



**MINUTES of
AUDIT COMMITTEE
26 JULY 2018**

PRESENT

Chairman	Councillor P G L Elliott
Councillors	A S Fluker, B E Harker, M S Heard, A K M St. Joseph and Mrs M E Thompson
In attendance	Councillor R G Boyce MBE

300. CHAIRMAN'S NOTICES

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

301. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors E L Bamford and Miss M R Lewis.

302. MINUTES OF THE LAST MEETING

Minute No. 206 – Quarterly Review of Corporate Risk

In response to a question regarding Risk 06 and the timescale for a review of the risk, the Chairman advised that no timescale was set at the last meeting but he expected it to be brought to the next meeting of the Committee as this was a meeting specifically to review the accounts.

RESOLVED that the Minutes of the meeting of the Committee held on 21 June 2018 be approved and confirmed.

303. DISCLOSURE OF INTEREST

There were none.

304. ANNUAL GOVERNANCE STATEMENT 2017 / 18

The Committee considered the report of the Director of Resources presenting the Annual Governance Statement (AGS) (attached as Appendix 1 to the report) for approval.

It was noted that the AGS reflected on governance issues identified as a result of the review of arrangements and by the work of external and internal audit and other agencies. It included reference to processes currently in place and operating successfully to mitigate the risks associated with those weaknesses.

RESOLVED

- (i) That the Annual Governance Statement 2017 / 18 be approved;
- (ii) That the Annual Governance Statement 2017 / 18 be certified by the Leader of the Council and the Chief Executive.

305. ANNUAL RESULTS REPORT 2017 / 18

The Committee considered the report of the Director of Resources which provided the Council's External Auditors with the opportunity to report the key findings of their audit to those charged with governance, prior to issuing their opinion on the 2017 / 18 Statement of Accounts. The draft External Audit Annual Results report for 2017 / 18 was attached as Appendix 1 to the report.

The External Audit report provided detailed conclusions drawn from the Audit work and Members' attention was drawn to the Executive Summary which advised that the Audit had been carried out in accordance with the Annual Planning Report apart from four exceptions which were detailed.

When presenting the External Audit report, Ms Debbie Hanson, Associate Partner from Ernst Young LLP, highlighted a change made to the accounts following receipt of an updated IAS19 report the Council from the Pension Fund and advised Members of minor changes to the letter of representation attached at Appendix B to Appendix 1.

RESOLVED

- (i) That the opinion of External Audit on the draft Statement of Accounts be noted;
- (ii) That the draft External Audit Annual Results report be noted.

306. STATEMENT OF ACCOUNTS 2017 / 18

The Committee considered the report of the Director of Resources reporting the position of the Ernst Young LLP audit of the Statement of Accounts for 2017 / 18 (attached at Appendix 1 to the report) and any amendments arising from this audit.

The report outlined that the contents of the Statement of Accounts were largely determined by statutory requirements and mandatory professional standards as set out within The Code of Practice on Local Authority Accounting (The Code). The Council's unaudited Statement of Accounts for 2017 / 18 had been signed off by the Director of Resources at the end of May 2018.

The Director of Resources presented the Statement of Accounts for 2017 / 18 and highlighted two small changes to be made to the pension estimate and the Audit and Inspection costs. It was noted that these changes did not result in any net change.

Councillor A S Fluker proposed that recommendation (i) as set out in the report be agreed. This proposal was duly seconded and agreed.

The Committee asked that its thanks be passed onto Ernst Young and the Council's Finance Team for all the work that had gone into producing the Statement of Accounts.

RESOLVED that the audited Statement of Accounts for 2017 / 18 be approved.

307. ANNUAL AUDIT AND CERTIFICATION OF FEES 2018 / 19

The Committee received the report of the Director of Resources informing Members of the external audit fee payable to Deloitte LLP for 2018 / 19. Details of the fee were set out in Appendix 1 to the report.

The Director of Resources advised that there was a reduction of approximately 20% in the fee for 2018 / 19, as set by Public Sector Audit Appointments Ltd (PSAA).

RESOLVED that the contents of this report be noted.

308. PERFORMANCE AGAINST THE 2018/19 INTERNAL AUDIT PLAN

The Committee received the report of the Director of Resources reporting progress to date with regards to work completed along with any deviances to, or slippage on, the Internal Audit Plan 2018 / 19 (attached as Appendix 1 to the report).

The Committee were introduced to Mr Greg Rubins, Partner, from BDO LLP who presented the Internal Audit Plan. He highlighted three key areas where audit work had been undertaken and in response to questions the Committee were provided with the following information:

- Attendance management: The Director of Resources highlighted a number of new initiatives which had been adopted by the Council. These together with staff training, a consistent approach to application of the process and resolution of some long term sickness cases had led to a substantial reduction in the number of days sickness.
- Business Resilience: Disaster recovery testing related to the Council itself and internal responses to this, rather than a civil response to issues such as flooding. It was noted that the recent testing had been observed by Internal Audit. Members were advised that some Key Performance Indicators had been suggested around shared service work with Chelmsford city Council.
- Elections Improvement Plan: It was clarified that a review had not been undertaken by the Electoral Commission. Following its audit a limited opinion had been issued. This related primarily to evidence not being provided and delays in evidence provided to support completion of the plan.

In response to further questions the Director of Resources outlined the problems which had led to the limited opinion being issued along with two medium level recommendations. Members noted that a number of improvements had been made to processes, staffing, as well as project planning.

Councillor A S Fluker proposed that the Director of Resources reports back to the next meeting of this Committee on electoral services. This proposal was duly seconded and agreed.

RESOLVED

- (i) that the progress against the 2018 / 19 Internal Audit Plan be noted;
- (ii) that the Director of Resources reports back to the next meeting of this Committee on electoral services.

There being no further items of business the Chairman closed the meeting at 3.35 pm.

P G L ELLIOTT
CHAIRMAN