



AUDIT COMMITTEE

DATE:	Thursday, 30 June 2022
TIME:	2.30 pm
VENUE:	Committee Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE

MEMBERSHIP:

Councillor Coley(Chairman)	Councillor Miles
Councillor Alexander(Vice-Chairman)	Councillor Steady
Councillor Fairley	

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DATE OF PUBLICATION: Wednesday, 22 June 2022

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 - 10)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Monday, 25 April 2022.

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 (Pages 11 - 30)

To provide the Committee with a periodic report on the Internal Audit function for the period March 2022 – May 2022, as required by the professional standards.

6 Report of the Assistant Director (Finance & IT) - A.2 - Table of Outstanding Issues (Pages 31 - 42)

To present to the Committee the progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Audit Committee is to be held in the Committee Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Thursday, 29 September 2022.

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.

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Your calmness and assistance is greatly appreciated.

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON MONDAY, 25TH APRIL, 2022 AT 10.30 AM
IN THE COMMITTEE ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Fairley and Miles
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Keith Simmons (Head of Democratic Services and Elections), Mark Westall (Head of Customer and Commercial Services), Craig Clawson (Internal Audit Manager), Karen Townshend (Executive Projects Manager (Governance)) and Matt Cattermole (Communications Assistant)

[Note: Aphrodite Lefevre of BDO LLP (the Council's External Auditors) was able to contribute to the meeting remotely through the use of the Microsoft Teams platform]

38. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors King, Placey and Steady. No substitutes were appointed.

39. MINUTES OF THE LAST MEETING

The Minutes of the last meeting of the Committee held on Thursday 31 March 2022 were approved as a correct record and signed by the Chairman.

In response to a question from the Chairman, the meeting was advised that the recruitment to the new full-time Audit Technician post was progressing through the internal approval process (Minute 31 of 31 March 2022 refers). It would then be advertised. The Committee's attention was also drawn to the information provided to the Committee by BDO LLP, the Council's External Auditors, on the progress with the audit of the Council's accounts for 2020/21 (Minute 34 of 31 March 2022 refers). This information was set out in an addendum to the report of the Assistant Director (Finance & IT) considered at Minute 44 below.

40. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

41. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were no Questions on Notice on this occasion.

42. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT: JANUARY TO MARCH 2022

The Committee had before it a report of the Internal Audit Manager (A.1) which provided it with a periodic report on the Internal Audit function for the period January 2022 to March 2022 together with the outcome of an annual self-assessment of the Internal

Audit Team that had been conducted by the Principal Auditor against the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Plan Progress 2021/22

It was reported that a total of six audits had been completed since the previous update to the Committee in January 2022 with fieldwork was ongoing on another six audits. Five of the six audits completed had received a satisfactory level of assurance. One audit (Careline) had received an overall opinion of 'Improvement Required' and details were provided as follows:-

Strategic Direction of Careline

Issue identified:

"In 2021, Careline won the contract to provide local Careline out of hours' coverage for Essex County Council (managed by Provide), using its established team and building on work already undertaken for them.

During the audit, it became apparent that the service had struggled to provide the expanded contractual service required and had consistently underperformed call response times, with the major contributing factors being the availability of trained officers and increasing volume of calls."

Risk:

"If the contract was exited without due attention to detail and evaluating all options, there was considerable financial and reputational risk to the Council which could affect budget performance and the future effectiveness and integrity of the Careline service."

Agreed action:

"Following the cessation of the contract, it would be timely to review the strategic direction of the service, especially considering the operational and staffing issues and difficulties of fulfilling larger contracts.

For the short term, the service will concentrate on exiting the Provide contract in a professional manner, including continuing liaison meetings and ensuring all data and GDPR obligations are carried out as required.

Subsequently, the service will be reviewed and future strategic direction decided. Current options include a pivot to organic growth from private users, smaller contracts and continuing to work with Provide in other capacities. There are also other options to explore, including integration of some healthcare services.

Any options or direction chosen should be undertaken in consultation with, senior management, the Portfolio Holder and the appropriate committee."

