



AUDIT COMMITTEE

DATE:	Thursday, 26 September 2019
TIME:	10.30 am
VENUE:	Connaught Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE

MEMBERSHIP:

Councillor Coley (Chairman)	Councillor Miles
Councillor Alexander (Vice-Chairman)	Councillor Placey
Councillor Codling	Councillor Steady
Councillor King	

Most Council meetings are open to the public and press.

Agendas and Minutes are published on the Council's website www.tendringdc.gov.uk. Agendas are available to view five working days prior to the meeting date and the Council aims to publish Minutes within five working days of the meeting.

Meeting papers can be provided, on request, in large print, in Braille, or on disc, tape, or in other languages.

For further details and general enquiries about this meeting, contact Ian Ford on 01255 686584.

DATE OF PUBLICATION: Thursday, 19 September 2019

AGENDA

1 Apologies for Absence and Substitutions

The Committee is asked to note any apologies for absence and substitutions received from Members.

2 Minutes of the Last Meeting (Pages 1 - 12)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Monday 29 July 2019.

3 Declarations of Interest

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

4 Questions on Notice pursuant to Council Procedure Rule 38

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District **and** which falls within the terms of reference of the Committee.

5 Report of the Internal Audit Manager - A.1 - Report on Internal Audit: July 2019 - August 2019 (Pages 13 - 32)

To provide the Committee with a periodic report on the Internal Audit function for the period July 2019 – August 2019, as required by the professional standards.

6 Report of the Deputy Chief Executive - A.2 - External Audit's Annual Audit Letter for the Year Ended 31 March 2019 (Pages 33 - 44)

To present to the Committee the External Auditor's Annual Audit Letter for the year ended 31 March 2019.

7 Report of the Deputy Chief Executive - A.3 - Table of Outstanding Issues (Pages 45 - 52)

An update will be given on the progress against outstanding actions identified by the Committee.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Audit Committee is to be held in the Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Thursday, 30 January 2020.

Information for Visitors

FIRE EVACUATION PROCEDURE

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the hall and follow the exit signs out of the building.

Please heed the instructions given by any member of staff and they will assist you in leaving the building and direct you to the assembly point.

Please do not re-enter the building until you are advised it is safe to do so by the relevant member of staff.

Your calmness and assistance is greatly appreciated.

This page is intentionally left blank

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON MONDAY, 29TH JULY, 2019 AT 10.30 AM
IN THE CONNAUGHT ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Chapman, Codling (items 7 (part) - 8 only), Miles and Placey
In Attendance:	Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Craig Clawson (Acting Audit and Governance Manager), Ian Ford (Committee Services Manager & Deputy Monitoring Officer) and Clare Lewis (Fraud and Risk Manager)
Also in Attendance:	Aphrodite Lefevre (Director & Engagement Lead) and Numan Indika (Audit Manager) [both representing BDO LLP the Council's External Auditors]

1. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Steady (with Councillor Chapman substituting).

2. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of the Committee, held on 28 March 2019, were approved as a correct record and signed by the Chairman.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

4. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were none on this occasion.

5. REPORT OF THE ACTING AUDIT AND GOVERNANCE MANAGER - A.1 - PERIODIC REPORT ON INTERNAL AUDIT FUNCTION: MARCH TO JUNE 2019 AND THE ANNUAL REPORT FOR 2018/2019

There was submitted a report by the Council's Acting Audit and Governance Manager (Craig Clawson) (report A.1) which provided a periodic update on the Internal Audit function for the period March 2019 to June 2019, together with his Annual Report for 2018/19 as required by the Public Sector Internal Audit Standards (PSIAS). The report A.1 was split into four sections as follows:-

- (1) Internal Audit Plan Progress 2018/19;
- (2) Annual Report of the Acting Audit and Governance Manager;
- (3) Internal Audit Plan Progress 2019/20; and
- (4) Internal Audit Charter.

(1) INTERNAL AUDIT PLAN PROGRESS 2018/19

It was reported that a total of nine audits had been completed in the March 2019 to June 2019 period. As at 31 March 2019, 87% of the audit plan had been completed. The Internal Audit Plan was a rolling programme and there was always an expectation for some audit reviews to progress into the next financial year. However, resourcing issues had challenged the team's capacity to deliver a higher percentage of the plan by 31st March 2019.

The Committee was informed that, as at the 30 June 2019, 97% of the plan had been completed. Only two audits remained outstanding, with the majority of fieldwork on those completed. The audits still in progress were Housing Repairs and Maintenance and Housing Allocations. With the addition of an external resource the team had been able to catch up with the audits from the 2018/19 whilst the external contractor commissioned on a daily rate completed some of the 2019/20 audits.

Members were reminded that the PSIAS required an audit opinion on Risk Management and therefore a corporate review of the Council's risk management arrangements had been undertaken during the year and was ongoing. Senior Management continued to monitor strategic risks on a regular basis with the Audit Committee's input throughout the year. This assurance allowed Internal Audit to work with Senior Management and the Council's Fraud and Risk Manager to concentrate on reviewing the overall risk appetite of the Council and to support implementation of departmental risk management at an operational level.

Quality Assurance

The Internal Audit function had issued satisfaction surveys for each audit completed. In the period under review 100% of the responses received had indicated that the auditee was satisfied with the audit work undertaken.

Resourcing

As previously reported, the Internal Audit Team had been operating with reduced capacity due to one Officer being on long term sick leave and another on maternity leave. The capacity of the Internal Audit Team was currently 2 FTE with an apprentice supporting where she could. The Audit Committee had previously suggested that Officers explore the use of an external contractor or employ a temporary agency Auditor for a fixed term.

The Committee was informed that Officers had explored both scenarios and had decided that the best way forward was to utilise a framework set up by Croydon London Borough Council in partnership with a professional services company, Mazars LLP. This Council had commissioned work from Mazars to support the team in delivering a number of audits within the 2019/20 Internal Audit Plan.

Members were also made aware that the Internal Audit team was also currently being restructured. The consultation period for all Officers within the team had now passed. This would allow the Council to recruit to a vacant Auditor post and to bring the establishment back to around 80% capacity.

Outcomes of Internal Audit Work

The standards required the Acting Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last periodic report nine audits had been completed and the final report issued. Of those nine completed audits, one had received a 'Substantial Assurance' audit opinion and six had received an 'Adequate Assurance' audit opinion. One audit had not required an opinion to be issued and the remaining audit had received an 'Improvement Required' audit opinion. That audit had been the one undertaken in relation to Inventory Management / Stock Control management processes across the Council.

This had never been done before on a Council wide basis. However, in 2018/19 it had been decided to undertake an arm's length audit to review processes only without detailed testing to identify any inconsistencies and add value by promoting good practice across all departments. A good practice guide had subsequently been developed which would be distributed to all relevant areas of the Council and would be available on the Intranet. Unfortunately, there had been a significant issue identified with required management actions relating to more than one department which was that some departments had a rudimentary stock control system or did not have a working inventory stock control system in place. The required actions were:-

- *To use the generic inventory management spreadsheets provided by Internal Audit or procure a bespoke inventory control system that works more flexibly with the service need; and*
- *Heads of Service with stocks and stores to review the best practice guide and distribute to their relevant Officers.*

Management Response to Internal Audit Findings

There were processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. There were no high severity issues currently outstanding.

Update on previous significant issues reported

Facilities Management (FM)

- *A fire evacuation testing process is to be introduced that adheres to Health and Safety regulations while considering the sensitivity of the services provided to the public. Liaise with Health and Safety to establish an acceptable approach.*

Although there were no significant actions outstanding in this period Members were made aware that the issue reported above regarding fire evacuation testing at the Crematorium at Weeley had now been resolved. The crematorium now had a fire evacuation plan in place that had been reviewed and approved by the Council's Health and Safety Team.

(2) ANNUAL AUDIT REPORT OF THE ACTING AUDIT AND GOVERNANCE MANAGER

The Committee was aware that there was a requirement under PSIAS 2450 that the Chief Audit Executive must provide an annual report to the Audit Committee, timed to support the Annual Governance Statement. This must include:

- an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment);
- a summary of the audit work from which the opinion was derived (including reliance placed on work by other assurance bodies); and
- a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

Members were reminded that an unqualified opinion of adequate assurance had been provided in 2017/18 due to the control improvements implemented by departments. So far to date all significant issues identified within the 2018/19 financial year had been addressed and mitigated. The immediate corrective actions by operational teams had provided assurance that the control environment was being monitored and direct action taken when significant issues had been identified.

Internal Audit continued to work with services on a consultancy basis to support the implementation of new processes, identify and analyse root cause if necessary and ensure that all relevant employees had the appropriate training to competently carry out their role. Transformation, Project Management, Risk Management and Financial Resilience were some of the areas where this type of work had been undertaken and continued to collaborate resources.

