



**MINUTES of  
AUDIT COMMITTEE  
26 MARCH 2018**

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**PRESENT**

Chairman	Councillor P G L Elliott
Vice-Chairman	Councillor E L Bamford
Councillors	A S Fluker, B E Harker, M S Heard, R Pratt, CC and Mrs M E Thompson

**925. CHAIRMAN'S NOTICES**

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

**926. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor A K M St. Joseph.

**927. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 7 December 2017 be approved and confirmed.

**928. DISCLOSURE OF INTEREST**

Councillor M S Heard disclosed a non-pecuniary interest in relation to Agenda Item 5 – Quarterly Review of Corporate Risk – as he was an employee of Essex Police.

**929. 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 3 (31 December 2017) on the corporate risks included in the Corporate Risk Register 2017/18.

The Director of Resources outlined the key changes and, in particular, the proposed re-defining of the risk around policing to the following:

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

The Director of Resources introduced the Group Manager: Customers, the Community Safety Partnership Manager and the Environmental Health Manager – Environmental Protection to the Committee.

#### Risk 2 – Failure to identify older and most vulnerable people

Members asked why this risk had been reduced from 9 to 6 and the Group Manager: Customers responded as follows:

Projects and activities had been taking place over the last 12 months, particularly with older and more vulnerable people. A campaign to identify vulnerable people in the colder months was in its second year. Projects and activities included the following:

- Project in the Tolleshunts which was considered a hotspot for social isolation of older / vulnerable residents. There was ongoing work to improve volunteering and to increase the opportunities to access support.
- “Health Mob” partnership had been re-launched. Good relationships were being formed through this and joint work was also being looked into.
- Weight Management and tackling obesity work was ongoing.
- Livewell website had signposting to direct vulnerable people to support services and online work.

The Group Manager: Customers advised Members that Officers believed progress was being made within areas that had deprivation of income / more people on benefits / more older people – these demographics were being targeted through these initiatives.

In response to a question as to how results could be evidenced, the Group Manager: Customers advised that results were very difficult to measure and that the impact of these initiatives would take some time to feed through to the data. There was no easy way of measuring progress, although efforts were made to identify what the experience of those involved had been and what outcomes had been achieved by them.

Members asked Officers if it was so difficult to measure outcomes, then should the Council be measuring something else? The Group Manager: Customers confirmed that it was difficult to measure outcomes and that although surveys were done, it could take up to two years for the results of these surveys to feed through into statistics.

Members considered that it was important to have feedback from those residents that did take part, but that it may be too early to reduce the risk score until more feedback data had been gathered.

Councillor E L Bamford proposed that Risks 2 and 3 were not reduced but remained the same for the time-being. This proposal was duly seconded.

#### Risk 04 – Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs)

Members noted that this risk score had remained at 16 (the maximum) for some time and requested a report back to the next meeting of this Committee as to why the risk had remained at maximum.

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

Members asked why this score had been reduced.

The Group Manager: Customers advised that the task and finish working group had concluded its work and supported a new vision. There would be a report to Council in May with a recommendation that this new vision be endorsed. Members were asked to note the work that had been done.

In response to a question, the Group Manager: Customers advised that three Members attended the Health and Wellbeing Board as this was extrinsically linked to strengthening communities. Members would be elected to represent the Council on that partnership group.

Councillor E L Bamford proposed that the risk score for Risk 05 remain at 12 at least until the proposed vision was adopted by Council. This proposal was duly seconded.

#### Risk 06 – Failure to deliver the required infrastructure to support development arising from the Local Development Plan

Concerns were raised around this risk as the North Heybridge Flood Alleviation Scheme had not, as yet, been agreed. Other schemes were, however, progressing well.

Councillor B E Harker proposed that this risk be split in to 06A and 06B. This was duly seconded and agreed.

On a point of clarification, the Chairman confirmed that the Audit Committee made proposals to CLT and it was for CLT to agree with those proposals or otherwise.

#### Risk 07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities

Members suggested that the wording of this risk be amended to read “Failure to co-ordinate and lead a plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities”.

The Environmental Health Manager – Environmental Protection advised Members that the Council is not in control. Although the Council was able to co-ordinate with and put pressure on partners, we could not lead this.

