MINUTES

of the

AUDIT COMMITTEE

held on 18 June 2019 at 7.15pm

Present:

Councillor D Clark (Chair)

Councillors

M Bracken (substitute for Councillor N Walsh), P Clark, C Finnecy,
J Lardge, J Raven, E Sampson and M Watson

1. **Apologies for Absence and Substitutions**

    Apologies for absence for absence were received from Councillors M Sismey and N
    Walsh. Councillor Walsh had appointed Councillor M Bracken as her substitute.

2. **Minutes**

    The minutes of the meeting held on 20 March 2019 were agreed as a correct record and
    signed by the Chair.

3. **Public Question Time**

    No questions were asked or statements made.

4. **Declaration of Interests**

    All Members were reminded to declare any Disclosable Pecuniary interests or other
    registerable interests where appropriate in any items of business on the meeting's
    agenda. None were made.

5. **Announcements**

    There were no announcements.

6. **Appointment of Vice Chair**

    Councillors Finnecy and Watson were nominated for this position. After a vote, Councillor
    Finnecy was appointed.

7.   **Digital Transformation Programme Update**

The Committee received a report on the initial project objectives of the Digital Transformation Programme, details of the spending on it and the extent to which the programme's aims had been achieved so far.

In response to questions from members, the Committee was informed that:

- Microsoft software had previously been procured on a three-year licence. The licences for Dynamics and Office 365 were now procured shortly before they were needed and were obtained via a framework agreement negotiated on behalf of the UK public sector. This helped to reduce exposure to lengthy contract commitments and improved the prospects of obtaining the best value for money. As the data was now transportable to other platforms, the Council was not committed to Microsoft exclusively and could procure other products if there were significant increases in the cost of Microsoft licences.
- The overall budget for the Digital Transformation Programme was within that approved by the Council, although there had been some slippage in spending across financial years.
- The consultant reviewing the project had been engaged for a defined period of 30 days and would complete the work over the summer.
- The staff of Digital Services had been trained on the coding written by contractors as part of the programme and that knowledge was sufficient to enable them to complete the project.
- The current schedule for the project took it to the end of the current financial year. The project team would shortly be looking at the work that needed to be done in the period beyond that.

The Committee was satisfied with the information presented and asked that a further update on progress, with any further observations of the consultant, be presented to its September meeting.

> **RESOLVED** that the progress on the Digital Transformation Programme and the expenditure on it be noted and that a further update be presented to the meeting on 25 September 2019.
>
> *7.18pm to 7.32pm*

8.   **Housing Transformation Programme Update**

Members considered a report on progress with the Transformation Programme for the Strategic Housing Service since it began in the autumn of 2017. It looked at how the service had been restructured, reviewed its performance, described how budget control had been improved, and the planned increase in partnership working.

The Committee welcomed the progress that had been made but emphasised the need to maintain control of its costs, particularly with regard to homelessness. A discussion ensued around the topic of homelessness, the different means by which homeless families were housed in temporary accommodation, the cost of those arrangements and whether a fall in the numbers provided with temporary housing meant that there had been an overall reduction in the cost of providing that service, taking into account the greater use of emergency housing. The Committee was given information on the reasons for the reduction in numbers held in temporary accommodation but officers were unable to provide exact figures on the relative expenditure on different types of such

accommodation. Members acknowledged that there was a human cost associated with temporary housing as well as a financial one, something that the forthcoming homelessness strategy would need to recognise.

The Committee was informed, in response to a question, that the length of time a property remained void between lets was largely due to the extent of redecoration required and whether it was an older property that required updating. Members were also told that there was no cladding on any property used as temporary accommodation.

> **RESOLVED** that the update on the Housing Services Transformation Programme be noted and that a report be presented to a future meeting on the relative costs associated with the different types of accommodation used to house the homeless and a comparison of the overall expenditure over the past two years.
>
> *7.32pm to 7.59pm*

9. **Revenue Outturn Position for 2018/19**

The Committee received a report on the revenue outturn position for 2018/19 and information relating to the General Fund for the financial year ending on 31 March 2019. The report set out the key variances against the original budget, amended by approved variances and the last revenue monitoring report received by the Committee.

