



**MINUTES of  
AUDIT COMMITTEE  
7 DECEMBER 2017**

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**PRESENT**

Chairman	Cllr P G L Elliott
Vice-Chairman	Cllr E L Bamford
Councillors	A S Fluker, B E Harker, M S Heard, A K M St. Joseph and Mrs M E Thompson

**669. CHAIRMAN'S NOTICES (PLEASE SEE OVERLEAF)**

The Chairman drew attention to the list of notices published on the back of the agenda.

**670. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor R Pratt.

**671. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 31 August 2017 be approved and confirmed.

**672. DISCLOSURE OF INTEREST**

Councillor M S Heard declared a pecuniary interest in relation to Agenda Item 5 – Quarterly review of Corporate Risk – as he was employed by Essex Police as an Internal Auditor. Councillor Heard had been advised that this position may be perceived by the public as prejudicial and he would, therefore, withdraw from the meeting whilst this item was being discussed.

Councillor Heard left the meeting at this point.

**673. QUARTERLY REVIEW OF CORPORATE RISK**

The Committee considered the report of the Director of Resources providing an update on the position at the end of Quarter 2 (30 September 2017) on the corporate risks included within the Corporate Risk Register 2017/18.

The Director of Resources provided an update of corporate risks that had been removed from the corporate risk register as the risk scores had been reduced to within the Council's accepted tolerance:

- Risk 6 – Failure to have an adopted Local Development Plan (LDP) – the Council's LDP had now been adopted;
- Risk 12 – Failure of the Council to influence regional partners, to support and encourage economic prosperity and inward investment to the Maldon District – this risk had been reduced since the employment of the Economic Development Manager and following his work with the Haven Gateway and other partners.
- Risk 19 – Lack of Access to Legal Resource – this risk had been reduced as there were two fixed-term Deputy Monitoring Officers now in place.

The Director of Resources drew Members' attention to section 3 of the report – Summary of Key Issues and the request from Members at the last meeting of this Committee to re-visit certain risks. The Director of Resources then invited the Director of Customers and Community to speak on this.

The Director of Customers and Community advised that the risk regarding resident perception of crime had been redefined. The report showed how this risk could be mitigated and addressed.

Risk: Lack of visible policing undermines confidence in public safety

Members were given a copy of the scoring matrix for the corporate risk register and discussed the risk score for this risk. The main risk to the Council would be one of reputational damage from adverse media coverage.

Councillor A K M St. Joseph arrived at this point in the meeting.

Members raised concern with the definition of the risk and the Director of Customers and Community advised that the clear message coming from the Community Safety Partnership was around confidence in policing.

This item was debated by Members and it was suggested that the risk be redefined as "failing to engage with the public over community safety issues". The Director of Customers and Community was asked what the outcomes would be to make this a zero risk and, in response, he stated that it was necessary to see how this risk applied to the Council. This was a difficult risk to ascertain as it depended on other partners. The Committee was advised that the Overview and Scrutiny Committee were undertaking a piece of work looking at the relationship with the police, funding and priorities. If Members wished to retain a corporate risk, then it should be around the Community Safety Partnership and its activities.

The Chairman then requested that Members come to a decision on the scoring for this risk.

Councillor E L Bamford proposed that the risk be defined as:

*"Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas".*

This was duly seconded and agreed.

The Director of Customers and Community asked Members what they expected the outcome of this risk to be and Members suggested the following:

- that the Community Safety Partnership increased liaison with police;
- that residents be encouraged to report crime;
- policies be followed to reduce the fear of crime.

It was agreed that the score for this risk be set at 6.

Councillor M S Heard returned to the meeting at this point.

Risk: Uncertainty regarding strategic ownership of flooding mitigation and long term maintenance responsibilities

Following concerns raised by Members, this risk had had been redefined as:

*“Uncertainty regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities.”*

This would enable officers to look at the whole range of flood issues. A study of the Causeway area had been commissioned. Whilst this risk had already been scored, Members were requested to review the definition of the risk.

Members debated this item and were of the opinion that the overall risk score was major and should not be reduced. It was believed that flooding was almost inevitable at some stage and, if so, it would be an event that would be remembered for years. Councillor A K M St. Joseph proposed that the risk be amended to read:

*“Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities.”*

This was duly seconded and agreed.

Concern was raised that there was no mention of the Environment Agency and the Director of Customers and Community advised that the list of partners was not exhaustive and a more definitive list would be included.

The Director of Customers and Community agreed that it may be premature to reduce the score. Members then looked at the new scoring matrix and it was suggested that the risk score be set at 12. However, Members were concerned that reducing the risk score would give the wrong message. The Director of Customers and Community again reiterated that Members must consider the risks to this Council and was of the opinion that the risk should not be as high as Members suggested.

