

## Audit Committee – 22 May 2018

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Minutes of the meeting of the **Audit Committee** held on **22 May 2018** when there were present:-

Chairman: Cllr Mrs L A Butcher  
Vice-Chairman: M J Lucas-Gill

Cllr A H Eves

Cllr J D Griffin

Cllr M Hoy

Cllr Mrs C A Pavelin

Cllr Mrs L Shaw

Cllr P J Shaw

Cllr D J Sperring

### **VISITING MEMBERS**

Cllr Mrs C A Weston.

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs N L Cooper and R A Oatham.

### **OFFICERS PRESENT**

J Bostock	- Assistant Director, Democratic Services
N Lucas	- Section 151 Officer
M Porter	- Chief Audit Executive
J Kevany	- Principal Auditor
S Worthington	- Democratic Services Officer

### **103 MINUTES**

The Minutes of the meeting held on 17 April 2018 were approved as a correct record and signed by the Chairman.

### **104 EXTERNAL AUDITOR REPORTS – UPDATES**

The Committee considered the report of the Assistant Director, Democratic Services on progress in respect of external audit recommendations arising from the final audit report for the year ended 31 March 2017 and the certification of claims and returns annual report for 2016/17.

#### **Resolved**

That the updates provided in the monitoring sheet in respect of the external auditor's recommendations be noted. (ADDS)

### **105 INTERNAL AUDIT ANNUAL REPORT 2017/18**

The Committee considered the report of the Assistant Director, Democratic Services providing the Chief Audit Executive's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk

management and internal control during 2017/18.

It was noted that, in respect of paragraph 9.1 of the officer's report, the current internal audit resource was insufficient, as the internal audit post was having to be re-advertised. It was further noted, in respect of paragraph 9.2 of the report, that reliance was placed on third party assurance in relation to ICT work and that this provided sufficient assurance.

In response to a Member question relating to page 7.20 of the report, officers confirmed that report 23 on ICT security was a light touch audit engagement. It was anticipated that the issues identified in this health check relating to outdated servers would be resolved by the end of the summer. A more up to date report should be available by the next meeting.

Officers advised, in response to a Member question relating to the counter fraud champion referred to in paragraph 5.3 of the report, that this role had been incorporated into an existing member of the finance team's duties and that there was no additional remuneration associated with this role.

In response to a Member question relating to the environmental health audit engagement detailed on page 7.6 of the report, officers advised that residents could report any potentially inaccurate scores on the doors food hygiene rating to the Council for checking and the Council would visit such premises as necessary. Some premises were checked annually in respect of food hygiene, according to risk rating, and others checked every three years. It was noted that details of a specific premises referred to by a Councillor as having a doors on the scores sign dated 2014 would be provided to officers outside the meeting. It was also noted that officers would confirm to Members outside the meeting whether, in cases where residents reported such food hygiene issues to the Council, follow up visits to the premises included checks of the accuracy of the food hygiene ratings displayed there.

Officer advised, in response to a Member question relating to a risk relating to the failure to ensure that contractors, partners or companies working for or with the Council had effective policies and procedures to meet health and safety requirements detailed on page 7.14 of the report that Green Gateway had signed up to the Council's health and safety standards, but that this particular risk area related specifically to Contract Procedure Rules rather than to the content of specific contracts.

Members drew officers' attention, in the context of the audit engagement on consultation and engagement outlined on page 7.19 of the report, that the consultation on the Local Plan Issues and Options Document was difficult for residents to locate on the Council's website. They asked that efforts be made to resolve this issue for any future public consultation exercises. In addition, Members made reference to sparse information being available at Local Plan drop-in events and the point was made that the map displayed at the Hockley Parish drop-in did not include some of the relevant sites.

Members concurred that at the top of page 7.28 of the report the wording of recommendation 10 in respect of report 7 relating to air quality monitoring should be amended to reflect that the information should be made available on the Council's website and in the executive summary to the annual air quality status report.

In response to a Member question relating to recommendation 2 relating to cash and banking report 11 detailed on page 7.30 of the report, officers advised that the bank processed cheques received as soon as these were received; however, there could be a delay of up to 5-6 days caused by cash/cheques being deposited at the Council's bank by the cash security company.

Responding to a Member concern relating to the reporting of fraud to the Audit Committee, as detailed on page 7.38 of the report, officers advised that the second paragraph on that page related to an anti-fraud and corruption policy that was out of date and did not make reference to the need to report to this Committee. It was, however, emphasised that the Audit Charter did include this requirement, although, with the exception of Revenues and Benefits over payments relating to changes of circumstances, there had been no instances of fraud to be reported to the Committee.