Members were of the opinion that there was a need to ensure as much support as possible as this was in the Maldon District. The Director of Resources agreed that we could lobby and co-ordinate, however, it was not the Council’s role to lead. Furthermore, it was necessary to stick to the Council’s key corporate priorities. It was not possible to take on areas that were not the responsibility of the Council.

Councillor A S Fluker proposed that the Council was doing everything expected of it as a Local Authority under the risk and that, therefore, the risk be reduced to 0. The risk was associated with engagement and the Council was doing everything required of it to engage.

There was a suggestion that this risk be split in to two separate risks as the Council was able to undertake maintenance in order to reduce the risk of flooding. It was suggested

that the description of the risk should be reconsidered by CLT. The Director of Resources advised the Committee that it was not the Council's role to repair the defences and, if Members wished the Council to take on this role, then the decision would be required to be made by Council.

The Environmental Health Manager – Environmental Protection advised the Committee that there were various plans with partners that were progressing and proposed that a formalised plan of all the workstreams and projects be made. Officers could then bring this plan back to the Audit Committee for the risk to be re-assessed. Although the risk of flooding was very high, the risk being considered was concerned with having a plan in the event of a flood.

#### Risk 09 – Failure to maintain a 5 year supply of Housing Land

Councillor A S Fluker proposed the inclusion of an additional risk of failing to deliver an annual target to be identified. This was duly seconded and agreed.

#### Risk 11 – Failure to have a co-ordinated approach to support new and existing businesses

Members were concerned that the report to the Planning and Licensing Committee on Economic Development had a lack of information on how many businesses were leaving the District, what the needs of businesses were and how we were attracting new businesses. There was a need to have more intelligence-led reporting back to the Planning and Licensing Committee.

The Director of Resources advised that the data was more qualitative than quantitative and that CLT will request more granular data.

Councillor A S Fluker proposed that the risk score be increased to 12. This was duly seconded and agreed.

#### Risk 15 – Failure to plan and deliver balanced budgets over the medium term

The Director of Resources advised that this risk had increased as there was increased uncertainty around business rates growth.

#### Risk 17 – Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas

The Chairman requested the views of the Committee on this score.

There was concern about the lack of public confidence in the police and it was suggested that visibility of police acts as a deterrent. The Community Safety Partnership Manager advised that the reason for highlighting rural areas arose from public perception. There was a priority to deliver the Police Rural Crime Strategy and it was recognised by Officers that there was work to be done both by the Council and in conjunction with the police.

Members were advised that there was a statutory duty to hold a Crime and Disorder Committee (as part of the Overview and Scrutiny Committee) bi-annually. It was considered that the Council had a lot of influence with the police and the Police and Crime Commissioner had increased the precept which would be spent on community

policing. Furthermore, Members had the opportunity scrutinise the Police and Crime Commissioner on an annual basis.

The Community Safety Partnership Manager further advised the Committee that there would be an additional 12 members of staff in the Maldon and Chelmsford policing district, although the number of staff to be allocated to Maldon and Burnham-on-Crouch was unknown at this stage.

Councillor A S Fluker invited the Community Safety Partnership Manager to attend a meeting of the Dengie Hundred Parish Council Group.

Councillor E L Bamford proposed that the impact element of this risk score be increased to 3. This was duly seconded.

Councillor R Pratt CC declared a non-pecuniary interest in this item as he was also a Member of Essex County Council. He then proposed that the risk score of 6 was perfectly adequate as the risk was around the confidence of working with the police. This was duly seconded.

Upon a vote there were 2 votes in favour of increasing the score and 2 votes in favour of the score remaining at 6. The Chairman used his casting vote and the score was increased to 9.