In 2018/19 to date, only three audits from a total of 33 undertaken had received an overall audit opinion of "Improvement Required" where high severity issues had been identified. Those audits were Development Management, Facilities Management and Inventory Control. All significant issues were reported to the Audit Committee with required improvement actions throughout the year in order to provide a continuous update on the Council's control environment, governance arrangements, material issues identified and improvement actions.

The Committee was informed that the overall direction of travel regarding the internal control environment since 2017/18 had not changed. In some areas it had weakened and in others it had improved; however, as the majority of audits in 2018/19 had continued to receive an adequate or substantial assurance opinion it was reasonable to suggest that there had not been a considerable deterioration in internal control and operational processes within the year.

It was reported that governance arrangements and internal controls had been evaluated in all audits within the plan, albeit with varying levels of scope. Consultancy work was continuing in respect of risk management, working with the Fraud and Risk Manager to improve processes at a departmental level. Senior Management continued to review strategic risks on a regular basis within Management Team and the Corporate Risk Register was reviewed bi-annually with any feedback reported to Management Team for their consideration.

Members were made aware that the opinion of the Acting Audit and Governance Manager was drawn from all of the information reported above, external reviews carried out throughout the year from other assurance providers and through the ongoing work in supporting Senior Management and Services in delivering the Council's objectives and vision.

The Internal Audit function was expected to commission an independent assessment on compliance with the PSIAS that had been set by the Institute of Internal Auditors and adopted by the Chartered Institute of Public Finance and Accountancy every five years. Internal Audit had received such an independent report in 2017/18 which had concluded that there was conformance with the standards. Although this assessment was undertaken, the Internal Audit function was also obliged to complete an annual Quality Assurance and Improvement Programme which was a self-assessment questionnaire against the PSIAS. Work remained on-going in respect of this year's assessment with the final position planned to be reported to the September 2019 meeting of the Committee.

It was considered that the internal control environment continued to remain stable with no significant changes from 2017/18, an open dialogue with Senior Management on risk remained in place and a generally sound system of internal control had been assessed across the majority of the Council's operational areas. Therefore, an overall unqualified opinion of Adequate Assurance could be provided.

(3) INTERNAL AUDIT PLAN PROGRESS 2019/20

It was reported that a total of 14 audits from the 2018/19 Internal Audit Plan had been allocated, were in progress or fieldwork had been completed. Final Reports were yet to be sent out for Quarter One audits in 2019/20. Appendix B to the report provided an update on the status of each audit to date within the 2019/20 Internal Audit Plan. There were no significant issues or particular areas of concern to report at this time and a further update on progress against the 2019/20 Internal Audit Plan would be presented to the Committee in September 2019.

Members were informed that Internal Audit were working a lot more on a consultative basis with services to ensure internal control and governance arrangements were incorporated as an integral part of a project, system implementation or when re-engineering a process. This had helped build better working relationships with departments as it added value early on in a process rather than after the event. Therefore Internal Audit would undertake more reviews in this capacity within the 2019/20 financial year.

(4) INTERNAL AUDIT CHARTER

Members were made aware that a requirement of the PSIAS was for the Audit Committee to review and approve the Internal Audit Charter on an annual basis. The Internal Audit Charter defined the purpose, authority and responsibility of the Internal Audit function within the Council and set out the principles which the Internal Audit function must adhere to.

The Committee was informed that the Charter had last been updated and approved in September 2018. Although it was less than a year since its last review, it was felt that with a number of new members on the Committee it would be of benefit to review the Internal Audit Charter at this meeting. A copy of the Internal Audit Charter was before Members as Appendix C to the report.

The Council's Head of Finance, Revenues and Benefits (Richard Barrett) referred to the restructuring of the Internal Audit section and informed the Committee that Craig Clawson had been appointed to the post of Internal Audit Manager. The duties of that

post would include carrying out the statutory roles and functions as the Council's designated 'Head of Internal Audit'.

Having considered and discussed the contents of the Acting Audit and Governance Manager's report and its appendices it was:-

RESOLVED that –

- (a) the contents of the report and its appendices be noted; and
- (b) consideration of the Internal Audit Charter be deferred until the September 2019 meeting of the Committee when it is due for its annual review.

6. REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE SERVICES) - A.2 - CORPORATE RISK UPDATE

There was submitted a report by the Council's Deputy Chief Executive (report A.2) which presented for the Committee's consideration the updated Corporate Risk Register.

Members were reminded that the Corporate Risk Register was regularly updated and presented to the Committee every six months with the last such occasion being in January 2019. The following table summarised the position at the end of the latest review period with updated information provided within the Register (Appendix B to the report) where necessary:-

Item	Number
New Risks Identified	0
Risks Removed	0
Risk Score Amended	0
Risks Under Review	0
Risks Amended	3

The Risks amended were:-

- (1) Risk 2c – Community Leadership Projects = Action owner amended due to an Officer leaving the Council.
- (2) Risk 1c – Ineffective communication/management of information = Update on the current situation provided.
- (3) Risk 6a – Loss of sensitive and/or personal data through malicious actions/loss due to theft and/or hacking = Update on the current situation provided.

It was reported that during 2017/18 a review had been carried out by the Council's internal audit team relating to risk management. The following table set out the recommendations identified and the current position against each action:

Agreed Action	Current Position
Management Team to promote the importance of operational risk management	COMPLETED - As agreed by Management Team, the Fraud and

<p>within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud and Risk Manager.</p>	<p>Risk Manager continues to effectively promote the importance of operational risk management within the Council and attends Management Team meetings on a quarterly basis to provide timely updates.</p>
<p>One to one meetings will continue to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required</p>	<p>COMPLETED - Reviews of the services departmental risk assessments have now been carried out by the Council's corporate Fraud and Risk Manager.</p> <p>The Corporate Fraud and Risk Team will continue to review these documents and ensure they are updated at regular intervals by Senior Managers and provide any feedback to internal audit should it be deemed necessary.</p>
<p>Once all departmental risk registers are implemented, the Corporate Fraud and Risk Manager is to embed a quality control process for monitoring business risks and verifying the recorded mitigating controls. This should involve process walkthrough's, reviews of supporting documentation and assessments of target dates / resources required to implement controls</p>	<p>Reviews of the departmental risk assessments during this process were carried out to consider if the councils business risks were being addressed and to provide help and support where necessary and assist in implementing control measures if a need was identified.</p> <p>This action has now taken place and feedback has been given to internal audit in relation to this outstanding matter.</p> <p>Consideration is being given to the format of the current Corporate Risk Register to better reflect the actions of officers and TDC over the financial year, including review dates.</p> <p>The proposed alternative format is provided as Appendix C, using three existing risks as examples and reflecting on discussions with the Council's insurer / risk advisor.</p>

Having considered the information provided, including the proposed alternative Risk Register format (as set out in Appendix C to the report) it was:-

RESOLVED that –

- (a) the updates provided to the current Corporate Risk Register be noted; and
- (b) the alternative Risk Register format, as set out as Appendix C to item A.2 of the Report of the Deputy Chief Executive, be approved.

7. REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE SERVICES) - A.3 - EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT 2018/19

There was a report submitted by the Council's Deputy Chief Executive (report A.3) which presented:-

- (i) the Annual Governance Statement 2018/19 for approval;
- (ii) the External Auditor's Audit Completion Report for the year ended 31 March 2019 (which included the management representation letter, for consideration and approval, in order to enable a final opinion on the accounts and value for money arrangements to be formally issued by the external Auditor; and
- (iii) the Statement of Accounts 2018/19 for consideration and approval for publication by the end of July 2019.

(1) ANNUAL GOVERNANCE STATEMENT 2018/2019

The Committee was informed that the Annual Governance Statement 2018/2019 had been revised to include the final opinion of the Acting Audit and Governance Manager. Appendix A to the Officer's report set out the revised Annual Governance Statement 2018/19.

Therefore, the Annual Governance Statement was presented to the Committee for consideration and approval which included the necessary authorisation for the Chief Executive and the Leader of the Council to sign it.

(2) STATEMENT OF ACCOUNTS 2018/2019 AND EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT

It was reported that the pre-audited Statement of Accounts for 2018/19 had been approved for publication by the Council's Section 151 Officer (the Head of Finance, Revenues and Benefits) at the end of May 2019. In addition, the pre-audited Annual Governance Statement 2018/19 had been approved for publication by the Council's Management Team also at the end of May 2019.

Members were made aware that each year the Council's External Auditors were required to prepare an annual report setting out the outcomes from their review of the Statement of Accounts (including the Annual Governance Statement) and the Council's value for money arrangements. The Audit Committee was then required to consider the content of that annual report and approve for publication the final audited Statement of Accounts and Annual Governance Statement.

