



**MINUTES of
AUDIT COMMITTEE
8 DECEMBER 2016**

PRESENT

Chairman	Councillor B E Harker
Councillors	A S Fluker, M S Heard, A K M St. Joseph and Mrs M E Thompson
Substitute Members	Councillors H M Bass and E L Bamford

792. CHAIRMAN'S NOTICES

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

793. APOLOGIES FOR ABSENCE AND SUBSTITUTION NOTICE

Apologies for absence were received from Councillors M F L Durham, R Pratt and Mrs H E Elliott. In accordance with notice given Councillor H M Bass was acting as a substitute for Councillor Durham and Councillor E L Bamford as substitute for Councillor Pratt.

794. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Audit Committee held on 1 September 2016 be approved and confirmed.

795. DISCLOSURE OF INTERESTS

There were none.

796. QUARTERLY REVIEW OF CORPORATE RISK

The Committee considered the report of the Interim Director of Resources providing an update on the position as at the end of Quarter Two on the corporate risks included within the Corporate Risk Register 2016 / 17.

The report detailed the risks on the Corporate Risk Register and the risk scores as at 30 September 2016. Appendix 1 to the report provided further information on the

individual risks including comments by the ‘risk owners’ outlining the rationale for the current scoring and, where applicable, any movement in the risk scores.

In response to questions raised, the Interim Director of Resources confirmed that for some risks MDC is dependent on other partners in order to mitigate risks. Provided that we are engaged with other partners the risk was held at the same level. The Interim Director of Resources advised Members that the important issue was that the risk scores did not increase. He also advised Members that by their very nature some risks were long-term and even though work is being done, there would be no change in the risk score for some time.

Following a discussion, the Committee raised a number of points:

- Risk number 03 – Failure to target services and influence partners effectively to support the increasing ageing population (re: housing needs) – Members were of the opinion that there was a need to engage with larger providers as well as smaller ones. The Interim Director of Resources would discuss this with the Director of Customers and Community;
- Risk number 04 – Changes to police resources/priorities impacts resident perception of crime – The Committee were concerned that this would never be satisfied as detection rates were falling and incident rates are increasing. The Interim Director of Resources would discuss this with the Director of Customers and Community;
- Risk number 07 – Uncertainty regarding strategic ownership of flooding mitigation and long term maintenance responsibilities – Members asked whether in light of the decision at Extraordinary Council regarding the North Heybridge Garden Suburb the risk would be amended or whether it would need to wait until work commenced on the site? The Interim Director of Resources advised that although this was a large scheme, it would be taken into consideration as a whole with other schemes. However, he would take this back to the risk owner to see if the risk should be amended straight away.
- Risk number 12 – Failure to resource overall transformation programme – Members were concerned that the Transformation Board had not met for some time and this had been raised at a recent full Council meeting. The Interim Director of Resources advised Members that the Corporate Leadership Team (CLT) were due to meet later this month to discuss the process by which the transformation programme could be developed to give some certainty to how the Council will work in future. It was hoped that CLT would be able to present this to the Transformation Board.

RESOLVED

- (i) that the Corporate Risk Register for 2016 / 17 as agreed by the Corporate Leadership Team be noted.
- (ii) that in undertaking this review Members were assured that corporate risk was being managed effectively.

797. EXTERNAL AUDITOR APPOINTMENT - NEW ARRANGEMENTS

The Committee considered the report of the Interim Director of Resources setting out options in relation to new arrangements for appointing the Council's auditor, further to the Local Audit and Accountability Act 2014.

The Interim Director of Resources outlined the arrangements that Local Authorities must now make regarding the appointment of External Auditors.

RESOLVED that Option 3, set out in the report of the options available to the Council for appointing an auditor for the 2018/19 accounts and beyond, that Maldon District Council opt into a "sector led body" scheme where specified "appointing person" status has been granted under the relevant Regulations be agreed.

798. EXTERNAL AUDIT - ANNUAL AUDIT LETTER 2015 / 16

The Committee considered the report of the Interim Director of Resources presenting the External Auditor's Annual Audit Letter 2015/16 attached at Appendix 1 to the Report.

Ms Debbie Hanson of Ernst & Young LLP verbally outlined the contents of Appendix 1 to the report to the Committee.

RESOLVED that the External Audit Annual Audit Letter 2015/16 be noted.

799. BRIEFING NOTE FROM EXTERNAL AUDITOR

The Committee considered the report of the Interim Director of Resources regarding the briefing note published by the Council's External Auditor, Ernst & Young LLP.

Ms Debbie Hanson of Ernst & Young LLP verbally outlined the contents of Appendix 1 to the report to the Committee.

RESOLVED that the Briefing Note from Ernst & Young LLP be noted.

800. PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The Committee considered the report of the Interim Director of Resources reporting progress to date with regard to work completed and any deviances to, or slippage, on the Internal Audit Plan 2016 / 17.

Attached as Appendix 1 to the report was the progress against the 2016 / 17 Internal Audit Plan. Members noted that some changes had been made to the plan.

Mr Greg Ruebeins, from BDO, outlined the report to the Committee and highlighted the different areas covered in Appendix 1 to the report to Members. In response to a question raised, Mr Ruebeins confirmed that there was a planning process to determine

the audit plan. At the February 2017 meeting of the Audit Committee Members would be given the opportunity for input in to the draft plan for the following year.

In response to a question, the Interim Director of Resources assured Members that income generation opportunities were discussed by Directors and CLT with managers.

RESOLVED that the progress against the 2016 / 17 Internal Audit Plan be noted.

801. INTERNAL AUDIT FOLLOW-UP OF RECOMMENDATIONS REPORT

The Committee considered the report of the Interim Director of Resources reporting on progress to date with regard to the implementation of recommendations set out in Appendix 1 to the report, as raised by Internal Audit.

Mr Andrew Barnes, from BDO, gave a verbal presentation of the report to the Committee.

In response to a question, the Interim Director of Resources confirmed that he would go back to the Monitoring Officer to ensure that electronically held documents are the same as the hard copy of the Yearbook

The Interim Director of Resources also confirmed that he had given instructions to the staff regarding the outstanding implementation of the recommendation from 2015/16 in respect of appending supporting documentation to journals.

The Chairman advised the Committee that MDC are now up to date with the audit plan and that this justified the decision to outsource our Internal Audit arrangements.

RESOLVED that the Internal Audit Follow-up of Recommendations set out in Appendix 1 to the report be noted.

There being no further items of business the Chairman closed the meeting at 3.50 pm

**B E HARKER
CHAIRMAN**