



**MINUTES of  
AUDIT COMMITTEE  
21 JUNE 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, Miss M R Lewis, A K M St. Joseph and Mrs M E Thompson

**202. CHAIRMAN'S NOTICES**

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

The Chairman welcomed Councillor Miss M R Lewis to this meeting as a new member of the Committee and Councillor S J Savage who was in attendance.

**203. APOLOGIES FOR ABSENCE**

There were none.

**204. MINUTES OF THE LAST MEETING**

**RESOLVED**

- (i) that the Minutes of the meeting of the Committee held on 26 March 2018 be received.

**Minute No. 930 – Review of Risk Management Policy**

In response to a question, it was clarified that the Risk Management Policy would be reviewed every three years.

**Minute 935 – Internal Audit Update**

It was noted that reference to 2015 / 16 in the fourth paragraph under the heading 'Revised Strategic Internal Audit Plan 2018 – 2021' should be amended to 2016 / 17.

It was noted that resolution (i) of this Minute should be amended to refer to the 2017 / 18 Internal Audit Plan.

## RESOLVED

- (ii) that subject to the above amendments, the Minutes of the meeting of the Committee held on 26 March 2018 be confirmed.

### 205. DISCLOSURE OF INTEREST

Councillor M S Heard declared a non-pecuniary interest in Agenda Item 5 – Quarterly Review of Risk as he was employed by Essex Police as an Auditor.

### 206. 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 4 (31 March 2018) on the corporate risks included within the Corporate Risk Register 2017 / 18.

Councillor M S Heard referred to his earlier declaration of interest at this point.

There was some discussion regarding the last quarterly review and the resolutions made by the Committee at its meeting in March 2018 (as detailed in the Minutes). Members were advised that these had been considered by the Corporate Leadership Team (CLT) when assessing the risk scores for Quarter 4. In particular the following risks were discussed:

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

The Customers Manager provided an update on the activities being developed, such as a new live well Health and Wellbeing and Strengthening Communities Strategy, along with multi-agency partnership working and the work being done to target vulnerable groups. Members were reminded that this risk related to failure to identify and target and not about the specific policy.

The Customers Manager confirmed that an update on the various activities and projects being undertaken to support both health and wellbeing and strengthening communities formed part of the Strengthening Communities Vision report being considered by the Council.

Members felt that until there was some evidence that the services were making a difference that the score should not be reduced.

The Director of Resources suggested that the title of this risk be amended to include “and have an effective outcome to meet the health and wellbeing needs of the vulnerable population”. This was agreed.

Following further discussions it was agreed that this Committee would recommend that the CLT review this risk taking into consideration how it referred to an outcome rather than specific targeting.

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

It was noted that this risk was not being carried over to the 2018 / 19 Corporate Risk Register on the assumption that a new Strengthening Communities Vision would be adopted. Concern was expressed that this risk was being removed prior to the adoption of the vision. The Director of Customers and Community explained that a Working Group made up of both Officers and Members had been working on the Community Strategy which was due to be considered by the Council at its July meeting. If the Council did not agree that the risk should be removed then it would be revisited at that stage.

In response to a question, the Director of Customers and Community advised that the risk could be held in the risk register until the Council had considered the vision in July and revisit it at the next meeting of this Committee.

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

The Director of Customers and Community reported that this risk had not been split in two, as recommended by the Committee. He provided an update on the North Heybridge Flood Alleviation and how the developer was coming forward with an alternative plan and further work with the Environment Agency would be required. It was noted that the wording around this risk would need revising given the current circumstances.

It was felt by Members that due to the importance of this risk it should still be split into two.

The Community Infrastructure Levy was raised as a large risk to the Authority and in particular how this impacted on the whole of the Local Development Plan and should therefore be included within this risk. The Director of Planning and Regulatory Services agreed and advised that delivery of Section 106 agreements was also important. He advised that this would need to be clarified within this risk.