The Committee was advised that a draft management representation letter which sets out certain management representations was included as Appendix D to the External Auditor's Audit Completion Report. The Audit Committee were also required to separately approve this letter and to authorise the Head of Finance, Revenues and

Benefits and the Chairman (or in his absence the Vice-Chairman) of the Committee to sign it before it was forwarded on to the External Auditor.

Once the above tasks were completed the External Auditor could conclude the audit by finalising and formally issuing their audit opinion along with the certification of the accounts.

Although the External Auditor had substantially completed their audit of the 2018/19 accounts a small number of activities remained outstanding (as set out on page 35 of the External Auditor's Audit Completion Report). However, the External Auditor currently planned on issuing an unmodified audit opinion in respect of the Financial Statements and on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

However, one adjustment had been required (details were set out on pages 19 to 20 of the Audit Completion Report) and there had also been an unadjusted item (as set out on pages 17 and 18 of the Audit Completion Report). Both of those issues were outside of the Council's control as they related to pension fund adjustments. It was, however, important to highlight that those items did not have a direct impact on the overall 2018/19 financial position of the Council.

The Committee was further informed that, in respect of other matters arising, the External Auditor had made a recommendation regarding the collation / declaration of related party transaction information involving Members. Further details along with an associated recommendation were set out on page 27 of their Audit Completion report. This would be reviewed by Officers for implementation as part of the Statement of Accounts process for 2019/20 which would be undertaken at the end of the current financial year.

Members were advised that, to conclude the Statement of Accounts process for 2018/19, the Committee was required to consider the Audit Completion Report for the year ending 31 March 2019, approve the management representation letter and approve the final Statement of Accounts for 2018/19, which included the adjustment mentioned above. The final Statement of Accounts for 2018/19 could then be published by the end of July 2019 deadline.

The Committee was reminded that, as mentioned above, the work of the External Auditor remained in progress with a small number of actions outstanding. Further issues could therefore emerge and delegated authority was sought for the Head of Finance, Revenues and Benefits, in consultation with the Chairman (or in his absence the Vice Chairman) of the Committee to enable these to be reflected in the final management representation letter and / or the Statement of Accounts before publishing.

Aphrodite Lefevre (Director and Engagement Lead) and Nuwan Indika (Audit Manager) attended the meeting on behalf of the Council's External Auditor, BDO LLP, formally presented its Audit Completion Report to the Committee and, in addition, gave updates to Members where matters had moved on since the report had been submitted to the Council on 25 July 2019 and responded to the Committee's questions thereon.

Having considered and discussed all of the information submitted it was:-

RESOLVED that -

1. in respect of the External Auditor's Audit Completion Report for the year ended 31 March 2019, the Audit Committee:
 - (a) notes the contents of that report including the adjustments to the Statement of Accounts as set out on pages 19 to 20 of the report;
 - (b) approves the management representation letter, as set out as Appendix D (pages 37 to 39) to the External Auditor's Audit Completion Report;
 - (c) authorises the Head of Finance, Revenues and Benefits and the Chairman (or failing him the Vice-Chairman) of the Committee to sign the management representation letter for forwarding to the External Auditor;
 - (d) approves for publication the audited Statement of Accounts for 2018/19, amended for the adjusted items identified; and
 - (e) authorises the Head of Finance, Revenues and Benefits, in consultation with the Chairman (or failing him the Vice-Chairman) of the Committee to make amendments to the management representation letter for forwarding onto the External Auditor and / or Statement of Accounts 2018/19 before publication, if further changes are recommended by the External Auditor following the completion of the outstanding areas of their work.
2. in respect of the Council's Annual Governance Statement 2018/19, the Audit Committee:
 - (a) approves the revised Annual Governance Statement, as set out in Appendix A to item A.3 of the Report of the Deputy Chief Executive; and
 - (b) authorises the Chief Executive and the Leader of the Council to sign the approved Annual Governance Statement.

8. FUTURE MEETINGS OF THE COMMITTEE - VENUE AND START TIME

The Committee gave consideration whether to change the venue and/or the start time of its meetings.

Having had regard to the wishes of Members and the operational requirements of the Council's External Auditors:-

It was:-

RESOLVED that the usual venue for meetings of the Committee be changed from the Council Offices, Weeley to the Town Hall, Clacton-on-Sea and, additionally, that the usual start time for the meetings be moved from 7.30 p.m. to 10.30 a.m.

Members were aware that ROALCO, the Council's external contractor for repairs and refurbishment of the Council's housing stock, had recently gone into liquidation. At the request of the Chairman, the Head of Finance, Revenues and Benefits Services circulated to Members a briefing note on the Council's operational response to this event, which note had been prepared by the Council's Head of Building and Engineering Services.

The meeting was declared closed at 11.40 am

Chairman

This page is intentionally left blank

AUDIT COMMITTEE

27 SEPTEMBER 2019

REPORT OF THE INTERNAL AUDIT MANAGER

A.1 PROGRESS REPORT ON INTERNAL AUDIT – JULY 2019 - AUGUST 2019

(Report prepared by Craig Clawson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period July 2019 – August 2019 as required by the professional standards.

EXECUTIVE SUMMARY

- A total of four audits were completed in the period July 2019 to August 2019 for the 2019/20 audit plan, one audit received and 'Improvement Required' opinion. Fieldwork is completed for the External Funding Review, however we are yet to have the exit meeting and agree the draft report.
- A further 6 audits from the 2019/20 Internal Audit Plan are at fieldwork stage and 13 audits have been allocated.
- There is a request to amend the Internal Audit Plan and substitute the 2019/20 Housing Repairs Audit for Security and Inventory Control review of Depots as the 2018/19 Housing Repairs audit is still ongoing due to its late start and therefore it is felt that it would be beneficial to use the allocated time in the 2019/20 plan on security and stock control.
- The Internal Audit Charter is provided to be reviewed and approved for the 2019/20 financial year. There has been no changes since the 2018/19 update.

RECOMMENDATION(S)

- That the reports be considered and noted, and;
- The Audit Committee agrees to amend the Audit Plan as requested, and;
- Defer the Quality Assessment Improvement Programme to January 2020 Audit Committee, and;
- The Internal Audit Charter be reviewed and approved.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's commitment to corporate governance matters.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The Internal Audit function is operating within the budget set.

Risk

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

LEGAL

The Council has a statutory responsibility to maintain adequate and effective internal audit.

The Accounts and Audit Regulations 2015 make it a statutory requirement that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards and guidance.

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.**

Internal Audit activity assists the Council in maintaining a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

PART 3 – SUPPORTING INFORMATION**BACKGROUND**

The Public Sector Internal Audit Standards require the Acting Audit and Governance Manager to make arrangements for reporting to senior management (Management Board) and to the board (Audit Committee) during the course of the year, and for producing an annual Internal Audit opinion and report that can be used to inform the Annual Governance Statement.

INTERNAL AUDIT PLAN PROGRESS (2019/20)

A total of four audits have been completed since the previous update in July 2019. A further two audits are at the fieldwork completion stage and awaiting an exit meeting to discuss and agree the findings within the audits in question. Six audits are currently in the fieldwork phase and 13 audits have been allocated to commence shortly.

As there are a number of audits that are continuous or consultative, it is necessary to provide a summary of progress below;

Office Transformation Programme

The Internal Audit Manager continues to attend scheduled meetings regarding the Transformation Programme. This cross departmental meeting has a set agenda to review the progress of the programme and address issues as they come up. Internal Audit is kept

up to date with progress of the programme and action plans in place to mitigate key risks within the programme. Senior Management and the portfolio holder for Corporate Finance and Governance are also present at the meetings.

Digital Transformation Programme

Meetings are usually held between key Officers involved in the programme and a third party company providing a network re-design solution on behalf of TDC.

No significant issues have been raised to date. The current work plan is in phase two of implementation which is designed to create self-service portals for services within our Environmental Services Department. Some of which are due to be deployed in September 2019. A digital transformation programme update was presented to Cabinet on 13th September 2019 which includes a revised financial position.

Project Management

A new Project Management process has been put in place at Officer level to ensure that all Project Initiation Documents (PID) are scrutinised and assessed as early as possible before and after agreement from Cabinet. The premise of the arrangement is to ensure that all projects are practically assessed within resources available on a project by project basis. It must be stressed that this process is not in place to approve or reject projects, only to ensure that all available information is provided to members before a decision is made by cabinet and continuous assessments are in place, if required; after a cabinet decision has been made. The idea is to manage expectations and ensure that each project is assessed in its own right to challenge the following key elements;

Priorities – Does this activity meet the Councils priorities? Does it deliver against key objectives

Financials – What is the value of the activity overall?