Councillor M S Heard proposed that the risk be redefined to read *“failing to engage effectively with those partners in order that they can then demonstrate ...”*. It was agreed that it was necessary for this Council could show it has plans in place and has engaged with partners.

Councillor A K M St. Joseph proposed that that the risk score remain at 16 and this was duly seconded. The Director of Customers and Community would bring forward recommendations to mitigate the risk score.

There was concern about including the word “*effectively*” as this was outside of the control of the Council. The exact wording of the risk would be agreed outside of the meeting.

Further questions regarding the Corporate Risk Register were raised:

Risk 03 – Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population:

How long would the funding from Essex County Council (ECC) to enable employment of a Health Improvement Officer be for?

The Director of Customers and Community advised that there was a separate grant available from ECC for staffing. This position would be a fixed term contract funded directly by the County Council. It was considered important to have a member of staff able to interpret health data.

05 – Failure to have a clear shared vision regarding Strengthening Communities:

The comments column was not very clear and the inference at the end was concerning.

The Director of Customers and Community agreed that the final sentence regarding this risk could be removed. There had been a recent meeting where it was agreed that there would be a recommendation to Council to approve the strategy work.

**RESOLVED** that:

- (i) Members’ comments on the information set out in the report and Appendix 1 thereto be noted;
- (ii) That the following corporate risks be removed from the corporate risk register given the risk scores had been reduced to within the Council’s accepted tolerance:
  - Risk 6 – Failure to have an adopted Local Development Plan (LDP)
  - Risk 12 – Failure of the Council to influence regional partners, to support and encourage economic prosperity and inward investment to the Maldon District
  - Risk 19 – Lack of access to legal resource;
- (iii) That a risk be added to the corporate risk register regarding lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas
- (iv) That the risk relating to flooding (Risk 08 – Uncertainty regarding strategic ownership of coastal, fluvial and surface water flood mitigation and long term maintenance responsibilities) be redefined to include the risk arising from coastal and fluvial flooding;
- (v) That in undertaking this review Members were assured that corporate risk was being managed effectively.

#### **674. EXTERNAL AUDIT - AUDIT LETTER 2016 / 17**

The Committee considered the report of the Director of Resources regarding the External Auditor's Annual Audit Letter 2016/17 attached at Appendix 1 to the Report.

The External Audit Manager verbally outlined the contents of Appendix 1 to the report to the Committee and drew Members' attention to the Executive Summary showing the work undertaken, including that:

- The External Auditors had issued an unqualified audit report and an unqualified value for money report;
- A report on certification of the Council's Housing Benefit Claim would be brought to the next meeting of this Committee.

The External Audit Manager then drew attention to the "Focusing on your Future" section of Appendix 1 to the Report and highlighted the following:

- The earlier deadline for production and audit of the financial statements from 2017/18;
- Changes to accounting standards relating to financial instruments and leases.

An additional fee in relation to additional procedures regarding valuations and the objections to the financial statements received had been agreed with the Council.

**RESOLVED** that the External Audit Annual Audit Letter 2016/17 be received.

#### **675. PROGRESS AGAINST 2017 / 18 INTERNAL AUDIT PLAN**

The Committee received the report of the Director of Resources, the purpose of which was to report progress to date with regard to work completed and any deviances to, or slippage, on the Internal Audit Plan 2017/18.

The Senior Audit Manager advised that 2 audits had been completed since the last report to this Committee. The Senior Audit Manager then drew Members' attention to the section on Information Management and advised that Officers had been tasked with looking at the Council's preparedness for the introduction of the General Data Protection Regulation (GDPR) and how systems could be improved. An action plan had been produced that Officers were working through.

The Senior Audit Manager then drew Members' attention to Contracts Procurement Management and Purchasing which had highlighted the following areas for improvement:

- Purchasing
- Contracts Register
- Purchase Cards.

In response to a question, the Senior Audit Manager confirmed that recommendations were monitored and would be reported back to Members.

The Director of Resources advised the following:

- The issues with Elections were in relation to the PCC election, but systems had been compliant since then;
- The Contracts Register would be reviewed;
- The Purchase Cards procedure was currently being updated and a report would be brought to the Finance and Corporate Services Committee just after Christmas.

**RESOLVED** that Members the progress against the 2017/18 Internal Audit Plan be noted.

There being no further items of business the Chairman closed the meeting at 4.15 pm

CLLR P G L ELLIOTT  
CHAIRMAN

- (a)
- (b)