## **RESOLVED**

- Risk 02 – Failure to identify older and most vulnerable people – to remain at a risk score of 9
- Risk 03 – Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population – to remain at a risk score of 9
- Risk 04 – Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs) – a report would be brought to the next meeting of the Audit Committee as to why the risk had remained at maximum
- Risk 05 – Failure to have a clear shared vision regarding strengthening communities – the risk score would remain at 12 until the vision was adopted by the Council
- Risk 06 – Failure to deliver the required infrastructure to support development arising from the Local Development Plan – this risk would be divided into 06A – Failure to deliver the required infrastructure to support development arising from the Local Development Plan - North Heybridge Flood Alleviation Scheme and 06B – Failure to deliver the required infrastructure to support development arising from the Local Development Plan
- Risk 07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities – a plan would be prepared and brought back to the next meeting of the Audit Committee to enable this risk to be re-assessed
- Risk 09 – Failure to maintain a 5 year supply of Housing Land – an additional risk of failing to deliver an annual target to be identified would be included

- Risk 11 – Failure to have a co-ordinated approach to supporting new and existing businesses – the risk score would be increased to 12
- Risk 17 – be redefined as to read “Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas” – and that the risk score be increased to 9.

### **930. REVIEW OF RISK MANAGEMENT POLICY**

The Committee received the report of the Director of Resources, the purpose of which was to seek approval of the Committee to the revised Risk Management Policy which was attached as Appendix 1 to the report.

The Committee discussed the report and Appendix thereto with the Director of Resources providing clarification where necessary. The policy had been updated following a workshop with the following key changes being made:

- A stronger statement provided of the Council’s Risk Management objectives and how these would be met;
- Clarification of the Risk Matrix and Scoring - in discussions with managers and Members it is apparent that the rationale behind the risk scores is not always understood or considered when applying or agreeing scores for both corporate and service risks. It is proposed that the terminology and the risk scoring are clarified with further guidance provided to ensure that all the appropriate issues are considered and applied consistently when risks are scored. The Risk Matrix and the Council’s tolerance levels are unchanged.
- Clarification on how risks should be escalated – if the Audit Committee agrees that a risk should be added to the register, it should make a recommendation to CLT. If, however, CLT does not agree, the Committee should refer to Council for Council to make the final decision.
- Previously, the risk policy stated that every three years Members would be invited to participate in the annual review of the risk register undertaken by CLT and managers. Given Members, through the Audit Committee, are involved in reviewing the risk register every quarter and regularly have the opportunity to consider any new risks, Members suggested that this additional involvement every three years was unnecessary. The requirement has therefore been removed.
- Roles and responsibilities at all levels are clearly explained.
- Clearer definitions are provided of risk and the areas within the Council where risk management needs to be applied.
- Clarification given that following the annual review of the risk register undertaken by CLT and managers, this is submitted to the Audit Committee for consideration and discussion (previously it stated “for noting”).
- Updated to reflect the outsourcing of the internal audit function.
- Review frequency increased to every three years.

**RECOMMENDED** that the Risk Management Policy attached at **APPENDIX 1** to these Minutes, be adopted.

### **931. APPOINTMENT OF EXTERNAL AUDITORS**

The Committee considered the report of the Director of Resources, the purpose of which was to advise the Committee of the appointment of Deloitte LLP as External Auditors to Maldon District Council for a period of five years from 1 April 2018.

The Director of Resources outlined the report and advised that the contract for the Housing Benefit Subsidy Grant Claim was separate, but that this did not preclude Deloitte LLP being awarded that contract as it is subject to competitive tender.

In response to a question, the Director of Resources confirmed that the handover would commence relatively quickly and that reports and documentation had already been received from the current auditors in line with the professional procedure in place for such handover.

The Internal Audit Manager advised that the most recent PSAA contract round had saved 23% on the audit.

**RESOLVED** that Deloitte LLP as the External Auditors to the Council, be agreed.

### **932. ACCOUNTING POLICIES**

The Committee received the report of the Director of Resources, the purpose of which was to advise Members of changes to accounting policies used in the preparation of the annual financial statements.

The Director of Resources drew Members' attention to the calculation of annual leave accrual and that the auditors would be accepting an estimate for this rather than a detailed calculation for this year.

**RESOLVED** that the Accounting Policies to be used in the compilation of the 2017/18 financial statements (set out in Appendix 1 to the report) be endorsed.

### **933. EXTERNAL AUDIT - CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016 - 17**

Councillor A S Fluker raised a point of order – 17A – as the Council had made a decision to no longer receive reports for information.

This report was not considered as it was a report for noting.