Risk – Are all risks being addressed?

Sustainability – Are the outcomes achievable, what is the long term impact, are potential savings short term or long term?

Deliverability – Likelihood of delivering the project with the resources available?

Outcome – Will the project provide the expected outcome e.g. will the savings be made, the service be transformed or key priorities met?

A Project Management Board has been put in place to ensure that the above areas are assessed in detail with recommendations made to responsible officers on areas that may require more information or areas to think about that may not have been thought about at the time when writing the PID.

The board comprises of a Corporate Director, two Heads of Service from different departments and the Internal Audit Manager. This ensures that all projects are assessed by Officers with different sets of expertise prior to commencement.

The above process is a key action within the Annual Governance Statement Action Plan.

Appendix A – Provides an update on the progress of each audit to date.

Quality Assurance – The Internal Audit function issues satisfaction surveys for each audit completed. In the period under review 100% of the responses received indicated that the auditee was satisfied with the audit work undertaken.

Internal Audit is undertaking a self-assessment against the Public Sector Internal Audit Standards (PSIAS) which in turn will create a Quality Assurance Improvement Programme (QAIP). The QAIP will identify areas requiring operational improvement within the Internal Audit Team with management actions attached. This was due to be reported at the September Audit Committee. Unfortunately due to restructuring and other unexpected commitments the self-assessment is not complete. It is requested that the QAIP be deferred to the January 2020 Audit Committee.

Resourcing

The Internal Audit Team has now restructured and we have appointed a new Internal Auditor within the structure. We are currently at 75% capacity. Issues previously reported regarding sickness and maternity leave continue to date.

Outcomes of Internal Audit Work

The standards require the Internal Audit Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report four audits have been completed and the final report issued. The Public Sector Internal Audit Standards require the reporting of significant risk exposures and control issues.

Assurance	Colour	Number this Period	Total for 2019/20 Plan	
Substantial		2	2	
Adequate		1	1	
Improvement Required		1	1	
Significant Improvement Required		0	0	
No Opinion		0	0	

For the purpose of the colour coding approach, both the substantial and adequate opinions are shown in green as both are within acceptable tolerances.

Issues arising from audits completed in the period under review receiving an 'Improvement Required' opinion and requiring reporting to Committee are: -

Housing Allocations

Allocations System

Northgate has been used for many years for the administration of allocating available properties.

Despite attempts at workarounds, the software and current process has several inherent issues.

These include:

- Housing priority lists cannot be reproduced at a later date to evidence banding

priorities at that time of allocation.

- Applicant preferences are not reflected within software, including location or disabled adaptations
- There are many manual processes involved that are completed outside of the allocations system, including notes on applications not being successful which ideally should appear on the list from the outset.

Agreed Action;

Northgate to be approached to enquire whether the highlighted issues can be rectified by an update or consultancy work.

Failing this, alternative options be investigated and considered, in liaison with IT and audit, with a view of implementing a replacement system which is able to perform the functions and safeguards needed, as well as being able to be integrated with any other relevant council system and/or software, such as 'My Tendring'.

Should a new system be adopted, a review of current practices is to be undertaken to ensure efficiencies are maximised and processes are linked to software capabilities.

Validation of Declarations

Applicants must make specific declarations on an application form, which need to be subject to a reasonable verification process as any incorrect information provided may lead to withdrawing an offer of housing or voiding a tenancy if it was identified at a later date.

Agreed Action;

Liaise with relevant parties to explore ways to reasonably validate declarations made on applications for council housing.

Scanned Documentation

Scanned documentation relevant to an application and allocation should be retained for subsequent retrieval in case of query or challenge.

During the audit, it was identified that full documentation was not being retained for all applications sampled.

Agreed Action;

To prevent any relevant data pertinent to the allocation process being misplaced and unable to be retrieved at a later date for examination, all documentation within applicant files are to be scanned and indexed

Management Response to Internal Audit Findings – There are processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action has been taken. Where appropriate follow up audits have been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	0	
Not yet due	5	

Update on previous significant issues reported to the Audit Committee on 29th July 2019

Inventory Management / Stock Control

Inventory Management was a review of the Councils inventory and stock management processes across the council. This had never been done before on such a large scale as there are many different inventory arrangements across all departments, therefore we would normally concentrate on each one individually. However, in 2018/19 we decided to undertake an arm's length review to review processes only without detailed testing to identify any inconsistencies and add value by promoting good practice across all departments. A good practice guide has been developed which will be distributed to all relevant areas of the Council and will be available on the intranet. Unfortunately there was a significant issue identified with a management action relating to more than one department as detailed below;

Some departments have a rudimentary stock control system or do not have a working inventory stock control system in place.

- *To use the generic inventory management spreadsheets provided by Internal Audit or procure a bespoke inventory control system that works more flexibly with the service need.*
- *Heads of Service with stocks and stores to review the best practice guide and distribute to their relevant Officers.*

Heads of Service have begun to distribute the best practice guide to their departments. The inventory management spreadsheets are a larger task and this action may be overtaken by events if an electronic solution is implemented instead.

This is timely because we would like to request that the Housing Repairs and Maintenance audit for 2019/20 be replaced by a full security and inventory review of depots supporting the services based there to implement stronger controls and improve security arrangements. The 2018/19 Housing Repairs audit was brought forward from the previous audit plan and is currently 90% complete. As it started later in the year and due to finish shortly, it is felt that resources would be better spent supporting services to improve security arrangements.

INTERNAL AUDIT CHARTER

A requirement of the PSIAS is for the Audit Committee to review and approve the Internal Audit Charter on an annual basis. The Charter was last updated and approved in September 2018. It was recommended by the Audit Committee in July to bring the Audit Charter back to the September Committee meeting to give new members of the Audit Committee the opportunity to read and digest the Charter prior to approval.

There have been no changes to the charter since the last review in September 2018. The Charter is included as Appendix B of this report.

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES

Appendix A – 2019/20 Internal Audit Plan Progress Report Appendix B – Internal Audit Charter

This page is intentionally left blank

Tendring District Council Internal Audit			
2019/20 Internal Audit Plan Progress Report			
Audit Title	Status Sept 2019	Audit Type	Audit Opinion
2018/19 Carry Forward			
Housing Repairs and Maintenance	Fieldwork	Annual review of individual / multiple elements of HR & M	To be confirmed
Housing Allocations – Follow Up	Complete	Full review of Housing Allocations Service	Improvement Required
Key Systems / Key Financial Risk Areas			
Procurement	Fieldwork	Continuous Auditing Approach. Five days allocated per quarter of the annual plan	To be confirmed
Housing Benefits	Allocated	Different Techniques involved. Self-assessment, Root-cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	To be confirmed
Business Rates	Allocated	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises. Analysis of Legislation changes and pooling arrangements may also be required	To be confirmed
Main Accounting System	Allocated	Data Analytics is the main audit technique used within this audit	To be confirmed
Corporate Governance	Complete	Assurance Mapping and Self-Assessments to be used within this audit. Interviews with Senior Management required to ascertain the culture of the organisation	Substantial Assurance
Banking	Fieldwork	Mainly Self-Assessment with some testing required	To be confirmed

Council Tax	Allocated	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	To be confirmed
Payroll	Allocated	Data Analytics is the main audit technique used within this audit	To be confirmed
Accounts Payable	Allocated	Data Analytics is the main audit technique used within this audit	To be confirmed
Treasury Management	Allocated	Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used	To be confirmed
Housing Rents	Unallocated	Root cause analysis / Data Analytics	To be confirmed
Cash Receipting	Allocated	Root cause analysis / Data Analytics	To be confirmed
Accounts Receivable	Allocated	Data Analytics is the main audit technique used within this audit	To be confirmed
Contract Management – Waste and Street Sweeping	Allocated	Review of different contracts across the council assessing how they are managed and identifying where best practice can be shared	To be confirmed
Financial Resilience	Fieldwork	Balancing the Council's budget and forecasting a medium to long plan is still one of the biggest risks the Council faces	Consultative Review
Capital Programme	Fieldwork	Detailed review of the Council's capital programme and approach to capitalising expenditure.	To be confirmed

Other Services / Systems			
Housing Repairs and Maintenance	Unallocated	Overview of the planned repairs and maintenance programme and inspections schedule.	To be confirmed
Risk Management	Fieldwork	Required annually under PSIAS and Cipfa guidance	Consultative Review
Due Diligence	Fieldwork	To review processes in place before contractors are appointed and ensure adequate due diligence is completed prior to awarding contracts and leases to third parties	To be confirmed

