

AUDIT COMMITTEE

22 SEPTEMBER 2011

REPORT OF HEAD OF RESOURCE MANAGEMENT

A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the progress against outstanding actions identified by the Committee.

EXECUTIVE SUMMARY

The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee at its 27 June 2011 meeting.

To date there are no significant issues to bring to the attention of the Committee, with brief updates provided against individual items set out in **Appendix A** or further details included in reports appearing elsewhere on the agenda as necessary.

RECOMMENDATION(S)

That the Committee reviews and notes the progress against the Table of Outstanding Issues.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no significant financial implications associated with monitoring and implementation of agreed actions or responses. If additional resources are required to deliver an agreed action then appropriate steps will be taken including any necessary reporting requirements.

Risk

The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.

LEGAL

There are no legal implications associated with the monitoring and implementation of the agreed actions.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following

and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

This report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress against issues and items it has raised as part of its governance responsibilities.

TABLE OF OUTSTANDING ISSUES

An updated Table of Outstanding Issues is set out in **Appendix A**.

Update Against Issues Raised

Actions identified by the Committee at its 27 June 2011 meeting have now been included whilst conversely items reported as complete have now been removed if no outstanding actions remain.

Work is either scheduled or remains on-going against all remaining items and to date there are no significant issues to highlight.

Interim Update on On-Going Items

The on-going activities shown in **Appendix A** relate to matters that are covered in more detail within separate and regular reports presented to the Committee. However to ensure the Committee are kept informed on a timely basis, an interim update against these activities will be reported within the Table of Outstanding Issues where appropriate. In respect of the progress against Audit Commission recommendations, a detailed report is set out elsewhere on the agenda.

Update on the Future of the Audit Commission

Following on from the Government's decision to abolish the Audit Commission and the associated consultation on the future provision of external audit that was presented to the Committee at its June 2011 meeting a general update has recently been received from our auditors. This report provides a timely opportunity to inform the Committee of the latest position as follows:

- The Government have now decided that the best value for money can be achieved by outsourcing, through a procurement exercise, the work currently undertaken by the Audit Commission's in-house teams.
- The Audit Commission have been asked by the Government to seek bids for the work they currently do in-house.
- New contracts will be awarded for three to five year periods.
- The Commission are looking to award contracts by Spring 2012 to enable auditors to be appointed to Local Authorities by 1 September 2012.
- The Council's current auditor, from the Audit Commission's current in-house team, is appointed to audit the accounts for the 2011/12 financial year. The procurement does

not affect this appointment.

- An interim auditor appointment will be made by the Audit Commission to cover the period from 1 April 2012 to 31 August 2012 when the new auditor will be identified following the completion of the outsourcing process.

A summary of the position and associated timescales is set out below:

Period	Auditor Appointment	Comments
From 1 April 2011	Current auditor (in-house audit practice)	<ul style="list-style-type: none"> • No change for audit of 2011/12 accounts.
1 April 2011 to 31 August 2012	Current auditor (in-house audit practice)	<ul style="list-style-type: none"> • Interim appointment for 2012/13: no change - subject to consultation by end of 2011. • Role will be to keep a 'watching brief' only and any costs incurred by auditors will be paid by the Commission.
From 1 September 2012	New auditor (private firm)	<ul style="list-style-type: none"> • Change of auditor (to a private firm) - subject to consultation following award of contracts in spring 2012. • Auditor will audit the 2012/13 accounts (opinion on the financial statements and the annual VFM conclusion). • Full year's scale fee payable by audited body. • Auditor responsible for audit of future year's accounts.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (September 2011)

AUDIT COMMITTEE - Table of Outstanding Issues (September 2011)

Governance Area	Activity / Subject	Recommendation / Issue	Lead Service	Progress / Comments	Status - Target Date
Audit Committee Effectiveness	Periodic review of the operation and effectiveness of the Audit Committee.	The Committee have considered a number of reports culminating in the consideration of the outcomes from a self assessment exercise that was reported to the Committee at its 16 December 2010 meeting. The Committee resolved: <i>a) that the outcomes of the self assessment be noted and the proposed responses be approved and b) that an external peer review is not undertaken at the present time.</i>	Finance and Procurement Manager	<p>A number of actions were proposed in response to the outcome of the self assessment. These largely revolve around reviewing terms of reference and training. The pragmatic and logical approach adopted is that the approved responses should be implemented as soon as practicable following the local elections in May 2011 which may include wider member training.</p> <p>Since its June meeting, Training has been provided on the Statement of Accounts processes.</p> <p>Further investigation into General Training both externally and internally remains in progress.</p>	In Progress - Second Half of 2011/12 and on-going
Corporate Governance	Internal Audit within the Organisational Structure	At its 28 June meeting the Committee resolved <i>'That the Council be requested to consider where in the organisation the Internal Audit function could be placed as part of any wider management structure review in the future.'</i>	Head of Resource Management	<p>This issue will be considered as part of the on-going organisational review and set against the outcome from the tender exercise for the provision of Internal Audit Services that is currently in progress.</p> <p>In respect of the tender process, a number of expressions of Interest have been received and initial tender documentation sent out as part of the selection process..</p>	In Progress - Jan 2012

