

SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of Audit Committee

Date: Wednesday, 24th July, 2019

Place: Committee Room 1 - Civic Suite

Present: Councillor P Collins (Chair)
Councillors L Burton (Vice-Chair), A Bright*, M Davidson, N Folkard,
S Habermel, M Kelly, I Shead and K Pandya
*Substitute in accordance with Council Procedure Rule 31.

In Attendance: J Chesterton, A Barnes, J Ruffle, I Ambrose, C Fozzard, S Putt,
F Abbott, E Allen, C Wisdom (Deloitte) and A Kleiman (Deloitte)

Start/End Time: 6.30 pm - 8.15 pm

252 Apologies for Absence

Apologies for absence were received from Councillor T Cox (substitute Cllr A Bright) and Councillor B Ayling (no substitute).

253 Declarations of Interest

The following declaration of interest was made at this meeting:

(a) Councillor Davidson – agenda item Agenda item 9 (Adoption of the Annual Governance Statement 2018/19 and Statement of Accounts) – Non-pecuniary interest: Non-Executive Director of South Essex Homes.

254 Minutes of the Meeting held on 27th March 2019

Resolved:

That the Minutes of the Meeting held on Wednesday, 27th March, 2019 be confirmed as a correct record and signed.

255 Teachers Pension Return 2017/18 - Progress report

The Committee considered a report of the Strategic Director (Transformation) which updated the Committee on the reasons and actions taken to address questions raised by Members of the Committee at the meeting held in March 2019, with regard to teachers' pensions reconciliations (Minute 798 refers).

Resolved:

To note the comments and assurances provided by officers that processes are in place to mitigate concerns going forward with regard to the Teachers Pensions Return external audit certification arrangements.

256 Internal Audit Service, Quarterly Performance Report 2018/19

The Committee considered a report of the Strategic Director (Finance & Resources) which updated the Committee on progress made in delivering the Internal Audit Strategy for 2018/19.

The Committee asked a number of questions, which were responded to by officers.

With reference to Appendix 1 and the decisions not to progress the audit of the Virtual School, deferred due to external experts undertaking the independent peer review, the Head of Internal Audit confirmed that, to help assurance, he would bring the peer review report to the next meeting of the Committee.

With reference to Appendix 2b, Direct Payment Support Services Contract Management, the Committee asked that the actions taken with regard to contract monitoring be reported to the next meeting of the Committee by the Interim Director Adult Social Care.

With reference to Appendix 2c, South East Active Travel Programme governance arrangements, the Head of Internal Audit said that he would share the results of the full audit, when available and would provide feedback to the Committee at the next meeting.

With regard to Appendix 2d, Audits Revisited, Unit 4 Business World System Access Controls, and that the overarching IT security policies still requiring approval by the Council's SIRO, the Strategic Director (Transformation) is to provide a written response to the Committee on the position before the next meeting.

In response to questions to the responses to the stakeholder survey, detailed at Appendix 3, and the use of 'survey monkey', the Head of Internal Audit said that he would review the survey approach (but still in electronic format) to hopefully increase responses.

Resolved:

That the progress made in delivering the 2018/19 Internal Audit Strategy, be noted.

257 Head of Internal Audit Annual Report 2018/19

The Committee considered a report of the Strategic Director (Finance and Resources) providing the following for the 2018/19 financial year:

- the rationale for and an audit opinion on the adequacy and effectiveness of Southend-on-Sea Borough Council's (the Council's) risk management, control and governance processes; and
- a statement on conformance with the UK Public Sector Internal Audit Standards (the Standards) and the results of the Quality Assurance and Improvement Programme.

The Committee asked a number of questions which were responded to by officers.

On behalf of the Committee, the Chair thanked officers for the report and the successful progress on delivering the Annual Audit Plan.

Resolved:

That the Head of Internal Audit's Annual Report for 2018/19, be accepted.

