

**AUDIT COMMITTEE
26 SEPTEMBER 2013**

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.4 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 2013 meeting.
- To date there are no significant issues to bring to the attention of the Committee, with updates provided against individual items set out in **Appendix A** or elsewhere on the agenda.
- As requested by the Committee at its 27 June 2013 meeting, the actions identified within the Annual Governance Statement 2012/13 have now been included within this report, with an update against individual items set out in **Appendix B**.

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 direct legal implications associated with this report.

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

TABLE OF OUTSTANDING ISSUES

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 that form part of its governance responsibilities.

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

Following the request by the Committee at its 27 June 2013 meeting, actions relating to the Annual Governance Statement 2012/13 have now been included and set out separately in **Appendix B**.

Update Against Issues Raised

Actions identified by the Committee at its 27 June 2013 meeting have now been included.

Updates against items either appear as separate items elsewhere on the agenda or set out within the Appendix, with work scheduled or remaining in progress against all items.

Interim Update on On-Going Items

The on-going activity shown in **Appendix A** that relates to actions against Audit Commission recommendations is usually covered in more detail within a separate report presented elsewhere on the agenda. However as there only remains one outstanding activity relating to regeneration, an update has been provided within the Appendix rather than under cover of a separate report. An officer from Regeneration Services is scheduled to be in attendance at the meeting to support the Committee in considering any associated matters.

At the Committee's meeting on 21 March 2013, an interim update on a revised approach to risk management was presented. Development activity has been undertaken with a pilot approach completed within one department. As set out within **Appendix A**, work remains on-going, which has resulted in the updated position now planned on being presented to the Audit Committee in December 2013 as part of successfully developing the new approach.

Other Matters for Consideration

Local Audit Bill Update – This has been included as a separate item on the Audit Committee's work programme for 2013/14 with an update originally planned on being presented to the Committee's September 2013 meeting. The Bill remains subject to parliamentary processes so no additional information can be provided to the Committee at the present time. However when available, further information will be presented to the

Committee at the earliest opportunity.

Code of Corporate Governance – Work in updating this document remains in progress. It had originally been planned on presenting an updated code to the Committee's September 2013 meeting. However on review and given the current timing associated with the separate review of the Council's Constitution which forms the backcloth to the content of the Code of Corporate Governance, it would be practical to defer this item to enable any changes to the Constitution to be reflected in the revised code where necessary. It is important to note that the existing Code of Corporate Governance still remains 'live' and will remain so until a revised document is presented and approved by the Audit Committee later in the year.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (September 2013) - General

Appendix B - Table of Outstanding Issues (September 2013) - Annual Governance Statement Actions

AUDIT COMMITTEE - Table of Outstanding Issues (September 2013)

GENERAL

Governance Area	Activity / Subject	Recommendation / Issue	Lead Service	Progress / Comments	Status - Target Date
Corporate Governance	Constitution Update	At its 22 March 2012 meeting the Committee resolved: d) That the role of an internal Contractor as against the role of an external Contractor be reviewed in the next review of the Constitution.	Corporate Director (Corporate Services)	The current review of procurement rules reflects procurement from Internal Contractors with requirement for the 'client' service and the internal provider to discuss arrangements which would include where appropriate issues such as reporting responsibilities etc.	Completed
Audit Committee Effectiveness	Periodic review of the operation and effectiveness of the Audit Committee.	At its 28 June 2012 meeting the Committee considered a formal update against actions previously identified and resolved: <i>That the proposed actions set out in the Appendix to item A.4 be approved, subject to the Officers investigating further opportunities for general Audit Committee training for Members</i> In addition to the above, after considering the latest outcomes from the work of Internal Audit at its 21 March 2013 meeting, the Committee resolved that: <i>The Officers investigate providing training, in due course, for the Committee in respect of risk management.</i>	Finance and Procurement Manager	An update against outstanding actions is set out elsewhere on the agenda. Opportunities for risk management training have been investigated and it is proposed on holding a separate training session where potentially all members and officers can be invited.	Oct-13
Control Environment	Outcomes from work of Internal Audit	At its meeting on 13 December 2012, the Audit Committee resolved: <i>That consideration be given to introducing a corporate standard to the paperwork used to capture Officers' time recording to support good governance in this area.</i>	Corporate Director (Corporate Services)	Time recording requirements are set out in the Council's Flexible Working Policy. However to complement this policy, it is proposed on placing a 'standardised' electronic time recording form on the intranet which can be used by officers where relevant.	Sep-13
Control Environment	Outcomes from work of Internal Audit	As part of considering an update on licencing enforcement at its meeting on 21 March 2013, the Audit Committee requested an update on the potential negative impact on enforcement that may occur whilst the outcomes from the fundamental service process were embedded.	Corporate Director (Public Experience)	Recruitment has now been undertaken to employ a Licensing Manager who has significant knowledge and experience having worked in this role in two previous authorities. In addition, the previously vacant enforcement assistant role has also been filled and so the Licensing Team is now operating with a full complement of staff and undertaking all duties required.	COMPLETED