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

Members were advised that meetings were still to take place with partners on coastal fluvial flooding and would be reported back to this Committee once these had taken place.

Councillor Miss M R Lewis raised particular concern, as a Heybridge Ward Member, regarding this risk and the need for communication with Ward Members. She referred to reputational damage to the Council and questioned whether this should be a separate risk along with the Flood Alleviation Scheme. The Director of Resources advised that she had noted these concerns and others raised by Members during the debate.

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

The Director of Planning and Regulatory Services reported on ongoing work planned to look at mitigation, improving targets and he commented that the

Economic Strategy was shortly due to be reviewed. Members noted that whilst the impact in relation to this risk had increased the Director of Planning and Regulatory Services hoped that the planned work would be embedded and address the mitigation.

In response to a question regarding Economic Development and businesses looking to expand, the Director of Planning and Regulatory Services advised that economic growth was important within the planning process and how planning applications had to comply with the National Planning Policy Framework.

In light of further comments, the Director of Resources suggested that when the CLT meet to review this risk that a note was taken so that Members were able to clearly see the discussion that had taken place.

Members' discussed Appendix 1 to the report which provided further information on individual risks including comments by the risk owners outlining the rationale for the current scoring and any movement in the risk scores. A debate ensued during which a number of comments and questions were raised by Members and the following information provided:

- Risk 9 – Failure to maintain a 5 year supply of Housing Land – In response to a question regarding the Housing Delivery Test, the Director of Planning and Regulatory Services commented that this could potentially be another risk because there would be greater implications to deliver the housing function.

A question was raised about when the Five Year Housing Land Supply position statement submitted to the Secretary of State would be available to Members and in response the Director of Planning and Regulatory Services explained that surveys were currently being undertaken and once the statement had been prepared this would be made available to Members.

- Risk 10 – Failure to meet the affordable housing need – In response to a question regarding the drop in risk score, the Director of Planning and Regulatory Services advised that community housing schemes were being developed and would be reported to the Council. He highlighted other factors which had led to the reduction in score.

It was noted that in accordance with the approved Risk Management Policy, a review of the Corporate Risk Register for 2018 / 19 had been undertaken by CLT and managers. The risks identified and agreed along with the mitigating actions established were detailed in Appendix 2 to the report.

In response to a question regarding whether the Council had a suicide prevention policy, the Director of Customers and Community advised that Broader Essex were developing a global policy which the Council would be looking to adopt. Members were advised that some front line staff had received suicide training and others were due to attend a conference on identifying suicide. The Director also outlined some of the ongoing work being undertaken to identify, signpost and support the public.

Members were advised that training for Members on safeguarding including emerging issues such as drugs etc. was currently being put together. This would be delivered by December 2018.

A number of comments were raised regarding Appendix 2 and in response the following information was provided:

- Risk 2 – Failure to target services and influence partners effectively to meet the identified health and wellbeing needs of the vulnerable population – It was confirmed that the total risk score for this risk should be 9.
- Risk 4 – Failure to influence Community Safety partners to address the key areas of public concern and the negative perception of crime – A Member commented that the Nuclear Regulatory Authority had recently reported that it could not take Bradwell A into care and maintenance as it was not satisfied that the Police could respond in a timely manner to an incident at the Power Station and how this would impact on public perception of crime. In response, the Director of Customers and Community explained that this risk had been designed to look at the corporate risk and the matter referred to related to services not provided by the Council. The Director agreed to speak to Essex Police on the basis of public concern and public perception of the risk around the power station and reported that concerns could also be addressed through the Community Safety Partnership.

In response to a question regarding the inclusion of reference to rural areas in the description of this risk, the Director of Customers and Community agreed to amend the risk description accordingly.

Members were reminded that the Overview and Scrutiny Committee when it met as the Crime and Disorder Committee reviewed the performance of Essex Police. It was further agreed that this matter be referred to the Chairman of the Overview and Scrutiny Committee for consideration.