Management of Careline Debtors

Issue identified:

“Service users should pay on a monthly basis, using a direct debit mandate. Where funds were unable to be taken, the Council's debtor's procedure was initiated and a series of up to three letters were sent until payment was made.

Should no payment be received, then the debt was returned to the department for further decision and action.

Currently, there was only a very ad hoc process in place and no scheduled monthly action. A spreadsheet was maintained and updates added by the Officer managing the debt. The spreadsheet showed that several months could elapse between contacts with the debtor, and follow up was not always prompt.

This had led to a build-up of debt, some quite long term.”

Risk:

“Without managing debtors, there was risk of payments not being collected at the due time, or at all, which had an adverse financial and resource impact.

If long term debtors were not managed, it could lead to the position of unfairly allowing some users to continue to use the service for no charge, while the majority continued to pay.

Agreed action:

“Outstanding debts are to be reviewed and actions taken to progress a resolution and substantially reduce the outstanding amount.

Options may include write off, further chasing or review supply of service in the event of longer term non-payment. In the latter, there needs to be a formal process developed where especially vulnerable users are concerned.

In addition, a new process involving a responsible officer will be introduced to monitor and manage ongoing outstanding debtors on a consistent regular basis, once the Corporate Debtors Policy process of automated debt management letters has been exhausted and the debt returned to the department.”

The Committee was informed that the service had developed a Careline Recovery Plan (as detailed in Appendix B to the report) which incorporated the actions highlighted above as well as more operational actions identified during the audit. The recovery plan had been reviewed and approved by Senior Management and was ready to be progressed and implemented.

Progress on all audits in the 2021/22 Internal Audit Plan was evidenced in Appendix A to the report and the Internal Audit Manager was confident that sufficient work would be completed prior to providing the Head of Internal Audit's Annual Opinion in June 2022.

Members were made aware that the Internal Audit Team currently had audits on Depot Operations and Depot Waste Management in the audit plan. Initially, when the audit plan was initially drawn up Officers had been unsure of the level of work needed for both of those reviews which was why two separate audits had been set up. After initial discussions it was now felt that those two audits could be merged and reported under

the one title of Depot Operations as the areas were linked and it would save time with regards to Officer meetings and reporting arrangements.

The Committee was informed that during this time the Internal Audit Team was also planning and scoping audits within the 2022/23 Internal Audit Plan for the coming financial year.

Quality Assurance

The Committee was aware that the Internal Audit function 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

Members were advised that the IAT had opted out of the 30 day consultation period required when a restructure took place. This would allow the Team to begin the recruitment process for the vacant Audit Technician post in the coming weeks.

Management Response to Internal Audit Findings

The Committee was reminded that 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. Where appropriate, follow up audits had 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	1	Planning Enforcement Policy – This had now been added to the table of outstanding actions since the last update from the Acting Director (Planning).
Overdue less than 3 months	0	
Not yet due	2	

Quality Assurance Improvement Programme (QAIP)

The Committee was aware that the Internal Audit function were required to undertake an annual self-assessment against the Public Sector Internal Audit Standards (PSIAS). This assessment was then used to create a Quality Assurance Improvement Programme (QAIP) which Officers used for the continuous improvement of the service. Due to resource limitations the Internal Audit Manager had been unable to undertake this assessment for the January 2022 meeting of the Committee and had requested that it be deferred. The assessment had now been completed by the Principal Auditor and the attached QAIP (as detailed in Appendix C to the report) had been reviewed and updated.

It was reported that the review had identified that a number of actions had been completed and therefore were compliant with the Standards particularly around staff training and experience. As the Council's Auditor had completed her apprenticeship and was now a qualified Internal Audit Practitioner with over two years' experience it was felt that the experience of the current team was sufficient to meet those standards and therefore it had been removed from the QAIP.

Members were informed that the actions relating to aligning Internal Audit's assessment of risk with the Council's risk management framework remained ongoing with further work needed at a departmental / operational level.

In addition, actions in the QAIP relating to 'Proficiency' remained unchanged. The Internal Audit Team remained a small team and it continued to do the best it could to meet those standards with limited resources. It had been identified that although all members of the Team have had training in fraud detection historically, it might be worthwhile to refresh the knowledge base.

