

**AUDIT COMMITTEE  
20 MARCH 2014**

**REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)**

**A.5 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 12 December 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.
- Updates against actions identified within the Annual Governance Statement 2012/13 are set out in **Appendix B** with no significant issues to highlight at the present time.

**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**. An update against actions relating to the Annual Governance Statement 2012/13 are set out separately in **Appendix B**.

#### **Update Against Issues Raised**

Any actions identified by the Committee at its last meeting have now been included where appropriate.

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.

#### **Other Matters for Consideration**

**The Local Audit and Accountability Act** – This received royal assent on 30 January 2014. At present the impact of this act and the actions that may be required is currently being reviewed, but an update will be presented to members early in 2014/15.

**Code of Corporate Governance** – Work in updating this document remains in progress. 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.

### BACKGROUND PAPERS FOR THE DECISION

None

### APPENDICES

**Appendix A** – Table of Outstanding Issues (March 2014) - General

**Appendix B** - Table of Outstanding Issues (March 2014) - Annual Governance Statement Actions

**AUDIT COMMITTEE - Table of Outstanding Issues (March 2014)**

**GENERAL**

GENERAL					
Governance Area	Activity / Subject	Recommendation / Issue	Lead Service	Progress / Comments	Status - Target Date
<b>Audit Committee Effectiveness</b>	<b>Periodic review of the operation and effectiveness of the Audit Committee.</b>	<p>At its 26 September 2013 meeting the Committee considered a formal update against outstanding actions following the on-going monitoring of the Committee's effectiveness.</p> <p>The following two items remain in progress along with the wider request to review and determine future training opportunities for the Committee which could encompass all other members and officers:</p> <p>1) Committee's input into the External Audit Programme                      2) The Committee periodically obtaining the views of External Audit on the work and effectiveness of the Committee.</p>	Finance and Procurement Manager	<p>In respect of item 1), the Local Audit and Accountability Act, which has recently received royal assent, sets out arrangements for the appointment of auditors and monitoring of audits. The role of the Committee in relation to the performance of the external auditor and the input into work programmes will be form part of the review of the impact of this Act which is currently in progress.</p> <p>In respect of item 2) the practicality of adding this to the Audit Committee's work as a regular item is being progressed.</p> <p>Following previous risk management training it is planned on providing additional training on more specific risk management areas at the next timely opportunity.</p>	<b>On-going</b>
<b>Control Environment</b>	<b>Outcomes from work of Internal Audit</b>	<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>	Corporate Director (Life Opportunities)	A detailed response against each item is set out in a separate section at the end of this table.	<b>Completed</b>

		<p>1. The contents of the report, be noted; and</p> <p>2. The following recommendations be made to CABINET following a review of the issues:</p> <ul style="list-style-type: none"> <li>• Steps be taken to simplify paperwork associated with the acquiring of roving cameras;</li> <li>• Consideration be given to a programme for replacing old or irreparable cameras;</li> <li>• An audit be undertaken to identify where reliable cameras are situated;</li> <li>• That all possible commercial opportunities be explored and reported back upon;</li> <li>• The deployment of mobile units be considered;</li> <li>• That appropriate training and licensing of key personnel be undertaken;</li> <li>• Opportunities for expanding the service be explored as a means of increasing revenue;</li> <li>• Ensure that all signage complies with the requirements of the law;</li> <li>• Review siting and altering positions of cameras</li> <li>• Monitor the log maintained by the Council's officers and the Police</li> </ul>			
<b>General Governance</b>	<b>Outcomes from work of Internal Audit</b>	<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>	Head of Planning Services	A verbal update was provided directly at the Committee's meeting on 26 September 2013. This item remains as a 'live' item on the Table of Outstanding issues as further updates from the service will be requested in 2014.	<b>On-going</b>
<b>External Audit</b>	<b>Future Change</b>	<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>	Finance and Procurement Manager	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.	<b>2016/17</b>

<b>Control Environment</b>	<b>Outcomes from work of Internal Audit</b>	<i>At its meeting on the 12 December 2013, the Committee raised concerns about cash handling processes within the Council and specifically identified car parking income as an area they would like to maintain a watching brief.</i>	Finance and Procurement Manager	This issue forms part of the work of Internal Audit in 2014/15 and outcomes will be presented to a future meeting of the Committee.	<b>Jun - Sep 2014</b>
<b>General Governance</b>	<b>Key Projects / Priorities</b>	<p>At its meeting on the 26 September 2013, the Committee received an update on Regeneration including the latest position against an outstanding recommendation from the Council's External Auditors.</p> <p>In respect of the specific audit recommendation, it was felt that the matter had moved on following subsequent events such as the Economic Strategy and the fundamental service reviews. The focus has shifted to the strategic direction of regeneration and value for money / benefits it can bring. However it was felt useful to maintain regeneration as an item on the Table of Outstanding Issues and the Committee also requested that the Regeneration Manager attend a future meeting to update the Committee on the progress of the South East Local Enterprise Partnerships economic plan. The Chairman also requested a regular update be sent to the Audit Committee on any forthcoming projects.</p>	Corporate Director (Public Experience)	A separate update is planned on being presented to the Committee at the next timely / practical opportunity.	<b>Mar to Jun 2014</b>