258 Counter Fraud & Investigation Directorate, Annual Report for 2018/19

The Strategic Director (Finance & Resources) advised the Chair that he had been notified earlier that day that no one from the Counter Fraud & Investigation Team was available to attend the meeting to answer questions of the Counter Fraud Strategy and work programme for 2018/19. The Chair and Committee Members expressed their concerns and asked that these be conveyed to the Counter Fraud & Investigation Team.

The Strategic Director (Finance & Resources) advised that, separately to this, the Council is reviewing its counter fraud policy and procedures and that a report will be submitted to Cabinet at its meeting in September and to the Audit Committee in October. He also advised that there are on-going discussions with Thurrock Council about the costs and value for money of the service.

Resolved:

That the item be withdrawn and the annual performance report be considered at the next meeting of the Committee.

259 Deloitte's: Final Report to Those Charged With Governance 2018/19

The Committee considered a report of the External Auditor summarising the results of the work completed to date for the 2018/19 financial year with regard to:

- The opinion on the Statement of Accounts; and
- The conclusion on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (the VFM conclusion).

In introducing the report the External Auditor Partner, Craig Wisdom, updated the Committee to say it was rare to find a finance team so well prepared for audit with all evidence readily available. He praised the early engagement and pre-planning that had taken place.

The Committee asked a number of questions which were responded to by the External Auditor and officers.

On behalf of the Committee, the Chair thanked officers for the successful audit and the smooth transition made to the new team of auditors. The plan is for the audit to be formally 'signed off' by the end of the week.

Resolved:

That the report on the audit for the year ended 31st March 2019, be accepted.

260 Adoption of the Annual Governance Statement 2018/19 and Statement of Accounts 2018/19

The Committee considered a report of the Strategic Director (Finance and Resources) which presented:

- the Annual Governance Statement for 2018/19, together with the actions for 2019/20 and an update on progress made with regard to the 2018/19 action plan; and
- the Statement of Accounts for 2018/19, for adoption.

The Committee asked a number of questions which were responded to by the External Auditor and officers. On behalf of the Committee the Chair thanked the Head of Corporate Finance and his team for all their hard work. The Chair also wished Mr Ambrose every success in his new role at the London Borough of Redbridge.

Resolved:

1. That subject to any further views expressed by External Audit, the Annual Governance Statement for 2018/19 be approved and recommended to the Leader of the Council and Chief Executive for authorisation and signature.
2. That the Statement of Accounts 2018/19 be adopted and approved for publication.

261 Counter Fraud & Investigation Directorate, Counter Fraud Plan and Strategy for 2019/20

Resolved:

That in line with Minute 258 the item be withdrawn and the Counter Fraud & Investigation Strategy and work programme for 2019/20 be considered at the next meeting of the Committee.

262 Audit Committee Self-Assessment

The Committee considered a report of the Strategic Director (Finance and Resources). This presented the findings of the self-assessment of good practice undertaken at the end of 2018/19, as detailed at Appendix 1 to the report. Appendix 2 to the report set out the proposed actions that could be undertaken to enhance the current arrangements of the Audit Committee, enabling it to discharge its responsibilities as effectively as possible, meeting best practice expectations.

The Chair highlighted the recommendation that the Audit Committee produce an annual report for 2019/20 which was fully supported as this will outline its work for Full Council. He also highlighted that there will be a self-evaluation circulated to the Committee members which will enable members to highlight their skills and training needs. This will be sent to substitutes and those who

were substitutes at meetings in the previous municipal year (and who are still Councillors).

The Strategic Director (Finance and Resources) also confirmed the intention to run a training session for Committee members later in the year. This training will be made available to all Councillors.

Resolved:

To note the results of the self-assessment against good practice undertaken at the end of 2018/19 and the actions detailed at Appendix 2 to the report, be approved.

263 Information Item

The Committee received and noted the following information item:

- Audit Committee Update – helping audit committees to be effective – Issue 28: The Audit Committee Role in Supporting Counter Fraud and Anti-corruption (March 2019)

Chair: _____