Ethical Decision Making	Allocated	Cipfa and the IIA recommend that Internal Audit undertake an annual ethics and culture review. This review will assess how ethics is incorporated within the Council's decision making processes	To be confirmed
Social Media	Complete	Assess policies and procedures in place at both member and officer level as well the controls in place to limit reputational damage in the event of potential misuse	Adequate Assurance
Transformation Programme	Acting Audit and Governance Manager is part of the transformation delivery board	Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation	Consultative Review
Project Management	Design of Project Management Governance Process now complete	Review of different projects across the council assessing how they are managed and identifying where best practice can be shared and guidance provided for future projects	Consultative Review
Leisure Centres – Follow Up	Unallocated	Follow up on self-assessment exercise and concentrate on key themes from the 2018/19 review.	To be confirmed
External Funding	Fieldwork	Examine the Councils approach to exploring external funding opportunities for both the community and the organisation	To be confirmed
Planning Enforcement	Fieldwork	Review processes and procedures related to breaches in planning control and assess their efficiency and effectiveness from receipt of complaint through to decision making and enforcement action.	To be confirmed
Garden Communities	Allocated	Review of the progress to date of the Garden Communities initiative and assess the risks and controls in place	To be confirmed
Health & Safety	Unallocated	Spot checks, Compliance reviews and Self - Assessments	To be confirmed

Emerging Key Projects	Unallocated	Provision for emerging projects. Considered as a contingency provision to be allocated during year to specific tasks as appropriate	To be confirmed
Computer Audit			
Digital Transformation Programme	Acting Audit and Governance Manager is part of the digital transformation delivery board	IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope	Consultative Review
IT Governance	Unallocated	PSIAS expectation that this will be covered each year.	To be confirmed
Information Governance – GDPR Review	Allocated	To review progress and implementation of GDPR within Council processes.	To be confirmed
Application Review - Agresso IT Security, Data Security and IT General Control	Complete	Review of current arrangements including how financial capacity is built in to emergency planning and business continuity procedures	Substantial Assurance

Status Key

Unallocated	Audit in Audit Plan, but no work undertaken yet
Allocated	Audit is being scoped / has been scoped and awaiting commencement
Fieldwork	Audit in progress
Draft Report	Audit fieldwork complete, but Final Report not yet issued
Complete	Final Report issued and audit results reported to Audit Committee
Deferred	Audit was in Audit Plan, but will now be undertaken in a later year. Deferred audits agreed by Audit Committee
Delayed	Valid request from function being audited for audit to be undertaken later than proposed

INTERNAL AUDIT CHARTER – 2019/20

1. INTRODUCTION

The CIPFA Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to produce an Internal Audit Charter that is consistent with the Standards, and the Definition of Internal Auditing and the Code of Ethics contained within the Standards.

The Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit function within the Council.

The Standards require that the Charter be subject to periodic review, and be formally approved by the Audit Committee. These reviews are to be undertaken by the Chief Audit Executive and reported to the Committee at least annually.

2. DEFINITION OF ROLES

The Standards use the terms Board, Senior Management and Chief Audit Executive.

In this Charter, and with regard to compliance with the PSIAS, the following definitions apply;

PSIAS	TDC
Board	Audit Committee
Senior Management	Management Team
Chief Audit Executive	Internal Audit Manager

Throughout this document the titles used by this Council have been used for clarity purposes.

3. REQUIREMENT FOR INTERNAL AUDIT

The Accounts and Audit Regulations 2015 requires that **“a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”**.

Tendring District Council is a relevant body, as defined by the Regulations.

Compliance with the Public Sector Internal Audit Standards fulfils the requirements set in the Regulations.

The role of the Internal Audit function includes the discharge of statutory requirements relating to internal audit.

5. COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

The PSIAS, the definition of Internal Auditing and the Code of Ethics within the standards, are mandatory. Arrangements will be made to ensure that the Internal Audit function operates in accordance with the PSIAS, and that the core principles for the professional practice of Internal Auditing as detailed in the standards are present and operating effectively. In the event that circumstances prevent full compliance, appropriate equivalent safeguards or measures will be adopted as permitted by the standards, and the Audit Committee made aware.

The Internal Audit Manager is responsible for maintaining an up to date Internal Audit Manual which details the framework adopted to meet the requirements set by the standards.

Internal Auditors will ensure that in undertaking their duties they demonstrate integrity, competence and due professional care and operate in line with the requirements of the standards, and its embedded code of ethics.

The Internal Audit Manager will make arrangements for compliance / quality reviews to be undertaken, in accordance with the PSIAS requirements, both at individual audit level and for the service as a whole and for the results of service reviews to be reported to the Audit Committee, together with any actions necessary to achieve full compliance.

The regular reports provided by the Internal Audit Manager Manager will highlight areas of non-compliance and associated actions.

6. MISSION, PURPOSE, RESPONSIBILITY, OBJECTIVITY AND SCOPE OF INTERNAL AUDIT

The mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The purpose of the Internal Audit function is to: -

- provide independent, objective assurance to the Council on its operations and control environment
- deliver an effective, cost effective, proactive and innovative function that meets the needs of the Council, and is aligned with its strategies, objectives and risks.
- add value by assisting management to improve the delivery of Council objectives and operations through the evaluating and challenging the effectiveness of risk management, control and governance processes
- add value by assisting management to improve the delivery of Council objectives and operations by the provision of consultancy and best practice advice.

The key responsibilities and objectives for the Internal Audit function are to: -

- provide an Internal Audit services that discharges the Council's statutory responsibilities with regard to internal audit
- provide a service that is compliant with the requirements of the PSIAS
- contribute to the Council's governance, risk and assurance arrangements
- enable the Internal Audit Manager to provide an annual opinion on the overall adequacy and effectiveness of the Council's control environment

- communicate effectively on risk and control issues, identified or that the Council might be exposed to, providing insightful, proactive and future-focused solutions where appropriate, that promote improvement to the Council's risk and control frameworks.
- deliver a quality service that strives to continually improve

The scope of Internal Audit includes: -

- undertaking independent risk based reviews to provide assurance on the effectiveness, efficiency and legality of management and service delivery arrangements
- undertake reviews using a range of audit techniques that are innovative and efficient and provide detailed insight on processes and procedures within a service area.
- undertaking independent ad hoc reviews as requested by management
- undertaking / participating in investigations including those in relation to potential fraud, corruption, bribery or irregularity
- undertaking proactive anti-fraud work examining emerging fraud risks and potential exposures identified
- providing consultancy and advice on major projects, and ad hoc advice upon demand
- dissemination to the organisation of best practice

The scope of the Internal Audit function's remit includes the Council's entire control environment, not just financial controls – this includes assurance and monitoring mechanisms, including risk management arrangements. It also extends to any services provided through partnership arrangements, or by external providers.

Where the Council works in partnership with other organisations, the Internal Audit function will provide a service as agreed between the partner organisations. The nature of assurances to be provided will be consistent with the requirements of the Standards, the governance arrangements applicable to the partnership, and the terms of engagement for the assignments undertaken.

The Internal Audit function does not currently provide a service to any third party organisation, but may do so in the future if appropriate to do so. The nature of assurances to be provided in such circumstances will be consistent with the requirements of the Standards, the rules and regulations governing the organisation in question, and the terms of engagement contractually entered into.

The Internal Audit Manager will ensure that the planned Internal Audit work in any financial year provides sufficient coverage of the key financial, and other, systems to enable an opinion on the effectiveness of the Council's control environment to be formed. In lieu of work undertaken directly by the Internal Audit function, the Internal Audit Manager may place reliance on assurances provided by other assurance providers where he deems it appropriate to do so.

Consideration will be taken, in determining where Internal Audit activity should be focussed, of the Council's assurance and monitoring mechanism's including risk management arrangements.

The Internal Audit function can provide consultancy and advice to the functions of the Council and its management, usually of a one off and ad hoc nature. It may also be involved in assignments to aid development of new and improvement of existing processes. Mechanisms are in place to maintain independence and divisions of duty.

6. ORGANISATIONAL INDEPENDENCE OF INTERNAL AUDIT

The Internal Audit function will be independent of the activities that it audits to enable auditors to perform their duties in a manner that facilitates impartial, objective and effective professional judgements and recommendations.

A mechanism will be maintained that enables conflicts of interest, including previous employment responsibilities and any one off non audit duties undertaken, to be identified and recorded. Internal Auditors will not be allowed to undertake assignments / elements of assignments where a conflict of interest has been identified or to audit records where impartiality cannot be demonstrated.

The Internal Audit Manager has some other operational responsibilities of a governance nature. Arrangements will be maintained to ensure that the post holder is not involved in audits on such areas in either an operational or supervisory role to maintain independence.

The Internal Audit Manager will report at least annually to the Audit Committee on the organisational independence of the Internal Audit function.

