

Audit Committee – 27 November 2018

Minutes of the meeting of the **Audit Committee** held on **27 November 2018** when there were present:-

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

Cllr J D Griffin
Cllr M Hoy

Cllr Mrs C A Pavelin
Cllr Mrs L Shaw

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs N L Cooper, A H Eves, P J Shaw and D J Sperring.

SUBSTITUTES

Cllr Mrs C A Weston - for Cllr D J Sperring

OFFICERS PRESENT

J Bostock - Assistant Director, Democratic Services
N Lucas - Section 151 Officer
M Petley - Head of Finance
M Porter - Chief Audit Executive
J Kevany - Principal Auditor
B West - Auditor
S Worthington - Democratic Services Officer

226 MINUTES

The Minutes of the meeting held on 24 July 2018 were approved as a correct record and signed by the Chairman.

227 ANNUAL AUDIT LETTER 2017/18

The Committee considered the report of the Section 151 Officer drawing Members' attention to the Annual Audit Letter for 2017/18.

Officers advised, in response to a Member question relating to business rates appeal valuation, that it could be difficult to obtain timely and accurate information from the Valuation Office and that a number of other local authorities were experiencing similar issues.

Responding to a Member query relating to the increase in audit fees for 2017/18 and specifically around what additional work was done by the external auditors last year that had resulted in increased fees, officers advised that the detail of this had previously been reported to the Audit Committee.

Resolved

That the Annual Audit Letter for the year ended 31 March 2018 be noted. (S151O)

228 EXTERNAL AUDITOR REPORTS – UPDATES

The Committee considered the report of the Assistant Director, Democratic Services summarising the Council's external auditor's preliminary audit conclusion in relation to the audit of Rochford District Council for 2017/18, including recommendations for improvement.

Officers confirmed, in response to a Member question relating to the projected dates for completion of work in response to the EY recommendations for 2017/18, that they were reasonably confident that the deadlines set out in the appendix to the officer's report could be met.

Responding to a Member question on VAT arrangements with Sanctuary Housing, detailed on page 7.6 of the officer's report, officers confirmed that the sum of £351,992 owed by Sanctuary to the Council had now been received.

In response to a Member question as to whether the external auditors were satisfied with the management response set out on pages 7.3 and 7.4 of the officer's report relating to the project management of complex capital projects, officers advised that EY would be looking at this area as part of the 2018/19 audit process.

Resolved

That the updates provided in the monitoring sheet appended to the officer's report in respect of the external auditors' recommendations be noted. (ADDS)

229 AUDIT PROGRESS REPORT

The Committee considered the report of the Assistant Director, Democratic Services providing Members with an update on completed audit engagements, delivery of the audit plan and progress in implementing audits.

Officers confirmed, in response to a Member query relating to the backlog of audit work, that Internal Audit had targeted its resources at priority 1 audits, which would be completed by year end. All audits that were necessary to form opinion for the Annual Governance Statement would also be completed by year end, as well as any possible priority 2 audits; a new audit plan would then be compiled

Responding to a Member question relating to the nature of the problem with bank reconciliations detailed on page 8.23 of the officer's report, officers advised that a number of different systems were used for receiving income

and sometimes the issues were around timing and resources; reconciliations needed to be done more regularly. The issues should be resolved by the end of the current financial year.

Officers advised, in response to a Member question about recommendation 17 on report 15, set out on page 8.30 of the report, that there was a risk to e back end processes if historic system administrator accounts were to be deleted in cases where the passwords were not known. There was now in place a complete list of all administrator logins.

In response to a Member question relating to cash receipts, officers advised that the majority of the Council's cash income came from the Council's car parks. However, there were occasions when the Council's visiting officers would take cash in extenuating circumstances, for example, in court proceeding cases. In such cases a receipt would be issued to those making such payments and the money would be paid into the bank by the visiting officers using a Council paying in book. The risk of holding cash on Council premises was mitigated by regular collection of cash by a security company.

Resolved

- (1) That the update on delivering the 2018/19 audit plan be noted.
- (2) That the conclusions and results from completed audit engagements in appendices 2 and 3 be noted.
- (3) That the updated status of audit recommendations in appendix 4 be noted. (ADDS)

230 REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT AND REGISTERS FOR 2018/19

The Committee considered the report of the Section 151 Officer providing Members with a six-month review of the Council's corporate risk register for 2018/19.

Responding to a Member question relating to risk 4 detailed on page 9.8 of the officer's report and a recent instance of loss of Council IT services which seemed to imply that relevant controls had failed, officers advised that controls were concerned with what arrangements were in place to respond to any issues that may arise. In this particular instance a report had been presented to the Review Committee looking in more detail at the issues that had arisen. Internal Audit would be re-examining the controls in this area to check that they are robust and updating the risk register as necessary. . Any further work on this area would be reported back to a future meeting of the Audit Committee.

In response to a Member question about the Out of Hours Service, officers confirmed that this was provided by Tendring District Council.

Resolved

That the contents of the corporate risk register for 2018/19 be noted. (S151O)

The meeting closed at 8.16 pm.

Chairman

Date

CONFIRMED

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