Members were informed that:

- It was anticipated that an element of the business rates allocated to the Council under the Retention Scheme would be lost in 2020/21.
- The proportion of the business rates that came from shops was not to hand at the meeting. There had been a reduction recently but the overall trend was for income from this source to fluctuate; the same applied to the occupancy rates in High Chelmer and the rents from that.
- It was not known at present whether there would continue to be an income from a major annual music festival in Hylands Park.

> **RESOLVED** that the revenue outturn position for 2018/19 be noted.
>
> *7.59pm to 8.06pm*

10. **Capital Programme Outturn**

The Committee considered an update on the Capital Programme which compared the latest spending forecast by Directors on capital schemes with the approved estimates and included the progress on schemes. The report compared the outturn on the Asset Replacement Programme with the approved estimates for 2018/19 and the latest spending forecast by Directors with the approved estimates for 2019/20. It also provided updates on a number of the more significant schemes.

Overall, it was forecast that spending on capital schemes would be £109,000 less than the latest approved budget.

Concern was expressed at those schemes that were over budget, either as a result of cost overruns, inaccurate estimates or shortcomings on the part of contractors. In the

latter case, and in response to a question, the Committee was told that retentions, bonds, indemnities and insurance could be used to ensure that projects were completed and the Council was not left to pick up the cost resulting from contractors' errors or failings.

Replying to a question, Officers told the Committee that it was intended at least to start the Community Flood Improvements before the end of the financial year to ensure that the grant would not be lost.

In noting the report, the Committee asked that the Cabinet be informed of its view that when developing business cases for capital projects, the wider risks associated with them, and not just the financial ones, should be assessed.

> **RESOLVED** that the report be noted.

(8.06pm to 8.26pm)

11. **Audit Committee Annual Report 2018/19**

The Committee considered the Annual Report of the Audit Committee for 2018/19, submitted in accordance with the code of best practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

> **RESOLVED** that the Audit Committee's Annual Report for 2018/19 be approved and submitted to the Council.

(8.26pm to 8.28pm)

12. **Audit Committee Terms of Reference**

The Committee considered a report outlining the review of the terms of reference of the Audit Committee which had been carried out in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) recommended practice. The proposed terms of reference, which had not changed materially since 2018, also took into account CIPFA's "Audit Committees: Practical Guidance for Local Authorities" (2018), which set out how Audit Committees should demonstrate their independence and effectiveness.

> **RESOLVED** that the terms of reference of the Audit Committee attached to the report to the meeting be noted.

(8.28pm to 8.30pm)

13. **Internal Audit Annual Report 2018/19**

Members received a report which reviewed the work of the Internal Audit Service in 2018/19.

Through the Audits which had been carried out, Internal Audit had established that the control systems in operation within the Council were operating at an acceptable level. In the event of any issues being identified these were promptly brought up to an acceptable position.

Officers were asked whether sufficient steps were being taken to ensure the security of the Council's digital system. The Director of Financial Services said that the present measures had been assessed as sufficient but that governance of security systems and reporting on them needed to be improved. A revised Cyber Security Strategy was being produced by consultants and a follow-up audit would be carried out, with the results being reported to the Committee.

Asked about what the audit on bribery and corruption had entailed, officers said that this had mainly related to the arrangements for recording officers' interests and providing those who dealt with procurement and contractual matters with access to that information to ensure that there were no conflicts of interest.

> **RESOLVED** that the report be noted and that summary reports on the findings of future audits be submitted to the Committee for information and the monitoring of the implementation of their recommendations.

(8.30pm to 8.40pm)

14.   Review of Training Topics and Rolling Programme of Work

The Committee considered a report on a proposed training programme for its members and its updated proposed rolling programme of work for 2019/20.

The Committee questioned whether it was necessary for its members to specialise in particular aspects of its work. Members felt that it would be better that the whole Committee received briefings on specific areas of its work before meetings at which those topics were being discussed.

> **RESOLVED** that the report be noted.

(8.40pm to 8.45pm)

15.   Urgent Business

There were no matters of urgent business brought before the Committee.

The meeting closed at 8.45pm.

Chairman