

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 22ND SEPTEMBER, 2016 AT 7.30 PM
COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY, CO16 9AJ**

Present:	Councillors Griffiths (Vice-Chair), Chapman, Poonian and Stephenson
Also Present:	Councillor Hones
In Attendance:	Richard Barrett (Head of Finance, Revenues and Benefits Services), Steve Blake (Audit Manager) and Janey Nice (Committee Services Officer)

9. CHAIR

In the absence of the Chairman of the Committee (Councillor Coley), the Chair was occupied by the Vice-Chairman (Councillor Griffiths).

10. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

An apology for absence was submitted on behalf of Councillor Coley.

11. MINUTES OF THE LAST MEETING

The minutes of the Committee held on 30 June 2016 were approved as a correct record and signed by the Chairman.

12. DECLARATIONS OF INTEREST

There were none on this occasion.

13. REPORT OF AUDIT AND GOVERNANCE MANAGER - A.1 REPORT ON INTERNAL AUDIT - JUNE 2016 - AUGUST 2016

The Council's Audit and Governance Manager (Steve Blake) provided a periodic report on the Internal Audit function for the period of June 2016 to August

The Audit and Governance Manager informed the Committee that 10 audits had been completed with the final report issued and all audits completed in the period had achieved a satisfactory level of assurance, with one exception (Housing Allocations) receiving an "improvement required" classification although the service had already taken the necessary action in response.

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;
- (iii) Quality Assurance;
- (iv) Outcomes of Internal Audit Work;

- (v) Section 106 Agreements (Follow Up);
- (vi) Housing Allocations; and
- (vii) Management response to Internal Audit findings.

In respect of the on-going issues in respect of S.106 agreements, the Audit and Governance Manager confirmed that there would be a follow-up audit later in the year.

Mr Blake informed the Committee that the Section 106 agreements which had drawn attention at the previous meeting, said that while there had been issues with the findings, most of the issues remained irrelevant. He said that there would be a further follow up audit either later in this current financial year or early in 2017/18.

The Chairman commented that he would like the relevant Portfolio Holder at the next meeting of the Committee in December 2016 as he wanted assurance that all control mechanisms were in place.

Following discussion and questions by Members, it was:

RESOLVED that the contents of the report be noted; and

RECOMMENDATION that the relevant Portfolio Holder for Section 106 agreements be invited to the next meeting of the Audit Committee due to be held on 15 December 2016.

14. REPORTS OF CORPORATE DIRECTOR (CORPORATE SERVICES) - A.2 - AUDIT RESULTS REPORT 2015/16

The Committee gave consideration to item A.2 of the Report of the Corporate Director (Corporate Services) which was presented by the Ernst & Young Executive Director (Kevin Suter).

- The External Auditor's Audit Results Report for the period ending 31 March 2016 and Letter of Representation for Members' consideration and approval in order to enable a final opinion on the accounts and value for money arrangements to be formally issued by the External Auditor;
- The Statement of Accounts 2015/16 for Members' consideration and approval for publication by the end of September 2016; and
- A revised Annual Governance Statement 2015/16 for Members' approval.

Mr Suter set out that Ernst and Young anticipated issuing an unqualified opinion on the Council's financial statements and that there were only a very few items management had been asked to adjust the accounts for. In respect of the value for money opinion, Mr Suter also stated that Ernst and Young expected to conclude that the Council had put in place proper arrangements to secure value for money in the use of resources. He also went on to comment that Ernst and Young had concluded that the Council had continued to respond well to the financial challenges it is facing however he did highlight the significant risk facing the Council in terms of identifying the necessary savings required over the medium term period to meet the budget gap.

