

AUDIT COMMITTEE

17 MARCH 2016

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.6 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 17 December 2015 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 where appropriate.
- Updates against actions identified within the Annual Governance Statement 2014/15 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 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 of the agreed actions or responses. If additional resources are required 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 2014/15 is 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 Appendices, with work scheduled or remaining in progress against all items.

Other Matters

As reported to the Committee at its December 2015 meeting, four fraud investigation officers formally transferred to DWP at the end of October 2015, which follows the transfer to DWP of the responsibility to investigate housing benefit fraud. There were no outstanding issues with all outstanding work and documentation transferred to the DWP where necessary.

As further requested by the Committee, a brief update on how the Council is currently delivering non-housing benefit anti-fraud activities following the transfer of the officers mentioned above is set out below:

- Staff within the Revenues and Benefits Service continue to undergo the necessary training to undertake fraud investigation work.
- Anti-fraud activities form part of wider compliance work undertaken by the relevant team that seeks to maximise income for the Council such as undertaking checks on entitlement to Council Tax discounts, undeclared change of circumstances and tenancy fraud.
- The Council's overall corporate approach to anti-fraud and associated investigation work across the whole Council needs to be balanced against key priorities and staff capacity. This is being reviewed as part of the wider reorganisation associated with the senior management restructure currently in progress. A further update will be provided to the Committee later in the year when the reorganisation has been completed / embedded.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (March 2016) – General.

Appendix B - Table of Outstanding Issues (March 2016) - Annual Governance Statement
Actions

AUDIT COMMITTEE - Table of Outstanding Issues (March 2016)

GENERAL					
Governance Area	Activity / Subject	Recommendation / Issue	Lead Service	Progress / Comments	Status - Target Date
External Audit	Future Change	<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	<p>Under current proposals, Local Authorities will be able to appoint their own external auditors from 2017/18 (subject to the potential extension of existing arrangements). 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 when applicable.</p> <p>The latest position on the appointment of external auditors includes the possibility of the body created by the Local Government Association to oversee audits following the abolition of the Audit Commission (the PSAA) being able to procure audits on a national level. This would mean that Councils would not have to create their own audit appointment panels to oversee the appointment of external auditors. In principle this is a positive development, although how it will work in practice and deliver value for money will need to be considered as the proposals are further developed.</p>	2017/18
Risk Management	Effective Management of the Council's Property Portfolio	<p>Following the Audit Committee's training session on 23 October 2014, Officers were requested to keep the Committee up to date with the property risk audit that is to be undertaken in partnership with the Council's insurers.</p>	Finance and Procurement Manager	<p>Further discussions have been held with the Council's insurers to develop the design and scope of the necessary work.</p> <p>The Council's insurance policies are scheduled to be retendered in the first quarter of 2016/17 which could impact on this work, especially if the Council appoints alternative insurers for its property portfolio.</p> <p>Notwithstanding the above, a review of risks associated with the Council's properties will be beneficial regardless of the timing of the above procurement process and therefore the Finance and Procurement Manager remains in discussion with the Council's current insurers to develop this project.</p>	On-going

<p>Recommendations from the External Auditor</p>	<p>Certification of Claims and Returns Annual Report 2013/14</p>	<p>At its 19 March 2015 meeting the Committee considered the External Auditor's Certification of Claims and Returns Report for 2013/14 and approved the following recommendation :</p> <p>[That in respect of the Housing Benefits Subsidy Claim] Perform early extended testing in those areas where errors were identified in 2013/14 to ascertain the extent of similar errors arising in 2014/15.</p>	<p>Corporate Director (Life Opportunities)</p>	<p>The report from the External Auditor relating to the 2014/15 subsidy claim is set out elsewhere on the agenda. The report confirms that the Council implemented the recommendations from last year but needs to continue to undertake extended testing in the areas identified this year to ascertain the extent of similar errors, if any, in 2015/16.</p>	<p>May 2016 (with final External Audit review scheduled for Autumn 2016 with outcomes formally reported to the December 2016 meeting of the Committee)</p>
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AUDIT COMMITTEE - Table of Outstanding Issues (December 2015)

ANNUAL GOVERNANCE STATEMENT ACTIONS

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Governance Issue	Action	Current Position / Update
Financial Resilience	Via the Financial Strategy process, continue to maintain a strong and robust approach to identifying savings and respond to new or additional burdens against the backcloth of the potential for further cuts in Government funding.	<p>A balanced budget for 2016/17 was agreed by Full Council on 9 February 2016, which applied savings from 2015/16 when considering the budget over a two year rolling period.</p> <p>In reflecting earlier observations from the External Auditor, which were drawn to the attention of Cabinet by the Audit Committee during the development of the 2016/17 budget: the following formed part of the final budget proposals:</p> <p>1) No significant amounts were 'drawn down' from reserves / one-off funding to balance the budget.</p> <p>2) Members also took into account the impact on the budget for different levels of Council Tax, and set against the move to self-sufficiency and financial sustainability, the Council agreed a Council Tax increase of £5 (3.39%) in 2016/17.</p> <p>Work is now underway on identifying further savings of £2m forecast to be required in 2017/18.</p>
Council's Constitution	Following completion of the comprehensive review of the Council's Constitution in 2014/15, to ensure that that the changes made are embedded in the working practices of the Council, and reflected in its future decision making.	The Council's Monitoring Officer is providing guidance on the application of the rules and procedures and is continuing to do so on both general and specific issues as required / requested.
Other Major Issues	To continue to manage the financial and reputational risks of the changes arising regarding Local Council Tax support.	The 2016/17 scheme was agreed by Council on 24 November 2015, which remained the same as the 2015/16 scheme. The relevant activities to review the scheme for 2017/18 are scheduled across the summer / autumn period this year.

<p>To ensure that adequate, effective and robust governance arrangements remain in place throughout the lifetime of the Clacton to Holland Haven coast defence scheme.</p>	<p>A review of the scheme including detailed financial analysis was presented to Cabinet at its 11 December 2015. The scheme was delivered on time and within budget with unused funding being redirected to a complimentary project that seeks to address cliff stabilisation risks along the same coastline.</p>
<p>To ensure that adequate, effective and robust arrangements are in place for the acquisition of sites in the Jaywick area, with a view to facilitating development or directly developing the sites for housing / regeneration stimulation.</p>	<p>The initial acquisition of 5 sites in Jaywick was completed earlier in the year. The various options to deliver the next phase of the project are currently being developed / considered.</p> <p>It is proposed to hold a training session for Members as part of the next phase of the Jaywick project, which will also provide an opportunity to provide a general update to the Committee.</p>
<p>To review documents referred to in the refreshed Code of Corporate Governance and refresh / update as appropriate taking into account any revised guidance issued.</p>	<p>Revised Code of Corporate Governance guidance is due to be received during 2016/17, which will be need to be reviewed as part of developing the Council's current Code during the year.</p>