In so far as measures to prevent 'over-familiarity or complacency' in internal audits, the Committee was informed that steps are taken to alternate who within the Internal Audit Team undertakes repeat audits.

The Committee was advised that a new action had also been identified relating to policy and procedures. The Internal Audit Manual had not been updated since 2017 and although the main body of the manual was still relevant it would need to be updated to reflect changes in software usage and audit techniques for future staff training purposes.

In considering the report from the Internal Audit Manager, the Committee heard from the Head of Customer and Commercial Services on the administrative issues that had given rise to the large number of debtors (with total debts to the Council of £20K) in respect of the Careline Service across the two years of the Covid-19 pandemic and related periods of lockdown restrictions. He confirmed that processes were in place to underway to address those issues and the implementation of the plan to recover the situation was being overseen by a management board of senior management. Some of those recorded as debtors had ceased to receive the service as they no longer required it. As such, these debts would be cancelled. Others had stopped paying for the service, or never commenced payment, and these would be contacted individually. The practice was to provide non-payers with three notifications to request payment. Those struggling to meet the Careline costs to use the service could now be sign-posted to the comparable service provided by Essex County Council as the costs to use that service was means-tested.

The Committee was further advised that the ending of the PROVIDE sub-contract arrangements with Careline had immediately improved the workload of Careline and enable it to look at options for the future. These were being assessed internally by Officers with a view to ensuring the service was viable and sustainable going forward. All those who had been passed to Careline through the PROVIDE sub-contract arrangement would now access the same service but through PROVIDE's other arrangements.

In respect of the table of outstanding actions set out earlier, the Committee expressed concern that the refreshed Planning Enforcement Policy remained outstanding. The

Committee was advised that the reviewed Policy was scheduled to be considered by the Council's Corporate Enforcement Group in June 2022 and then submitted for approval. The need to keep the Committee updated with progress with the development of this Policy was emphasised.

After a discussion it was:-

RESOLVED that –

- (a) the contents of the report be noted; and
- (b) the Quality Assurance Improvement Programme be agreed.

43. REPORT OF ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - ANTI-FRAUD AND CORRUPTION STRATEGY

The Committee had before it a report of the Assistant Director (Finance & IT) (report A.2) which presented it with an updated Anti-Fraud and Corruption Strategy.

It was reported that the Council's Anti-Fraud and Corruption Strategy had last been updated in April 2021 and it remained subject to an annual review process which had recently been completed. The amended Strategy was set out in Appendix A to the report.

Members were informed that the Strategy continued to be based on CIPFA's code of practice on managing the risk of fraud and corruption. As its foundation, the Strategy set out the Council's commitments along with the following key areas:-

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation
- Resources Invested in Counter Fraud and Corruption

Members were further informed that the intention was to continue to include the scope for prosecutions within the Anti-Fraud and Corruption Strategy itself and include the relevant framework against which prosecutions would be considered. Those changes had been included within the 'Detection and Investigation' section of the strategy.

It was reported that the Strategy would continue to be subject to an annual review process including progress against identified actions and it had therefore been included

on the ongoing work programme of the Committee. It was acknowledged that through its application, the Strategy would evolve to reflect the various strands of work being developed within the Council, which would be included in future updates presented to the Committee.

The Committee was advised that amendments to the Strategy reflected the response to the COVID 19 pandemic where fraud risks had unfortunately increased during such difficult times. Work remained on-going in terms of lessons learnt from the last 24 months and further changes to the Strategy were likely to be required, especially as relevant regulatory bodies were expected to publish in the coming months anti-fraud and corruption guidance following the COVID 19 pandemic. Subject to the scale and timing of potential changes, a revised Strategy would be presented to the Committee during the year or would form part of the annual review early in 2023.

Members were aware that updates against the Council's Anti-Fraud and Corruption Strategy Action Plan were also included within Appendix A.