Having considered the matters raised and the answers to questions, the Committee **RESOLVED:**

1. That, in respect of the Audit Results Report, the Audit Committee:
 - (a) Considered and noted the contents of the report including the required adjustments to the Statement of Accounts 2015/16 as set out on page 5 of the A.2 Audit Results Report 2016/17;
 - (b) Subject to (a) above approved the management representation letter set out as Appendix E to the External Auditors Audit Results Report 2015/16;
 - (c) Subject to (b) above, authorised the Head of Finance, Revenues & Benefits and Audit Committee Chairman or Vice-Chairman to sign the management representation letter for forwarding to the External Auditor;
 - (d) Subject to (b) and (c) above, approved for publication the audited Statement of Accounts for 2015/16, amended for the adjusted items identified.

2. That, in respect of the Council's Annual Governance Statement 2015/16 the Audit Committee::
 - (a) Approved the revised Annual Governance Statement set out in Appendix A to the afore-mentioned report: and
 - (b) Subject to 2(a) above, the Chief Executive and Leader of the to sign the Annual Governance Statement, as set out in Appendix A to the afore-mentioned report.

15. REPORTS OF CORPORATE DIRECTOR (CORPORATE SERVICES) - A.3 - AUDIT COMMITTEE - TABLE OF OUTSTANDING ISSUES

The Head of Finance, Revenues & Benefits Services updated the Committee with the progress against outstanding actions identified by the Committee.

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.3 of the Report of the Corporate Director (Corporate Services), or elsewhere on the agenda where appropriate.

Updates against actions identified within the Annual Governance Statement 2015/16 were set out in Appendix B with no significant issues to highlight at the present time. The Committee raised concern about the risks presented by the redevelopment project in Jaywick and the impairment charge representing the difference in purchase price and balance sheet value. Mr Barrett informed the Committee that a report previously presented to Cabinet addressed a number of

issues that the Committee had raised including the long term approach the Council is able to take..

Updates against actions identified as part of the seafronts investigation that had been previously reported to the Committee at its meeting held on 30 June 2016 had been set out in Appendix C.

A Member also asked about the recent problems experienced with the public cleaning contract and following the associated discussion, it was suggested that the Council needs to reflect on the matter to see if there was any learning opportunities.

It was **RESOLVED** that the Committee had noted the outstanding issues; and it was:

RECOMMENDED (a) that Cabinet review the policy in respect of any future land purchases in Jaywick given the impairment loss of £0.700m in 2015/16.

(b) that in light of the recent experiences in connection with the public conveniences contract the Council reviewed its current procurement/contract processes to identify if such issues could be prevented in the future.

16. ITEMS SCHEDULED FOR THE NEXT MEETING OF THE COMMITTEE IN DECEMBER 2016

It was reported that items currently scheduled for that meeting included:

- 1) Internal Audit Regular Monitoring Report
- 2) Internal Audit Letter 2015/16
- 3) Corporate Risk Register (six monthly review)
- 4) Table of Outstanding Issues (including update against External Audit Recommendations)

17. EXCLUSION OF PRESS AND PUBLIC

18. REPORT OF CORPORATE DIRECTOR - B.1 RISK BASED VERIFICATION POLICY

There was submitted a report of the Corporate Director (Corporate Services) which sought the Committee's annual approval of the Council's Risk Based Verification Policy.

The Committee was informed that the Council had voluntarily adopted a Risk Based Verification (RBV) Policy, as recommended by the Department for Works and Pensions (DWP) in August 2012. The Council was required, via its Audit Committee (or similar), to conduct an annual review of the RBV Policy.

It was reported that the Council's Section 151 Officer, as required by the DWP, had undertaken the necessary review with no material changes proposed in 2016 apart from extending the risk based methodology to all changes to circumstances reported by claimants.

Accordingly, in order to enable this matter to move forward it was **RESOLVED** that the Risk Based Verification Policy, following this year's annual review and as set out in Appendix A to item B.1 of the Report of the Corporate Director (Corporate Services), be approved.

Having discussed the issue, the Committee **RECOMMENDED** that:

Following the 2016 annual review, the Risk Based Verification Policy as set out in Appendix A attached to the Report B.1 of the Corporate Director (Corporate Services) was approved.

The Meeting was declared closed at 8.24 p.m.

Chairman