<p>Control Environment</p>	<p>Outcomes from work of Internal Audit</p>	<p>After considering the latest outcomes from the work of Internal Audit at its 21 March 2013 meeting, the Committee resolved that:</p> <p><i>An update report be submitted to the next meeting of the Committee on risk issues relating to the repair and maintenance of CCTV and that the relevant Portfolio Holder be informed, as a matter of courtesy, that the Committee will be receiving such a report.</i></p> <p>Following the Committee's consideration of this update report at its subsequent meeting on 27 June 2013, it resolved:</p> <ol style="list-style-type: none"> 1. The contents of the report, be noted; and 2. The following recommendations be made to CABINET following a review of the issues: <ul style="list-style-type: none"> • Steps be taken to simplify paperwork associated with the acquiring of roving cameras; • Consideration be given to a programme for replacing old or irreparable cameras; • An audit be undertaken to identify where reliable cameras are situated; • That all possible commercial opportunities be explored and reported back upon; • The deployment of mobile units be considered; • That appropriate training and licensing of key personnel be undertaken; • Opportunities for expanding the service be explored as a means of increasing revenue; • Ensure that all signage complies with the requirements of the law; • Review siting and altering positions of cameras • Monitor the log maintained by the Council's officers and the Police 	<p>Corporate Director (Life Opportunities)</p>	<p>As requested, the items identified by the Committee are being formally reviewed as part of a wider 'audit' of the Council's CCTV provision with the associated outcomes planned on being presented to members later in the year.</p>	<p>Dec-13</p>
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<p>Control Environment</p>	<p>Outcomes from work of Internal Audit</p>	<p>After considering the Table of Outstanding Issues Report at its 27 June 2013 meeting, the Committee resolved that:</p> <p><i>An update on the Council's enforcement role in respect of Planning be brought before the Committee at its next meeting to be held on Thursday 26 September 2013.</i></p> <p>After considering the Regular Internal Audit Monitoring Report at its 27 June 2013 meeting along with the broader issues around S106 money the Audit Committee agreed that:</p> <p><i>The S106 audit report completed in the period be presented at the next meeting of the Committee as part of the Planning update.</i></p> <p><i>S106 Monies in respect of linking with opportunities with Essex County Council and making it readily available for all.</i></p>	<p>Head of Planning Services</p>	<p>An verbal update is included elsewhere on the agenda.</p>	<p>-</p>
<p>External Audit</p>	<p>Future Change</p>	<p>At its meeting on 13 December 2012, the Audit Committee resolved:</p> <p><i>That the local procurement of external audit services along with any impact on Parish/Town Councils is added to the Table of Outstanding Issues for future consideration.</i></p>	<p>Finance and Procurement Manager</p>	<p>Under current proposals, Local Authorities will be able to appoint their own external auditors from 2017. Independence, quality and governance arrangements will form part of any procurement decision which will be undertaken within the necessary timescales to be in a position to confirm appointment from 2017.</p>	<p>2016/17</p>
<p>Corporate Governance</p>	<p>Developing the capacity and capability of Members and officers to be effective</p>	<p>After considering the broad issues around staff and absences, the Audit Committee wished the Council to respond to the following issue:</p> <p><i>Ensuring that staff have interchangeable skills where they can perform all of the roles assigned to their respective teams;</i></p>	<p>Corporate Director (Corporate Services)</p>	<p>As part of the FSR process, the Council aims to remain as flexible as possible in terms of its staffing arrangements and associated roles and responsibilities. Following a review this underlying principle is set out within various HR policies and procedures, including:</p> <ol style="list-style-type: none"> 1. Secondment Policy 2. Career Grade Policy 3. Pooling arrangements 4. Absence cover arrangements 5. Succession Planning 6. Personal Appraisals / target setting. 	<p>Completed</p>