- Risk 5 – Failure to deliver the required infrastructure to support development arising from the LDP – It was clarified that risks in relation to lone workers etc. were included as part of service registers.
- Risk 6 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface water flooding mitigation and long term maintenance responsibilities - The Director of Customers and Community explained how this risk ensured that the Council was engaging with relevant strategic partnerships to demonstrate that they were addressing long term flood concerns for the District. He highlighted the specific work carried out regarding coastal flooding making particular reference to the Southminster railway line. The Director advised that the Council was currently considering planning issues relating to an expected planning application in relation to the Southminster railway line.

It was recognised that this risk was about applying leverage and holding partners to account and although the Council may not be a statutory partner on a project it could have an interest for residents of the District and would in this role be required to hold partners to account.

Following further discussion it was agreed that the Committee would

recommend to the CLT that it review this risk with a view to segregating the risks within it and following this review it be brought back to the Committee for consideration.

- Risk 13 – Failure to manage impact of organisational change – In light of the possible forthcoming changes to the Council, Members discussed rescoring both the likelihood and Impact scores for this risk. It was noted that this would be done by the CLT as part of its review of the first quarter for 2018 / 19.
- Risk 16 – Corporate Policies not managed and reviewed - A new policy documents database containing all Council policies was currently being populated and a link to this would be sent to all Members following a final review by the CLT at the end of June. It was noted that the CLT would review the risk score at the end of June when carrying out its review of the first quarter for 2018 / 19.
- Risk 17 – Failure to maximise effectiveness of services through promotion and engagement – The Director of Resources highlighted that this was a new risk which would involve some work around engagement consultation as the Council started to work through the transformation strategy.

In response to a suggestion that if a ‘new look Council’ was agreed that it should look at zero basing all risks, the Director of Resources agreed and suggested that consideration of this should be looked at after the May 2019 elections.

**RESOLVED** that having reviewed the information set out in the report and Appendices the Corporate Leadership Team be requested to action the following:

- (i) Risk 04 – Failure to target services and influence partners effectively to support the increasing ageing population (regarding housing needs)
  - The title of this risk be amended to include “and have an effective outcome to meet the health and wellbeing needs of the vulnerable population”
  - Review this risk taking into consideration how it referred to an outcome rather than a specific target.
- (ii) Risk 06 – Failure to deliver the required infrastructure to support development arising from the Local Development Plan
  - That Members’ concerns regarding not splitting this risk into two be noted.
  - The importance of the Community Infrastructure Levy and the risk to the authority in relation to this be noted.
  - That the delivery of Section 106 agreements be clarified within this risk.
- (iii) Risk 07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface water flood mitigation and long term maintenance responsibilities
  - Concerns regarding communications with Ward Members be considered;

- The Council’s reputational damage be considered and whether there was a requirement for a separate risk around this along with the Flood Alleviation Scheme;
- (iv) Risk 11 – Failure to have a co-ordinated approach to supporting new and existing businesses – That when this risk was reviewed by the Corporate Leadership Team that a note be taken so that Members were able to clearly see the discussion that had taken place.
- (v) Risk 2 – Failure to target services and influence partners effectively to meet the identified health and wellbeing needs of the vulnerable population – The error in the total risk score for this risk be corrected to show 9.
- (vi) Risk 4 – Failure to influence Community Safety partners to address the key areas of public concern and the negative perception of crime
- The Director of Resources to speak to Essex Police on the basis of public concern and public perception of the risk around the power station.
  - The title of the risk be amended to include reference to rural areas.
  - The concerns of this Committee be reported to the Chairman of the Overview and Scrutiny Committee (meeting as the Crime and Disorder Committee) for consideration when it reviewed the performance of Essex Police.
- (vii) Risk 6 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface water flooding mitigation and long term maintenance responsibilities - Review this risk with a view to segregating the risks within it and following this review the results be brought back to the Audit Committee for consideration.