In considering this matter, the Members of the Committee commented on how well worded the draft revised Strategy was and how easy to read it was. In relation to the reference in the draft Strategy to sanctions against Contractors who commit fraud that this should also cover fraud they commit against service users (and not just against the Council or public funds more generally). Another proposal was to provide a telephone number in the section of the report headed 'Helpline or Employees' (in addition to the email address provided). Members also proposed that the section of the Strategy concerning the detection and investigation of fraud should recognise the role Councillors can and should play to prevent and detect fraud and corruption (alongside the other groups referred to there).

A question was also asked about the training for staff in respect of investigation of fraud and corruption.

After discussion it was:-

RESOLVED that the amended Anti-Fraud and Corruption Strategy, as set out in Appendix A to item A.2 of the Report of the Assistant Director (Finance & IT), be approved subject to amendments to address the following:

- Roles and Responsibilities (Page 7) - sanctions against Contractors who commit fraud should also cover fraud they commit against service users (and not just against the Council or public funds more generally).
- Roles and Responsibilities (Page 7) - 'Helpline or Employees' - a telephone number be provided to enable anonymous reporting (in addition to the email address provided).
- Detection and Investigation (Page 10) - recognise the role Councillors can and should play to prevent and detect fraud and corruption (alongside the other groups referred to there).

44. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.3 - AUDIT COMMITTEE: TABLE OF OUTSTANDING ISSUES

The Committee had before it a report on the progress of outstanding actions identified by the Committee along with general updates on other issues that fell within the responsibilities of the Committee (report A.3).

Members were reminded that a Table of Outstanding Issues was maintained and reported to each meeting of the Committee. This approach enabled the Committee to effectively monitor progress on issues and items that formed part of its governance responsibilities.

Members also heard that updates were set out against general items, external audit recommendations and the Annual Governance statement within Appendices A, B, and C respectively and that to date there were no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

Other issues

Statement of Accounts 2020/21

The Committee was informed that the Statement of Accounts 2020/21 remained subject to the conclusion of the work of the External Auditor. The associated report of the External Auditor was yet to be received as they continue their necessary audit work.

The Committee also had before it a progress report from BDO (the Council's External Auditor) which provided reasons for the delay and which further stated that the audit was not sufficiently progressed to enable them to present the Audit Completion Report.

Two further reports from the External Auditor that had been planned to be presented to this Committee would be reported later in the year once they had been finalised by them.

Regulation of Investigatory Powers Act 2000 (RIPA)

Members were advised that this Authority had not conducted any RIPA activity in the last quarter and that it was rare that it would be required to do so.

It was reported that the following draft policies had been circulated to the Operational Enforcement Group for their consideration:-

Covert Surveillance Policy and Procedure Manual pursuant to the Regulation of Investigatory Powers Act 2000; and

Use of Social Media in Investigations Policy and Procedure.

At the meeting, the Committee was advised that it was anticipated that the policies referred to would be further considered by the Operational Enforcement Group at its meeting on 10 May 2022.

Housing Void Rate

The Committee was informed that the housing void rate would now be reported by exception and managed through Financial Performance Reports and had subsequently been removed from the Table of Outstanding Issues.

Redmond Review

It was reported that no further updates had been provided by the Government at this time.

The Committee was then addressed by Aphrodite Lefevre of BDO LLP (the Council's External Auditors). She had joined the meeting through the MS Teams platform. She spoke to the Addendum to the Report of the Assistant Director (Finance and IT) that had been provided to the Committee and set out progress with the audit of the Council's accounts to 31 March 2021. Ms Lefevre set out some of the challenges external auditors were facing with recruitment and retention of external auditors and the enlarged regulatory framework for external auditors. She advised the Committee of the intention of BDO LLP to report on outstanding matters to each meeting of the Committee.

In view of the appointment of the Committee on 26 April 2022 (at the Annual Council) there would again be the need to consider the training requirements of the members of this Committee.

After an in-depth discussion the Committee **RESOLVED** that it notes the progress made against the actions set out in Appendices A to C of item A.3 of the Report of the Assistant Director (Finance & IT), along with the reported update from the Council's External Auditor.

45. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Coley, seconded by Councillor Alexander and:-

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 9 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

[Note: Following the passing of this resolution, and before proceeding, the Chairman of the Committee confirmed with officers that the live broadcast and recording of the meeting had ended.]