**Detailed Responses in respect of the second item set out in the table above. (CCTV Provision in the District)**

<p><b>• Steps be taken to simplify paperwork associated with the acquiring of roving cameras</b></p> <p>The fast response cameras are owned by the Community Safety Partnership and deployed by the TDC Community Safety Team. They have 3 of the older style static cameras and 3 of the newer more flexible RTZ cameras. The two that are working are currently deployed by the Estates team on a long term surveillance. It has been suggested by the Community Safety Team that the 3 older style cameras could be used by the Control Centre as permanent fixtures. This is currently being investigated.</p> <p>The issue with the paperwork is that when we need to deploy a fast response camera we need a solid fixture to attach it to. On most occasions this will be a lamp post owned by ECC. It is the ECC process that makes it very difficult to deploy these cameras. There is a lengthy form to be filled in and a £50 surveyors fee to be paid and there is a wait for the surveyor to complete their work, and often the response is that the post is not suitable.</p>
<p><b>• Consideration be given to a programme for replacing old or irreparable cameras</b></p> <p>This area of work falls into two categories. The first is the upgrading of the Control Room itself so that the feed from all cameras are provided over the same system rather than the 3 different systems we currently have. Secondly a replacement and refurbishment schedule for the cameras. As part of the 2014/15 budget setting process, £57k has been included within the capital programme for CCTV maintenance.</p>
<p><b>• An audit be undertaken to identify where reliable cameras are situated;</b></p> <p>This has now been completed with a programme of works identified</p>
<p><b>• That all possible commercial opportunities be explored and reported back upon</b></p>

The view of the Commercial Manager is that the CCTV should be self-funding. Income is received from the Town and Parish Councils however other commercial avenues need to be explored. We have created a commercial opportunity "Tendring Safewatch" which will be launched during 2014 once we have secured the backing of other partners. Other commercial opportunities to be explored include the monitoring of CCTV in schools, health centre etc.

**• The deployment of mobile units be considered;**

See response to first point.

• **That appropriate training and licensing of key personnel be undertaken;**

An appropriate training course was identified regarding the Code of Practice and Legislation which was to be attended by the Service Development Manager during February 2014. If we are to pursue commercial contracts then all members of staff will need training and an SIA Licence. This will be further considered during the financial year 2014/15.

• **Opportunities for expanding the service be explored as a means of increasing revenue**

See point above.

• **Ensure that all signage complies with the requirements of the law;**

The Code of Practice guiding principal # 3 states "There must be as much transparency in the use of a surveillance camera systems as possible, including a published contact point for access to information and complaints". An audit of the CCTV signage has been commissioned. Where it is found to be inadequate, remedial action will be taken to ensure compliance.

• **Review siting and altering positions of cameras**

As part of the Code of Practice Guiding Principles # 1 we now need to produce, and regularly update, a CCTV Operational Requirement Document. These are common practice and generally use standard templates. An external company has been commissioned to produce this document for TDC.

• **Monitor the log maintained by the Council's officers and the Police**

We keep a log that records every time the Police have asked us to move a camera and survey a situation and every time we are asked to produce footage. This is all covered by the Code of Practice Guiding Principles # 2, 5 & 7.

**The Code of Practice referred to above was issued by the Home Office in June 2013 and although there are no sanctions if it is not followed it is the obvious standard to adopt. The Guiding Principles to which the Council will seek to adopt during 2014 are:**

1. Use of a surveillance camera system must always be for a specified purpose which is in pursuit of a legitimate aim and necessary to meet an identified pressing need.
2. The use of a surveillance camera system must take into account its effect on individuals and their privacy, with regular reviews to ensure its use remains justified.
3. There must be as much transparency in the use of a surveillance camera system as possible, including a published contact point for access to information and complaints.
4. There must be clear responsibility and accountability for all surveillance camera system activities including images and information collected, held and used.
5. Clear rules, policies and procedures must be in place before a surveillance camera system is used, and these must be communicated to all who need to comply with them.
6. No more images and information should be stored than that which is strictly required for the stated purpose of a surveillance camera system, and such images and information should be deleted once their purposes have been discharged.
7. Access to retained images and information should be restricted and there must be clearly defined rules on who can gain access and for what purpose such access is granted; the disclosure of images and information should only take place when it is necessary for such a purpose or for law enforcement purposes.
8. Surveillance camera system operators should consider any approved operational, technical and competency standards relevant to a system and its purpose and work to meet and maintain those standards.
9. Surveillance camera system images and information should be subject to appropriate security measures to safeguard against unauthorised access and use.
10. There should be effective review and audit mechanisms to ensure legal requirements, policies and standards are complied with in practice, and regular reports should be published.
11. When the use of a surveillance camera system is in pursuit of a legitimate aim, and there is a pressing need for its use, it should then be used in the most effective way to support public safety and law enforcement with the aim of processing images and information of evidential value.
12. Any information used to support a surveillance camera system which compares against a reference database for matching purposes should be accurate and kept up to date.

## AUDIT COMMITTEE - Table of Outstanding Issues (March 2014)

### ANNUAL GOVERNANCE STATEMENT ACTIONS

ANNUAL GOVERNANCE STATEMENT ACTIONS		
Governance Issue	Action	Current Position / Update
<b>Risk Management</b>	To roll out and embed the revised risk management framework across the Council	A revised approach is now in place which will form part of the Committee's on-going monitoring and review arrangements.
<b>Financial Resilience</b>	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.	A balanced budget was agreed at Full Council on 11 February 2014.  Attention now turns to the financial position for 2015/16 and beyond with a revised forecast due to be presented to Members early in 2014/15.
<b>Ethical Governance</b>	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 with revised arrangements agreed by Full Council on 26 November 2013.
<b>Council's Constitution</b>	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 in 2014/15.
<b>Other Major Issues</b>	To manage the financial and reputation risks of the changes arising from Local Council Tax support and business rates.	The second year scheme was agreed by Full Council on 26 November 2013 following the necessary level of consultation.  The Corporate Budget Monitoring Reports continue to provide key financial information to Members on a quarterly basis.
	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.	Significant work remains in progress with a number of partners working together to successfully deliver the Clacton to Holland coast defence scheme. The Council continues to work with the External Auditor and EELGA to support the delivery of value for money and demonstrate good governance.