7. ACCOUNTABILITY, REPORTING LINES AND RELATIONSHIPS

The Internal Audit function is located within the Corporate Services Department. The Internal Audit Manager's line manager is the Head of Finance, Revenues and Benefits Services (S151 Officer). The Internal Audit Manager has a right of direct access to the Deputy Chief Executive as corporate directorate head. In addition the Internal Audit Manager has a right of direct access to the Management Team, the Chief Executive and Corporate Directors / Head of Department individually, and Members.

The Internal Audit Manager has the right to meet privately with the Audit Committee, when necessary.

The arrangements for working relationships with elected members shall follow the requirements of the Protocol on Member / Officer relations within the Council's Constitution, and codes of conduct.

Following each audit the Internal Audit Manager will report directly to the relevant Corporate Director / Head of Department providing an assurance ranking based upon the results of the assignment undertaken, with any material issues being drawn to the attention of the Council's s151 officer, other statutory officers or Management Team as appropriate to the circumstance. The results of each audit will be reported to the Audit Committee.

Corporate Directors / Head of Department are responsible for ensuring that appropriate action is taken to resolve issues reported by Internal Audit. The Internal Audit function will have in place mechanisms to obtain assurance that actions have been appropriately implemented, and to report any significant issues arising from this to the Audit Committee.

The Council's Audit Committee has responsibility for receiving and reviewing reports on Internal Audit from the Internal Audit Manager. Reports will be produced in formats that meet any criteria laid down by the PSIAS.

Internal Audit may be required to provide assurance to external parties, such as grant funding bodies, where so requested. All engagements will be conducted reflecting any requirements set by such bodies, and professional standards.



A dialogue will be maintained with Corporate Directors / Head of Department to ensure that emerging risks, and operational changes, are reflected in the work programme for Internal Audit at the earliest opportunity.

A clear line of communication will be maintained with the Council's external auditors and other review bodies, taking account of the differing roles and responsibilities of each organisation.

8. RESPONSIBILITY OF THE AUDIT COMMITTEE AND ROLE OF STATUTORY OFFICERS WITH REGARDS TO INTERNAL AUDIT

The role of the Audit Committee with regards to Internal Audit is laid out in the Council's Constitution. The role regarding Internal Audit includes:

- Considering the Internal Audit Manager's Annual Report and opinion.
- Considering reports on the operation of Internal Audit and summaries of specific internal audit reports.
- Considering reports from Internal Audit on significant agreed actions not implemented within a reasonable timescale.

To fulfil this role, and to meet the requirements of the PSIAS, the Committee in considering reports on the operation of Internal Audit will also receive and approve: -

- The Annual Internal Audit Plan
- Internal Audit Plan updates during the year
- The Internal Audit Charter
- Quality assessments on compliance with the PSIAS

The Head of Paid Service (Chief Executive) has responsibility for the discharge of the functions of the Council, and would therefore be advised regarding any issues of a significantly material nature arising during audits. The post holder also has a responsibility regarding the effective discharge of the Internal Audit function.

The s151 Officer (Head of Finance, Revenues and Benefits Services) has responsibility for ensuring that the Internal Audit Manager provides the Internal Audit service required by the Council, and is advised of any issues of a material nature identified during audits / provided with assurance as appropriate to aid in meeting his statutory obligations.

The Monitoring Officer (Head of Governance and Legal Services) has responsibility for the lawfulness and fairness of decision making, and any issues of this nature identified during audits will be drawn to the post holders attention / assurance provided as appropriate to aid the post holder to meet their statutory obligations.

9. FRAUD AND CORRUPTION

Managing the risk of fraud and corruption lies with management. The Internal Audit function does not have responsibility for the prevention and detection of fraud and corruption. Internal Auditors will be alert in the work undertaken to risks and exposures that could allow fraud or corruption to occur, and

where appropriate will agree and report on control improvements to mitigate such risks and exposures.

The Council's Constitution (Financial Procedure Rules) requires that Corporate Directors / Head of Department report any financial irregularity or suspected irregularity to the designated Head of Internal Audit immediately. The Council's Fraud and Corruption Strategy confirms these arrangements.

Provisions will be made in the Audit plan to enable reactive work to be undertaken as a result of any irregularity reported where he considers it appropriate for the Internal Audit function to undertake, or be involved in, any investigation required.

10. INTERNAL AUDIT RESOURCE REQUIREMENTS

The Public Sector Internal Audit Standards require that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. However the Account and Audit Regulations / PSIAS are not prescriptive regarding the level of resources required.

The level and nature of resources required for each year's plan will be considered as part of the annual audit planning process to ensure that the resources available are deemed sufficient taking account of changes to the audit universe, changes to exposure of the organisation to risk, and developing professional standards.

The resources available will be maintained, both in terms of staffing levels and proficiency, at a level sufficient to deliver the approved plan to an acceptable standard, and to meet the requirements of the PSIAS.

Provision may be made to enable the use of resources from elsewhere within the Council or externally as appropriate to cover any skills gaps related to the audit engagements planned.

Any changes to the functions of the Council, the risks the Council is exposed to, the requirement for ad hoc work, and the development of audit techniques may change the baseline position. The Internal Audit Plan is intended to be flexible and mechanisms exist to update it during each year as required.

If at any time an imbalance between resources available and those required to deliver an effective Internal Audit function arises, then this will be drawn to the attention of the Audit Committee, together with proposed solutions.

11. RIGHT OF ACCESS

The right of access for Internal Audit to records, assets, personnel and premises shall be consistent with the requirements of the Accounts and Audit Regulations. The right of access is also contained in the Council's Constitution.

The right of access shall extend to any resources bought in to supplement the in house team, in undertaking audits.

The Internal Audit Team shall have, for the purposes of internal audit, the right of access to all establishments operated by the Council, all records held by the Council, all assets and personnel. Where the Council enters into partnership arrangements, or outsources functions, the contractual arrangements shall include provision for the right of access by the Council's Internal Auditors to all records and assets that relate to the Council. The Council's Internal Auditors shall have authority to

obtain such information and explanations as are considered necessary to fulfil their internal audit responsibilities.

Internal Auditors will treat information they receive / see in the course of their duties as confidential, only disclosing such information where there is a legal or professional requirement to do so.

This page is intentionally left blank

AUDIT COMMITTEE

26 SEPTEMBER 2019

REPORT OF DEPUTY CHIEF EXECUTIVE

A.2 EXTERNAL AUDIT'S ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2019

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the External Auditor's Annual Audit Letter for the year ended 31 March 2019.

EXECUTIVE SUMMARY

The Annual Audit Letter for the year ended 31 March 2019 has recently been received from the Council's External Auditors which primarily summarises the outcomes from various audit activities undertaken during the year.

RECOMMENDATIONS

That the Audit Committee considers and notes the contents of the Annual Audit Letter for the year ended 31 March 2019.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The aim of continuing to be financially stable and well managed and provide good value for money is directly supported through learning and improving through audit and inspection.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no direct financial implications arising from this report with expected fees being accommodated within existing budgets.

Risk

Not responding practically and timely to outcomes from audit and inspection may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

LEGAL

The Accounts and Audit Regulations require that:

- (1) A committee must meet to consider the letter as soon as reasonably practicable;

(2) following consideration of the letter in accordance with paragraph (1) the authority must—(a) publish (which must include publication on the authority’s website) the audit letter; and (b) make copies available for purchase by any person on payment of such sum as the authority may reasonably require.

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 items could feature in the recommendations and subsequent action plans in future external audit reports. 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

ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2019

There are a number of different strands of external audit work undertaken during the year but primarily they relate to the financial statements and value for money opinion. The outcomes from these activities are reported to the Council separately as they are completed during the year. The Annual Audit Letter is effectively an end of year report for the Council which captures and summarises these outcomes in one document. It is primarily directed to Members but it must also be made available as a public document.

The **Annual Audit Letter** relating to 2018/19 is attached, with no significant concerns raised. Page 7 of the Auditor’s letter highlights general risks around sustainable resource deployment and financial resilience, which continue to be actively managed within the Council’s long term financial forecast. This action has also been recognised within the Annual Governance Statement and updates will be provided to the Committee over the course of the year, with the first one set out within the Table of Outstanding Issues Report elsewhere on the agenda.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

ATTACHED External Auditor’s Annual Audit Letter for the year ended 31 March 2019

TENDRING DISTRICT COUNCIL

Annual Audit Letter

Year ended 31 March 2019

EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

This Annual Audit Letter summarises the key issues arising from the work that we have carried out in respect of the year ended 31 March 2019.