Officers confirmed that it was possible for the Council to insure against some risk factors, although not all.

In response to a Member question relating to the timing of fire alarm testing detailed on page 7.32 of the report, officers advised that these were done at the same time each week as this made it easier for such testing to be done and, in addition, it was best practice to do fire alarm testing at the same times as this ensured that if the alarms went off at a different time to test times, staff knew that there was a real fire.

Officers advised, in response to a Member question relating to how much backlogs in processing changes in circumstances impacted on the housing benefits subsidy claim, as detailed on page 7.11 of the report and in the context of this area highlighted as being in the red according to the latest monthly performance report, that there had been a significant backlog at the beginning of the year. Although progress had been made in addressing this backlog it still showed up as red on the performance report as it was below target over the course of the year. In response to a supplementary question as to the monetary value of this backlog, officers advised that the housing benefits subsidy claim was currently still being audited so it was not yet possible to quantify this amount. This would, however, be reported to a future meeting of the Committee once the audit was completed. In response to a Member concern relating to how/whether substantial over payments might be recovered, officers advised that there may be some instances where sums could not be recovered. Cases of benefit fraud were handled by the DWP and the Council had no involvement. The Council took all necessary steps to recover over payments, however, this had to be risk assessed to ensure that

this was cost effective. Those residents affected by this backlog and thus being asked to reimburse the Council for any over payments, would nevertheless still receive benefits payments from the Council.

Officers confirmed, in response to Member concern relating to the final sentence of paragraph 5.2 of the report, that all relevant pre-employment checks were conducted by the Council.

### **Resolved**

That the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the Council systems of governance, risk management and internal control be noted. (ADDS)

## **106 ANNUAL GOVERNANCE STATEMENT FOR 2017/18**

The Committee considered the report of the Assistant Director, Democratic Services on the annual governance statement for 2017/18.

A small typographical error at the top of page 8.6 was noted. Members drew attention to the fact that, in respect of mandatory training detailed on page 8.7 of the report, licensing training was only mandatory for those Members who participated in Licensing Sub-Committee hearings.

Members commented on the fact that the level of public engagement referred to on page 8.9 of the report, was disappointing, despite a variety of different methods employed, including leaflets delivered to all households during the Local Plan Issues and Options Document consultation.

It was noted, in response to a Member question relating to the planning delivery grant of £900k to the Association of Essex Local Authorities, detailed on page 8.12 of the report, that the majority of the grant would be spent on joint/shared work undertaken by the Authorities; however, officers would confirm to Members outside the meeting how much of the grant would be received by this Council in respect of any planning policy work already undertaken.

Officers confirmed, in response to a Member question relating to an additional grant of £200k awarded from the government referred to on page 8.12 of the report that this was for enabling works in respect of the Council's asset plans, for example, Project Wyvern; none of the money had yet been spent. The grant was intended to be used in order to bring under utilised sites back into use. More detailed information relating to the purpose/proposed spend of the grant would be provided to Members outside the meeting. In response to a supplementary Member question relating to a time limit by which the grant should be spent, officers advised that the government had not been prescriptive about when the money should be spent by; the Council was holding it in earmarked reserves until such time as it was needed.

In response to a Member question about the specific risks associated with Council systems operating on servers no longer supported by Microsoft, as detailed in the penultimate paragraph on page 8.15 of the report, officers advised that the servers in question were 2003 Microsoft servers that were no longer supported by Microsoft; any vulnerabilities that arose could not be patched as Microsoft no longer provided patches for the 2003 servers. Work was being carried out to move the Council's systems onto more compliant servers and it was anticipated that this would be completed after the Council's final accounts were finalised. Details of what systems were running on those servers would be provided to Members outside the meeting.

Officers confirmed, in response to a further Member question relating to Public Sector Network accreditation, referred to at the bottom of page 8.15 of the report, that the Council was undertaking a great deal of work to facilitate full migration to the Azure Cloud by the end of July 2018 at which time it would re-submit an application for PSN accreditation.

It was noted that questions that had recently been submitted to the Section 151 Officer by a Member of the Committee, together with responses, would be circulated to the Committee outside the meeting.

### **Resolved**

That the 2017/18 annual governance statement be signed by the Leader of the Council and the Managing Director. (ADDS)

The meeting closed at 8.25 pm.

Chairman .....

Date .....

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