



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
9 JANUARY 2020**

PRESENT

Chairman	Councillor E L Bamford
Vice-Chairman	Councillor K W Jarvis
Councillors	Mrs P A Channer, CC, M F L Durham, CC, A S Fluker, B E Harker, M S Heard, S P Nunn, N J Skeens, W Stamp, Mrs J C Stilts, C Swain and Mrs M E Thompson

641. CHAIRMAN'S NOTICES

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

642. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor B S Beale, MBE.

643. MINUTES OF THE LAST MEETING

RESOLVED that the minutes of the meeting held on 28 November 2019, be confirmed.

644. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC declared a non-pecuniary interest as a member of Essex County Council on issues in the Audit report around flooding.

Councillor M F L Durham, CC declared a non-pecuniary interest as a member of Essex County Council on issues in the Audit report pertaining to flooding.

645. PUBLIC PARTICIPATION

No requests had been received.

646. INTERNAL AUDIT PROGRESS REPORT

Prior to the presentation of the above report the Chairman advised the Committee that the current audit situation was being considered first under Agenda Item 6. Internal

Audit Progress Report and then the historic situation under Item 7. Historic Audit Actions Report. All changes approved under Item 7 would be reflected in the next Internal Audit Follow-up of Recommendations report at the February Committee.

The Committee then considered the report of the Interim Section 151 Officer that provided, by way of appendix 1 and 2, reports issued by BDO LLP, the Council's Internal Auditors.

The Audit Manager from BDO LLP took the Committee through the reports starting with the Audit Progress Report December 2019. She advised that the IT Disaster Recovery and Main Financial Systems reports had been issued in draft and would be submitted to the February Committee meeting. The Workforce Management, Flooding Risk Management and Network Security reports were in fieldwork as of week commencing 6/1/20 and that all changes to the Internal Audit Plan agreed with management, were listed on page 19 of the Audit Progress Report.

With reference to the Follow Up of Recommendations report she said that there were no new recommendations due for follow-up in this committee cycle. It had been agreed to review old recommendations and close them off if appropriate, as reflected in Agenda Item 7 Historic Audit Actions report. These changes would be reflected in the next iteration of the Follow Up of Recommendations report.

Councillor Nunn opened the debate by asking why the Committee was sitting given the lack of items of business on the agenda. The Chairman advised that the main bulk of the work would be considered at the 27 February Committee and that tonight's agenda served as an advance outline of that. Furthermore, decisions made on Item 7 on this agenda will impact the content of reports at the next meeting.

In response to questions raised the Audit Manager reported the following:-

- That limited effectiveness of procurement and contract management had been considered at the meeting on 28 November 2019. The assessment that it was moderate in design demonstrated that controls in place were good, but there had been some exceptions to the effectiveness of certain controls e.g. contract management. Work was now underway to ensure that all correct documentation was in place in relation to contract management.
- That operational effectiveness of controls was monitored by checking staff were following the policies and procedures in place. For this meeting none of those recommendations were due for reporting as Internal Audit, together with management, were going through a period of reassessment to determine if they were still applicable following the restructure. From February 2020 the Committee would receive reports on those that are still applicable together with an appropriate update on the status of each recommendation.

The Chairman put the recommendations to the Committee and they were agreed.

RESOLVED that the Committee considered and commented on:

- (i) the Internal Audit Progress Report December 2019 at appendix 1, and,

- (ii) the Internal Audit Follow Up of Recommendations Report, December 2019 at appendix 2.

647. HISTORIC AUDIT ACTIONS REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance that provided a proposed review of historic audit recommendations.

The Programmes, Performance and Governance Manager took the Committee through the report and appendix. She explained the rationale for the report in that the systems previously used for monitoring audit recommendations had changed therefore timely to undertake some housekeeping around historic audit recommendations. Addressing the table at appendix 1 she advised Members that some of the recommendations would be subsumed into new recommendations and historic actions were being recommended for removal as they had been superseded by other ongoing work. The historic recommendations were largely around Channel Shift and transformation and had already been completed through the Transformation work.

In response to questions on the appendix regarding historic recommendations proposed for removal and how related work would be taken forward, Officers responded as follows:-

- Planning 16/17 - that this would be delivered as part of the Transformation Structure under the responsibility of the process improvement team and planning officers.
- That as a result of the substantial changes and reengineering of systems and processes in the last year, recommendations dating back to 16/17 had been subsumed into the transformation programme as they had naturally been overtaken by the transformation work.
- That all transformation work was monitored and reviewed by the Transformation Board and Members had access to the information through the minutes on the I Drive; gateway reviews; update reports to Members and reports to Council.
- That Flood Risk Management would be reported back to the Committee in April 2020 and the Lead Specialist Place, Damian Ghela had responsibility for this going forward. The Director of Service Delivery agreed he would update Members further by email following the meeting.
- That there were still two recommendations outstanding regarding Safe and Clean Environment and the Director of Service Delivery agreed he would update Members further following the meeting.

A debate ensued where Members expressed concern regarding a lack of clarity around those recommendations that were being removed, what they were being replaced with, those recommendations that would form part of the new Audit Plan and who was responsible in each area. It was further noted that there was no wish to revisit what had already been done but rather than remove them, retain the threads of the existing process until a new one was in place.

The Chairman, noting these concerns, said that it may have been better for the sake of clarity, to outline how particular items would be covered going forwards. She then put the recommendation to the Committee that Members approve the proposed revisions, including removal of audit actions, which had been addressed as part of the transformation work. This was not agreed.

Councillor A S Fluker, acknowledging the issues raised in the debate proposed that the item be deferred, and a short report be submitted to a future committee outlining what was going forward in the new audit plan and what items/recommendations had been identified for closure. This would provide clarity and enable the Committee to decide what to do with the recommendations being proposed for closure. This was duly seconded.

The Chairman put the proposal to the Committee that the item be deferred to come back to Committee with a link into the future audit plan and it was agreed.

RESOLVED that the item be deferred to come back to Committee with a link into the future audit plan.

648. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

There were none and the meeting closed at 8pm.

E L BAMFORD
CHAIRMAN