It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

Responsibilities of auditors and the Council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code). Under the Code, we are required to report:

- Our opinion on the Council's financial statements; and
- Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

BDO LLP

30 August 2019

Audit conclusions

Audit area	Conclusion
Financial statements	Unmodified opinion
Use of resources	Unmodified conclusion
Certificate of completion of the audit	Issued on 31 July 2019

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

We issued our audit opinion on the financial statements and use of resources conclusion on 31 July 2019.

FINANCIAL STATEMENTS

Audit opinion on the financial statements

We issued an unmodified audit opinion on the financial statements. This means that we consider that the financial statements:

- Give a true and fair view of the financial position and its income and expenditure for the year; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Final materiality

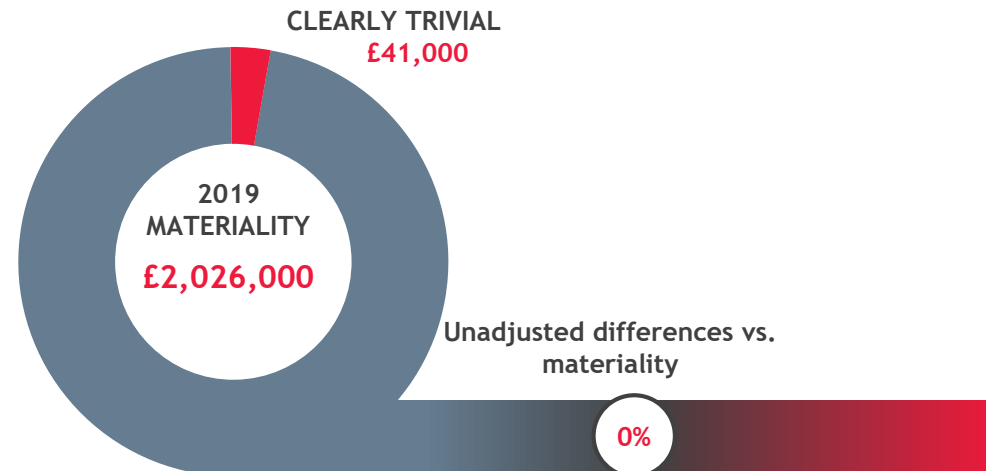
Materiality was calculated at £2,026,000 based on a benchmark of 1.75% of gross expenditure.

Material misstatements

We did not identify any material misstatements.

Unadjusted audit differences

We did not identify any misstatements above a trivial level that were not adjusted for.



FINANCIAL STATEMENTS

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

Risk description	How the risk was addressed by our audit	Results
Management override of controls	We carried out the following planned audit procedures: <ul style="list-style-type: none">• Reviewed and verified large and unusual journal entries made in the year and agreed the journals to supporting documentation;• Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias; and• Reviewed any unadjusted audit differences for indications of bias or deliberate misstatement.	No issues were identified by our audit of journals and accounting estimates for management override of controls or management bias.
Expenditure recognition	We carried out the following planned audit procedures: <ul style="list-style-type: none">• Carried out testing of an increased sample of expenditure either side of year end, to confirm that expenditure had been recorded in the correct period and that all expenditure that should have been recorded at year end has been recorded.	Our testing on expenditure cut off did not identify any missing or incorrectly treated expenditure.

FINANCIAL STATEMENTS

Risk description	How the risk was addressed by our audit	Results
Property, plant and equipment and investment property valuation	<p>We carried out the following planned audit procedures:</p> <ul style="list-style-type: none"> • Reviewed the instructions provided to the valuer and reviewed the valuer’s skills and expertise in order to determine if we can rely on the management expert; • Confirmed that the basis of valuation for assets valued in year is appropriate based on their usage; • Reviewed accuracy and completeness of asset information provided to the valuer such as floor sizes; and • Reviewed assumptions used by the valuer for reasonableness and movements against relevant indices for similar classes of assets and follow up valuation movements that appear unusual. 	<p>From our review of the instructions provided to the external valuer and assessment of the expertise of the valuer, we were satisfied that we can rely on this work.</p> <p>We reviewed a sample of in-year revaluations and we were satisfied that the valuation bases used are appropriate.</p> <p>Our review of the accuracy and completeness of information provided to the actuary did not identify any issues.</p> <p>We were satisfied that the overall movement in property values in respect of council dwellings, other land and buildings and investment properties was in line with relevant market indices.</p>

FINANCIAL STATEMENTS

Risk description	How the risk was addressed by our audit	Results
Valuation of pension assets and liabilities	<p>We carried out the following planned audit procedures:</p> <ul style="list-style-type: none"> • Reviewed skills and expertise of the actuary in order to determine if we can rely on the management expert; • Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data; • Checked whether any significant changes in membership data have been communicated to the actuary; • Obtained assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary; • Obtained assurance from the auditor of the pension fund over the reasonableness of the valuation of pension fund assets at 31 March 2019; • Agreed the disclosures to the information provided by the pension fund actuary; and • Reviewed the impact of GMP and McCloud adjustments to the financial statements of the Council to ensure that additional liabilities have appropriately been recognised in the financial statements. 	<p>Following publication of the Council’s unaudited 2018/19 Statement of Accounts, the government’s request for an appeal relating to the McCloud case was refused by the Supreme Court. While the impact on the LGPS is unknown, there is sufficient information to calculate a reasonable estimate of the liability. The Council requested the actuary to prepare updated information recognising the impact of the judgements, resulting in an increase in both past service cost and the net pension liability of £1,128k. The financial statements were updated to reflect the revised information provided by the actuary.</p> <p>In all other respects, the results of our testing were satisfactory.</p>

USE OF RESOURCES

Audit conclusion on use of resources

We issued an unmodified conclusion on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we consider that in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We set out below the risk that had the greatest effect on our audit strategy.

Risk description	How the risk was addressed by our audit	Results
Sustainable resource deployment	<p>We carried out the following planned audit procedures:</p> <ul style="list-style-type: none"> Reviewed the assumptions used in the long term financial forecast and assessed the reasonableness of the cost pressures and the amount of Government grant reductions applied; Monitored the delivery of the budgeted savings in 2018/19 and reviewed the plans to reduce services costs and increase income from 2019/20 by reviewing a sample of savings plans; and Reviewed the strategies to close the budget gap after 2019/20. 	<p>For 2019/20 the Council’s net budget requirements is £13,557k. This will be met by council tax requirements of £7,955k, business rates income of £4,470k, revenue support grants £422k and collection fund surplus of £710k. Our review identified that the funding sources used within the budget are reasonable. We also reviewed the cost pressures and estimates of fees and charges and other income amounts within the budget and these appropriately reflected the known and expected positions.</p> <p>The Council’s long term financial plans show that it will have a cumulative deficit of £3,283k over the five year period from 2020/21 to 2024/25 and then will have surpluses of £142k and £424k in the following two years. These figures are after the adjustments for planned use of reserves. The Council’s savings target within the long term plan is £300k and the Council has identified savings plans worth £328k for 2019/20 all of which are on going or recurring.</p> <p>Our review of the MTFs assumptions identified that these adequately reflect demographic and inflationary cost pressures, pay awards and other known cost pressures. The assumptions around funding sources are reasonable and reflect published information and Government announcements.</p> <p>The Council’s overall outturn position for 2018/19 was a surplus of £11,395k. This is because a number of projects which were planned for 2018/19 have been carried forward to future years, and the value of these projects was £9,762k.</p> <p>At 31 March 2019 the Council had General Fund balance of £31.2 million (including earmarked reserves of £27.2 million), HRA balance of £8.8 million, major repairs reserve £4.8 million and capital receipts reserve of £6.3 million, thus total usable reserves of £51.1 million.</p> <p>We are satisfied that the Council had adequate arrangements for setting and monitoring financial budgets. While there is a recognised funding gap in the long term plan, we are satisfied that the Council is making appropriate arrangements to manage this in a way that will ensure it continues to remain financially sustainable.</p>

REPORTS ISSUED AND FEES

Fees summary

	2018/19 Actual £	2018/19 Planned £	2017/18 Actual £
Audit fee			
• Code audit fee: financial statements and use of resources	45,205	45,205	59,354
Non-audit assurance services			
Fees for reporting on government grants:			
• Housing benefits subsidy claim	⁽²⁾ TBC	⁽¹⁾ 7,000	16,027
• Pooling of housing capital receipts return	⁽²⁾ TBC	2,500	2,800
Fees for other non-audit services	Nil	Nil	Nil
Total fees	TBC	54,705	78,181

⁽¹⁾ The certification fee for Housing Benefit subsidy is on the basis that the Council performs the initial testing and we will re-perform. This also assumes three or less 40+ detailed testing during the year.

⁽²⁾ Work on 2018/19 housing benefit subsidy claim and pooling of housing capital receipts return has not yet been undertaken.