Risk Management	Membership of Outside Bodies	<p>At its 23 September meeting the Committee resolved: 1) <i>That Cabinet be requested to ensure that there is a Member placement on the committee of Sure Start.</i></p> <p>2) <i>That Cabinet be requested to undertake a review of the membership of all outside bodies and put in place a system for reporting back by Members.</i></p> <p><i>A report setting out the Committee's requests was considered by Cabinet at its 10 November 2010 meeting who resolved -</i></p> <p><i>(a) That it be noted that Councillor Chapman has now been appointed as the Council's representative on the Tendring Sure Start Children's Centres Board.</i></p> <p><i>(b) That, under the Local Democracy strand of the Tendring Spending Review Delivery Plan, Officers undertake a review of Councillor representation on outside bodies to ensure that representation on those bodies provides value for money and supports delivery of the Council's priorities. Further, to devise a process whereby Councillors can feed back from attending meetings of those bodies. That work to be completed for implementation from May 2011.</i></p>	Head of Resource Management	Following the Local Elections in May, Cllr Chapman is no longer the Council's representative on the Tendring Sure Start Board. However the review of appointments on outside bodies and a mechanism for members to feedback from attending meetings is the subject of a report to be considered by Cabinet shortly.	In Progress - September 2011
Internal Audit	Outcomes from Internal Audit Monitoring Report	<p>At its 27 June meeting a report requested by the Committee concerning the outcomes from a recent Audit of income from parking pay and display machines was considered and it was resolved:</p> <p>b) That the Committee recommends a shorter period of time between collection and banking of money.</p> <p>(c) That officers review the timing of banking and reconciliation to assess whether the new controls are adequate or if tighter controls are needed.</p> <p>(d) That officers explore alternative ways of using change, rather than simply banking as cash.</p> <p>(e) That a further report on the above matters be brought back to a future meeting of the Committee.</p>	Parking Manager	Activity remains on-going with a report planned on being presented to the next meeting of the Committee as part of the follow up work by Internal Audit.	December 2011
Internal Audit	Internal Audit Plan	<p>At its 24 March 2011 meeting the Committee resolved:</p> <p><i>(c) That any outstanding Internal Audit assignments as at 31 March 2011 should be completed within the following six months.</i></p>	Internal Audit Manager	Work remains on-going although an update on a managed response to recent reductions in Internal Audit Resources is set out in the Internal Audit regular monitoring appearing elsewhere on the agenda.	December 2011

Internal Audit	Audit Committee Work Programme	At its 24 March 2011 meeting the Committee resolved that: <i>(ii) the inclusion on the agenda for the December 2011 meeting of the Committee a report in respect of any slippage within the Internal Audit Plan programme and, in addition, a report on any resource/staffing issues the Internal Audit Section may be facing at that time.</i>	Internal Audit Manager	Although an updated response will be submitted to the December 2011 meeting of the Committee, recent events within the Internal Audit service in terms of available resources is set out in the Internal Audit regular monitoring report appearing elsewhere on the agenda.	December 2011
Internal Audit	Outcomes from Internal Audit Monitoring Report	Following discussions around the outcomes from the work of Internal Audit, the Committee requested that a new "traffic light" system of highlighting issues in the report of internal audit be introduced, and the Audit Manager undertook to investigate the matter as part of other amendments to reporting requirements that will be reviewed shortly.	Internal Audit Manager	A traffic light system in respect of reporting the assurance outcomes from the work of Internal has now been included as set out in the regular Internal Audit Monitoring report appearing elsewhere on the agenda.	Completed
Corporate Governance	Bribery Act	At its 27 June 2011 meeting the Committee considered a report setting out the implications of the Bribery Act 2010. Amongst other things, the Committee resolved: <i>c) That item A.5 of the report of the Head of Financial Services be sent to full Council for its contents to be noted.</i> <i>(d) That training on the Bribery Act 2010 be incorporated into future member development / training opportunities.</i>	Finance and Procurement Manager	In respect of c), this item was included on the agenda of Full Council of 15 September 2011. In respect of (d) this will be included within the future consideration of opportunities for member training	Completed

INTERIM UPDATE - ONGOING ITEMS (more detailed information reported to the Committee via separate monitoring reports)

External Audit and Inspection	Implementation of Recommendations	Recommendations / opportunities for improvement are included in various reports received from the Audit Commission following the completion of audit work they are required to undertake.	Finance and Procurement Manager	Detailed monitoring of these issues are undertaken via the six monthly Audit Commission Recommendations Action Plan. A report is included elsewhere on the agenda that sets out the latest position.
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Risk Management	Risk Management Strategy and Strategic Risk Register	Timing of Risk Management activities and reporting	Head of Resource Management	<p>As part of the work of setting up the a new Council structure each new Head of Department will be asked to complete a Departmental Plan which will include a risk assessment for the department. This information will then be used to identify risks that are appropriate for inclusion in the Corporate Risk Register so that there is continuity and consistency through the whole risk management system. Given the timing and progress of the current restructure it has been agreed in consultation with the Chair to take the practical step of deferring the planned six month review of the risk strategy and register with the aim of bringing a refreshed and updated version to the Committee's March 2012 meeting.</p> <p>Not withstanding the above, there are no major concerns at the current time as timely action would in any case be taken where significant issues or exposure to risk were identified in the interim period.</p>
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