46. EXEMPT MINUTE OF THE MEETING HELD ON THURSDAY 31 MARCH 2022

The Exempt Minute of the last meeting of the Committee held on Thursday 31 March 2022 was approved as a correct record and signed by the Chairman.

The meeting was declared closed at 11.35 am

Chairman

AUDIT COMMITTEE

30 JUNE 2022

REPORT OF INTERNAL AUDIT MANAGER

A.1 REPORT ON INTERNAL AUDIT – MARCH 2022 - MAY 2022 AND THE ANNUAL REPORT OF THE INTERNAL AUDIT MANAGER

(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 March 2022 – May 2022 and the Internal Audit Managers Annual Report for 2021/22 as required by the professional standards.

EXECUTIVE SUMMARY

This report is split into three sections with a summary as follows:

1) Internal Audit Plan Progress 2021/22

- A satisfactory level of work has been carried out on the 2021/22 Internal Audit Plan in order for the Internal Audit Manager to provide an opinion in the Annual Head of Internal Audit Report.
- Two audits from the Internal Audit Plan remain outstanding. All other audits within the plan have been completed with only two receiving an overall audit opinion of 'Improvement Required'. All other audits within the plan received a satisfactory level of assurance.

2) Annual Report of Internal Audit Manager

- The Annual Report of the Internal Audit Manager concludes that an unqualified opinion of Adequate Assurance is provided.
- Work carried out throughout the year by the Audit Committee, Senior Management and the Internal Audit Team is in line with Public Sector Internal Audit Standards and CIPFA Application Notes (Latest release November 2020)
- Although set out in more detail later on in this report, there are risks to being able to provide an unqualified opinion in 2022/23 given some wider governance issues identified and the difficulties reaching an overall opinion for 2021/22. This will form a key element of the AGS that is currently being prepared along with a number of actions to ensure that adequate progress can be made to avoid a potentially unfavourable opinion in future.

3) Internal Audit Plan Progress 2022/23

- Six audits within the 2022/23 Internal Audit Plan are currently in fieldwork.

RECOMMENDATION(S)

Members are requested to note the reports and consider whether they have been informed on the following;

- The opinion statement within this report
- The completion of audit work against the plan
- The scope and opportunity of audit to complete the audit work
- Any audit findings provided
- The overall performance and customer satisfaction on audit delivery

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 2021/22

Two audits within the 2021/22 Internal Audit Plan remain outstanding (Depot Operations and Strategic Housing). All other audits within the plan are complete.

A total number of nine audits were completed during April 2022 to June 2022. One report in this period has received an overall opinion of 'Improvement Required' (Housing Repairs and Maintenance) with the other eight receiving satisfactory assurance opinions with no significant issues being identified.

Internal Audit continues to provide advice on internal control, risk management and governance arrangements on a consultative basis. Further to completing audits within the agreed plan, the team attend meetings regarding Procurement, Career Track and Careline. The team will also allocate some time throughout the year liaising with departments and advising on an ad-hoc basis.

The audit plan is fluid which ensures that we work with services to reaffirm audit priorities continuously throughout the year. Working within the Covid-19 environment demonstrated that we were able to adapt and amend the audit plan when needed to move with changing priorities and emerging risks.

We remain focussed on delivering the message that we are here to support services and by letting us know about policy and procedural changes, difficult circumstances or just the unknown due to working on new projects / initiatives, we can advise and support at an early stage rather than create additional work at a later date if governance or internal control issues are identified during an audit at a later 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.

Resourcing

Internal Audit is currently working with an establishment of 3 fte with access to a third party provider of Internal Audit Services for specialist audit days as and when required. We have recently advertised internally for the vacant Audit Technician post, unfortunately there were no applicants. We are expecting to open the advert externally soon.

Outcomes of Internal Audit Work

The standards require the Acting Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report nine 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 2020/21 Plan	
Substantial		0	5	
Adequate		8	15	

Improvement Required		1	2	
Significant Improvement Required		0	0	
No Opinion Required		0	3	Three consultative engagements in 2021/22

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 Repairs and Maintenance

Issues;

1. Lack of Variation Tracking

When a job is not as straight forward as expected a variation order is raised by the contractor which will then increase the expected cost of the job with the contract. The contractor has a contracted self-authorisation limit of £50 (but must send in photo beforehand) and anything above this must be authorised by the council. This limit has recently been raised by the council. While these variations are recorded under Job History step, and looked at during invoice payment stage, there is no independent method of identifying the amount or total value of these works, or how many comply with contractual requirements.

