materiality figures would be updated following the end of the 2018/19 financial year.

Members were informed that the External Auditor's Audit Plan for the year ending 31 March 2019 set out their planned audit work in respect of forming their opinion on the 2018/19 Financial Statements and the Council's use of resources. The Plan had been developed against a risk based approach in order to provide a focus on areas of the financial statements where the risk of material misstatement was higher or where there was a risk that the organisation had not made proper arrangements for securing value for money in its use of resources.

Having considered the proposed External Auditor's Audit Plan it was moved by Councillor Bray, seconded by Councillor Yallop and -

**RESOLVED** that the External Auditor's Audit Planning Report for the year ended 31 March 2019 be approved.

**70. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.4 - TABLE OF OUTSTANDING ISSUES**

There was submitted a report by the Council's Deputy Chief Executive (report A.4) which presented to Members the progress against outstanding actions previously identified by the Committee.

It was reported that the Table of Outstanding Issues had been reviewed and updated since it was last considered by the Committee at its meeting held on 24 January 2019.

It was further reported that there were no outstanding actions in respect general issues previously identified by the Committee.

Updates against actions identified within the Annual Governance Statement were set out in Appendix A with no significant issues to highlight at the present time with work remaining in progress or updates provided elsewhere on the Agenda.

In relation to the North Essex Garden Communities project the Head of Finance, Revenues and Benefits (Richard Barrett) informed the Committee that it was anticipated that decisions on the future funding and delivery of the project over the coming years would be made in the period June – July 2019.

It was moved by Councillor Hones, seconded by Councillor Scott and –

**RESOLVED** that the progress on the outstanding issues be noted.

**71. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.5 - AUDIT COMMITTEE WORK PROGRAMME 2019/20**

There was submitted a report by the Council's Deputy Chief Executive (report A.5) which presented for approval the Committee's proposed work programme for the period

April 2019 to March 2020. The work programme was before the Committee as an Appendix to the report.

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 was 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.

Members were made further aware that, during the year, other matters apart from those set out above might be presented to the Committee for consideration. Given the on-going regulatory and statutory workload and the various additional activities undertaken by the Committee, any additional items that might arise would need to be considered against the proposed work programme and included for reporting at the appropriate meeting, or considered for inclusion in subsequent work programmes.

Although not included in the formal work programme, it was recognised that the Committee might wish to develop training opportunities, which could be considered during the year. Such opportunities would either form part of future meetings or, where necessary, separate arrangements would be made.

It was also reported that as the year progressed, it might be necessary to review items on the work programme 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 moved by Councillor Bray, seconded by Councillor Scott and -

**RESOLVED** that the Audit Committee's Work Programme for 2019/20 be approved.

The Chairman and Members of the Committee thanked Officers for all of the work that they had undertaken on behalf of the Committee throughout this municipal year.

The meeting was declared closed at 8.30 pm

**Chairman**