INTERIM UPDATE - ONGOING ITEMS

<p>Risk Management</p>	<p>Risk Management Strategy and Strategic Risk Register</p>	<p>Timing of Risk Management activities and reporting</p>	<p>Corporate Director (Corporate Services)</p>	<p>Departmental Risk Registers have now been completed. A Corporate Risk Register is now being compiled from the Departmental items in a 'ground up' approach. The Corporate Risk Register is planned on being presented to Cabinet shortly with the aim of developing it in consultation with the Audit Committee at its December 2013 meeting. The above approach remains based on the newly adopted framework that was considered by the Audit Committee at its March 2013 meeting.</p>
<p>External Audit and Inspection</p>	<p>Implementation of Recommendations</p>	<p>Recommendations / opportunities for improvement are included in various reports received from the External Auditor following the completion of audit work they are required to undertake.</p>	<p>Finance and Procurement Manager</p>	<p>Only one activity relating to regeneration remains outstanding at the present time with an update set out below rather than under cover of a separate report.</p>
<p>Regeneration Review <i>(presented to the Audit Committee 23 September 2010)</i></p>	<p>Regeneration Review <i>(presented to the Audit Committee 23 September 2010)</i></p>	<p>R1 Ensure that the strategic framework for regeneration is completed and agreed. This includes the Regeneration Strategy; the Tourism Strategy, and the Economic Recovery Plan. The first two strategies to be supported by a SMART and robust delivery plan that sets out clear, challenging and realistic targets. To include: <ul style="list-style-type: none"> - Matching the scale of ambition to available resources of the Council and partners; - Prioritising available resources at areas that will have the greatest impact; - Reflecting current economic conditions; and - Producing service delivery plans which clearly focus on the areas for which the Council is responsible, as part of 'mainstreaming' approach </p>	<p>Corporate Director (Public Experience)</p>	<p>The Fundamental Service Reviews that have included the Regeneration Service have been completed and will continue to be embedded during 2013/14.</p> <p>Member workshops, presentations and updates have now been facilitated by the Council's selected provider, ' Regeneris', with further activity planned as the economic strategy continues to be developed over the second half of the year.</p> <p>A verbal update on wider regeneration matters is included elsewhere on the agenda</p>
<p>R2 Clarify which of the relevant agencies or delivery vehicles is responsible for delivering which regeneration projects and to what timeline. This clarification should include: <ul style="list-style-type: none"> - The governance and reporting arrangements; - The project management arrangements; and - The funding available to set against the project. </p>				
<p>R3 Develop and implement systems to support the understanding, monitoring, delivery and review of the full value for money of regeneration activities of both the Council and its partners. To include: <ul style="list-style-type: none"> - Continuous evaluation of activities against key outcomes; -Assessment of projects delivered, set against investment, including officer time; and - A clear strategy for the use of Council funds and assets and their contribution towards delivering objectives. </p>				

AUDIT COMMITTEE - Table of Outstanding Issues (September 2013)

ANNUAL GOVERNANCE STATEMENT ACTIONS

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Governance Issue	Action	Current Position / Update
Risk Management	To roll out and embed the revised risk management framework across the Council	This is included as a separate item within Appendix A with further information due to be presented to the Committee at its December 2013 meeting.
Financial Resilience	Via the Financial Strategy process, maintain a strong and robust approach to identifying savings and respond to new or additional burdens against the additional backcloth of the potential for further cuts in Government funding.	Work remains in progress within the Financial Strategy framework to identify the necessary savings to enable a balanced budget for 2014/15 to be presented to Cabinet in December 2013. A revised future years forecast will be also be prepared and presented to the same Cabinet meeting that will reflect any additional information that may become available in respect of Government Funding.
Ethical Governance	The Leader of the Council to work with all members and the senior management team to continue to embed a culture of strong ethical governance at all levels, and specifically to implement effective revised arrangements for Member conduct and complaints.	A full review of the conduct arrangements has been completed and revised arrangements are currently being developed for agreement by Full Council.
Council's Constitution	Complete a comprehensive review of the Council's Constitution to ensure that it is fit for the future.	Work remains on-going, overseen by a member led Constitutional Review Working Group with the aim of presenting a revised position to Council later in the year.
Other Major Issues	To manage the financial and reputation risks of the changes arising from Local Council Tax support and business rates.	<p>The second year scheme is currently being considered along with an associated consultation process that is now well underway.</p> <p>The Corporate Management Committee have also considered key / financial aspects of the scheme which form part of the wider consultation process that will be fed back to Cabinet.</p> <p>The Corporate Budget Monitoring Reports now provide key financial information to Members on a quarterly basis.</p>

Appendix B

	<p>To ensure that adequate and effective management and procurement arrangements are put in place to support key projects such as the Clacton to Holland Haven coast defence scheme.</p>	<p>Significant work remains in progress with a number of partners working together to successfully deliver the Clacton to Holland coast defence scheme. This includes working with our External Auditor to ensure the Council is in a position to deliver value for money through robust procurement and contract management arrangements.</p>
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