### **934. EXTERNAL AUDIT UPDATE**

The Committee considered the report of the Director of Resources, the purpose of which was:

- to inform the Committee of the External Audit Plan (as set out at Appendix 1 to the report) produced by Ernst and Young Accountants LLP (EY), which set out their proposed audit approach and scope for the 2017/18 audit; and

- to inform Members of the Committee regarding the briefing note published by the Council's External Auditor, EY.

The External Auditor highlighted the key points of the report and drew attention to the shorter deadline of 31 July 2018. There would be a team onsite from 28 June 2018 to work towards compliance with this deadline. The Council was being responsive in responding to queries and there was no reason that the deadline could not be met.

In response to a question, the Director of Resources confirmed that the key questions contained in the briefing note (page 126 of the agenda pack) had been answered. The Director of Resources considered that the issue was ensuring that external audit colleagues met the relevant deadlines.

A request was made that EY provide low resolution versions of appendices in future.

**RESOLVED** that the External Audit Plan and EY's briefing note be accepted.

### 935. INTERNAL AUDIT UPDATE

The Committee received the report of the Director of Resources, the purpose of which was to provide an update on progress to date of the following aspects of Internal Audit:

- Work completed and any deviances to, or slippage, on the Internal Audit Plan 2017/18;
- Implementation of recommendations raised by Internal Audit;
- The revised Strategic Internal Audit Plan 2018-2021.

The Senior Audit Manager outlined the report and advised the Committee that it consisted of the three separate items listed above.

#### Progress Against 2017/18 Plan

The Senior Audit Manager advised that the following items were works in progress:

- Attendance management
- Business resilience
- Elections Improvement Plan – there were difficulties in getting information from the Officer concerned on this.

A fraud risk assessment had been requested and there would be a meeting with the Director of Resources and the internal auditor's counter-fraud team with a report back to the July 2018 meeting of the Audit Committee.

Executive Summaries were contained within Appendices A-E to the report.

#### Implementation of Recommendations Raised by Internal Audit

The Senior Audit Manager advised that every six months the Council received a report on how well recommendations were being implemented following their work. All but one of the recommendations from 2015/16 had now been implemented. For 2016/17, half of the recommendations had been implemented, with others either not due or in train.



#### Revised Strategic Internal Audit Plan 2018-2021

Members were advised that Angie Mitchell had moved on from BDO and that Emma Etherington was a new member of the team.

It was emphasised that the plan was flexible and must be adaptable to the changes happening at the Council.

In response to a question, the Director of Resources confirmed that an “outstanding” audit meant that it was not possible for internal audit to demonstrate that it was in progress. The Senior Audit Manager confirmed that “in progress” was where there was evidence of work being done.

A further question was asked about an audit that had been completed but had recommendations – was an update provided to Members on progress by Officers? The Director of Resources advised that all audit recommendations were recorded on the TEN system and that the tables provided as an appendix to the report being considered reported progress on recommendations. Members were further advised that recommendations highlighted by them would be in the 2017/18 plan and that progress of each of these would be reported to the next meeting of the Audit Committee.

Any concerns would be highlighted to the Committee and the outstanding audit for 2015/16 was referred to. The Officer concerned had been requested to provide evidence that progress was being made. However, this had not been forthcoming, despite numerous chasers. If there was no progress the Chairman requested that the officer concerned attend the next meeting of the Audit Committee to explain the reasons for the delay.

In response to a question regarding the management of debtors, the Director of Resources advised that a report had been to the Finance and Corporate Services Committee in November 2017, together with procedure notes. The process was now more stringent and robust than it had been in the past.

A further question was asked regarding the Llys Helig and problems with insurance. The Director of Resources confirmed that there was now a detailed checklist in place to be completed by the legal department and that a lease could not now be signed off without that checklist being completed.

The Director of Resources confirmed that there would be a report brought forward regarding Partnership Working (Appendix D to the report). Prior to this, the Director of Resources would seek advice from the Monitoring Officer as to whether recommendations to Council regarding partnership working should be done on an individual basis or en block.

#### **RESOLVED**

- (i) That progress against the 2016/17 Internal Audit Plan be noted;
- (ii) That the Internal Audit Follow-up of Recommendations be noted;
- (iii) That the Strategic Internal Audit Plan 2017-20 be noted.

There being no further items of business the Chairman closed the meeting at 4.40 pm.

P G L ELLIOTT  
CHAIRMAN