## **207. DRAFT ANNUAL GOVERNANCE STATEMENT**

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

It was noted that the purpose of the AGS was to provide assurance that the Council’s governance framework was adequate and effective. For 2017 / 18 it 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 also included references to processes currently in place and operating successfully to mitigate the risks associated with those weaknesses.

The Director of Resources advised Members that the format of the AGS had been reviewed following benchmarking with other authorities. Members were requested to send any presentational queries they may have to the Director of Resources.

The Committee was advised that the Chairman of the Committee had at the agenda meeting raised the issue of potentially including a risk regarding the Police risk. In response the Chairman reiterated his request for a risk regarding the Police risk to be included.

Councillor M S Heard declared an interest in this item of business at this point due to being employed by Essex Police.

The Director of Resources highlighted three key areas which whilst not considered a significant governance issue were scrutinised by the Committee and therefore they may wish to refer to them within the AGS. Some suggested wording was then presented to Members. It was proposed, duly seconded and agreed that the following wording be added as a new section (Section 6) to the AGS:

## **6 OTHER ISSUES**

6.1 The Overview and Scrutiny Committee met eight times in 2017/18. As part of its Programme of Work, the Committee scrutinised a number of areas and whilst none of the matters discussed were considered a significant governance issue, i.e. one that could affect the future of the Council, some of these areas have been summarised below for transparency:

- procurement of capital projects, as detailed in paragraph 4.4 above;
- administration of leases and licences, to ensure the maximum realisable financial benefits for Council assets;
- agreement of final terms of a lease following delegation by a Committee.

6.2 The areas for continued review by the Overview and Scrutiny Committee form part of its 2018 / 19 Programme of Work which is reviewed at each meeting.

In response to a question regarding the production of a flow chart detailing the process of decision making, including delegations, the Director of Resources advised that a review of the Council's constitution was currently underway and this would be considered as part of that review.

Following the discussion, the Director of Resources advised that a final version of the AGS would be brought to the next meeting of the Committee for signature. Between now and the next meeting any issues Members have would be addressed and circulated to the Committee in consultation with the Leader and Deputy of the Council and Chairman of this Committee. It was noted that attendance by the Leader of the Council and Chief Executive at the next meeting would be required to sign the final version of the AGS.

## **RESOLVED**

- (i) that the draft Annual Governance Statement 2017 / 18 be amended according to the above amendments;
- (ii) that following any further amendments (circulated to the Committee in consultation with the Leader and Deputy of the Council and Chairman of this Committee ) the final Annual Governance Statement 2017 / 18 be brought to the next meeting of this Committee for signature.

## **208. INTERNAL AUDIT ANNUAL REPORT**

The Committee considered the report of the Director of Resources presenting the Annual Opinion of the Head of Internal Audit (BDO LLP) on the results of and assurance gained from the 2017 /18 internal audit work (attached as Appendix 1 to the report).

It was noted that the annual report provided an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance process. The Director of Resources reported that overall a moderate assurance had been given. It was noted that in order to achieve the highest level of assurance (substantial assurance) additional work and evidence would be required, which would have a cost implication to the Council.

The Director of Resources highlighted the Elections Improvement Plan referred to within the report and advised Members that she had only received the draft of this report from Internal Audit a few hours prior to the start of this meeting. It had not been agreed or reviewed by the Council at this stage and the Director of Resources advised she would like to bring it to the next meeting of this Committee. This was agreed.

In response to a question regarding the number of outstanding internal audit recommendations the Director of Resources highlighted what each of these were and provided an update in respect of them.

It was requested and agreed that the wording of the recommendation be amended to include the word 'reflecting'.

### **RESOLVED**

- (i) that the Head of Internal Audit Opinion reflecting on the results of and assurance gained from the 2017 / 18 Internal Audit work be noted;
- (ii) that a report on the Internal Audit report on the Elections Improvement Plan be brought to the next meeting of this Committee.

There being no further items of business the Chairman closed the meeting at 4.55 pm.

P G L ELLIOTT  
CHAIRMAN