Communication

Reports	Date	To whom
Fee letter	26 April 2018	Chief Executive and Head of Finance, Revenues and Benefits
Audit plan	28 March 2019	Audit Committee
Audit completion report	29 July 2019	Audit Committee
Annual audit letter	30 August 2019	Head of Finance, Revenues and Benefits

FOR MORE INFORMATION:

Aphrodite Lefevre
Director

t: +44(0)1603 756909
m: +44(0)7715 487411
e: Aphrodite.Lefevre@bdo.co.uk

Nuwan Indika
Manager

t: +44(0)1473 320807
m: +44(0)7966 243886
e: Nuwan.Indika@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,000 offices in more than 100 countries.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

© 2019 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank

AUDIT COMMITTEE

26 SEPTEMBER 2019

REPORT OF DEPUTY CHIEF EXECUTIVE

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 on outstanding actions identified by the Committee.

EXECUTIVE SUMMARY

- A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities.
- There are usually two appendices to this report – 1) updates against general issues previously identified by the Committee and 2) updates against the Annual Governance Statement that the Committee agrees at its July meeting each year.
- As there are no outstanding actions in respect of general issues identified by the Committee, only updates against the Annual Governance Statement are included. **(Appendix A)**
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.
- The Risk Based Verification policy was scheduled to be reported to the September meeting of the Committee. However it is proposed to amend the annual reporting cycle so it is agreed in March each year, just ahead of the start of the financial year it relates to.
- Similarly to the above, the review of the Anti-Fraud and Corruption Strategy is proposed to be presented to the January meetings of the Committee each year instead of September as initially included on the work programme.

RECOMMENDATION(S)

That the Committee:

- a) Notes the progress on the outstanding issues;**
- b) approves a change to the annual review cycle for the Risk Based Verification Policy with the Committee now considering the policy at its March meeting each year instead of its September meeting; and**
- c) that subject to b) above, agrees that the Risk Based Verification Policy approved by the Committee at its meeting in September 2018, remains in place for the period up to 31 March 2020.**

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

An update against actions relating to the Annual Governance Statement is set out in **Appendix A.**

There are no significant issues to highlight to date with work scheduled or remaining in progress on all actions agreed.

The annual review of Council's Risk Based Verification Policy was originally scheduled to be presented to the September 2019 meeting of the Committee. However based on a review of associated Government guidance, it is noted that Councils should not make changes to the policy in-year. Although there are no changes to the policy required at this point in time, there may be changes in subsequent years which could not be implemented from a September date. Therefore it is proposed to revise the annual review cycle to March each year. The policy presented to the Committee at its March meeting each year would therefore come into force from the start of the new financial year.

However to ensure that there remains a 'live' policy in place, it is proposed to continue with the existing policy that was agreed by the Audit Committee at its September 2018 meeting which would cover the period up to 31 March 2020.

The Anti-Fraud and Corruption Strategy, was also initially scheduled to be presented to the

September meeting of this Committee. However the last review was undertaken by the Committee in January 2019 with a 12 month review therefore not required until January 2020. Although an earlier review could be undertaken, similarly to the above issue relating to the Risk Based Verification policy, it would seem logical to undertake the review later in the year in readiness for its implementation from the start of the new financial year. Therefore the annual review of the Anti-Fraud and Corruption Strategy is proposed to be deferred until the January 2020 meeting of the Committee.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A - Table of Outstanding Issues (September 2019) - Annual Governance Statement Actions

This page is intentionally left blank

AUDIT COMMITTEE - Table of Outstanding Issues (September 2019) – ANNUAL GOVERNANCE STATEMENT ACTIONS

Governance Issue	Action	Current Position / Update
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>The Council continues to deliver the ten year approach to budgeting, aimed at maximising savings opportunities whilst delivering growth in underlying income to deliver a balanced budget over a ten year forecast.</p> <p>Risks exist to the plan should savings not be achieved and income generation schemes not materialise while using non-recurrent reserves to addressing budget gaps is not sustainable should austerity continue.</p>	<p>Continue to develop the long term forecast with a focus on:</p> <ul style="list-style-type: none"> • Ensuring the robustness of assumptions used in financial planning/forecasting. • Prioritising resources whilst maintaining services wherever possible. • Undertaking targeted reviews of significant areas for cost pressures • Continuing to identify opportunities for savings, with the development of a 4 year plan for delivery. <p>Delivery of a balanced budget in 2020/21 in-line with the forecast.</p>	<p>An updated financial forecast was presented to Cabinet on 13 September 2019 reflecting revised assumptions on items such as inflation, cost pressures and savings targets.</p> <p>The delivery of annual surpluses over the life of the forecast are still anticipated to be achieved.</p> <p>To isolate the on-going revenue forecast from potential one-off costs associated with the maintenance of Council Assets, an initial fund of £1.134m was agreed by Cabinet on 13 September to support costs that may emerge over the remaining years of the forecast. This will be complimented by a corporate review of the Council's operational assets to prioritise spending from this fund over the next few years.</p> <p>A savings plan is currently being developed which will be presented to members over the second half of 2019/20.</p>
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>By strengthening the linkages between the Corporate Plan priorities and the Council's investment plans.</p>	<p>To identify and maintain an ongoing corporate investment plan (including the capital programme) supporting delivery of the Council's priorities including the development of relevant strategies as necessary.</p>	<p>As part of agreeing a revised corporate plan and associated priorities over the remainder of 2019/20, an investment plan will be developed alongside it to maintain a direct link to the financial forecast.</p> <p>Cabinet agreed at its meeting on 13 September, a draft Corporate Plan for consultation.</p>

<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Supporting the delivery of key housing and development projects and priorities through open and transparent decision making (including informal briefings). Demonstrating effective use of the council's resources throughout continuation of the project development. This will include robust governance arrangements including risk management, funding, skills and capacity.</p>	<p>Consultation on a draft Housing Strategy and approval of a business/action plan setting out delivery, funding and performance of key housing and development building projects such as:</p> <ul style="list-style-type: none"> • Development of Jaywick Sands; • Garden Communities; and • Other relevant sites across the district. <p>Additional specific statutory consultation on the Local Plan and future development of the Garden Communities project.</p>	<p>A Housing Strategy for public consultation was agreed by Cabinet on 19 July 2019. The outcome of the consultation will be reported back to Cabinet later in the year before the Strategy is reviewed for recommending to Full Council.</p> <p>Full Council agreed at its meeting on 6 August, that the additional evidence and new Sustainability Appraisal required in support of Section 1 of the Local Plan would be subject to public consultation. The six-week period for consultation ends on 30 September and the responses received will be submitted to the Inspector as part of his re-examination of Section 1.</p> <p>The development of the Garden Communities project will be set out in future reports with any associated consultation undertaken as necessary</p>
<p>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews and delivery of transformation projects, through the monitoring of key policies.</p>	<p>For the relevant project board or lead officers to identify sufficient resources to demonstrate and monitor compliance with the Council's policies and procedures (forming the Governance framework) during delivery and embedding the final arrangements.</p> <p>To complete the roll out of the revised business planning and project management approach.</p> <p>Launch the Cabinet report writing through modern.gov using the new template and processes.</p>	<p>A Project Board has now been established with its first meeting in August where it reviewed two key projects. The Project Board will continue to take a key role in supporting the development of projects / business cases, which will include a review of key outcomes / deliverables once the project has been fully implemented.</p> <p>A revised business planning and project management approach continues to be rolled out across the Council with awareness / Q&A sessions arranged at upcoming departmental manager's meetings and senior manager's forums.</p> <p>Due to an on-going officer absence it has not been possible to progress the launch of Cabinet report writing through modern.gov but it is envisaged that this will be commenced in the second half of 2019/20.</p>

	<p>Recruit to the Senior Governance Officer post.</p> <p>Develop an induction and training programme for the newly elected Councillors covering a range of topics, including dedicated chairmanship training and an overview and scrutiny workshop.</p>	<p>A review of the Senior Governance Post is currently underway as part of a wider review of the Legal and Finance Services to reflect on the requirements of this role in supporting the Council's Statutory Officers and wider governance arrangements within the Council.</p> <p>A member induction programme was completed in the first quarter of this year. Further training opportunities are being organised including a session covering skills, practice and approach to chairing different meetings, and affordable housing for the Planning Committee. These subjects are in addition to the All Member Briefing programme.</p>
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Ensure the Local Code of Corporate Governance and key policies and procedures are up to date.</p>	<p>Through a centralised review, develop an action and monitoring plan to include policy review dates and associated decision making.</p>	<p>The work associated with this action is expected to commence over the second half of 2019/20 as it will form a key role of the Senior Governance Officer post discussed above.</p>

This page is intentionally left blank