Risk;

Without an overview or method of identifying variations orders, there is a risk of paying for works or parts that are not required which have an adverse financial impact.

Agreed Action;

Explore options within Housing repairs software review to include a reportable process for separately adding, identifying and tracking order variations.

This additional step should be linked to authorisation levels for each user, to ensure the value is appropriate for their role and experience.

2. Tenancy Information

Every housing unit should have an identified tenant, or clearly marked as void if between tenants.

Updated records are necessary to ensure the customer service team know they are dealing with the tenant at the address and enable any security checks needed as well as complying with any data requirements.

There is currently no regular updating of tenant details within the maintenance system if they move in or out. Similarly, it is understood that initially tenant details needed to be

completed manually during initial rollout of software. As a consequence, there is limited confidence that all addresses have a tenant listed and there may be a few rogue overlooked blank entries in the database, where no visits have been needed.

Risk;

Apart from reputational damage due to lack of data integrity and apparent professionalism, there is also the risk of allowing unauthorised access or works by a non-tenants.

Agreed Action;

Liaise with IT to identify a data linkage method where existing records held on tenancy system can be exported to Housing Repairs software to ensure the records are current.

3. Lack of Clear Record Keeping

In a case brought to the Housing Ombudsman against the council, one major criticism was absence of clear and comprehensive record keeping. This is also crucial in any legal defence against growing Housing Disrepair Claims.

Although some measures have been brought in, it is considered there is still room for some improvement. Further details and examples are recorded within the operational audit report.

Risk;

If information is missing or dispersed, there is a risk of overlooking key facts which may impact works in place or potential ones, leading to adverse reputational damage or financial impact (especially if a repeat in nature of the case previously sent to the Ombudsman or subject to growing instances of costly Housing Disrepair Claims)

Agreed Action;

New procedures and processes to be implemented so that information is captured centrally.

This will be examined as part of Housing Repairs software review to identify what options are available and any subsequent officer training carried out.

4. Discrepancies Between Oneserve System and Invoices

Work is raised on OneServe with the job description and cost. Once the job is complete, an invoice is raised and submitted to the council for payment. This invoice is matched against work raised and paid accordingly.

In all cases, OneServe (council housing repair software) figures should match invoice to ensure only the work raised is paid for.

There are examples identified through testing which showed payment was apparently in excess of raised work.

Risk;

If the correct figures are not matched, this raises the risk that payments forecast may be different from invoice and overpay as a result. The variations are not kept with the main record, adding extra checking time to locate and cross reference any subsequent authorisations.

Agreed Action;

Initially, a reminder will be issued to officers reminding them of the need to ensure the job value matches the received invoice.

There will also be investigation into software capability to see if a check function can be incorporated

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	1	
Overdue less than 3 months	1	
Not yet due	1	

Update on previous significant issues reported

The Head of Customer and Commercial Services attended the April 2022 Audit Committee to provide an update on activities within the Careline service. We continue to monitor the situation with the service via the Internal Audit follow-up process.

There are no other significant issues to highlight other than those reported above for this period.

ANNUAL AUDIT REPORT OF INTERNAL AUDIT MANAGER

The Public Sector Internal Audit Standards (PSIAS) state that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Head of Internal Audit (Internal Audit Manager), in accordance with the PSIAS, is to provide an opinion based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation’s governance, risk management, and control processes.

As set out in the Public Sector Internal Audit Standards (PSIAS) there is 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 is 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.

The council is accountable collectively for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

Because of this, the Council continues to adopt a 'Three Lines of Defence' assurance model which is taken from the following sources;

1. Senior Management and Departmental Leadership

Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

2. Internal Governance

The second line of defence consists of activities covered by several components of internal governance (Statutory Officers, Corporate Oversight Functions, Quality Control, IT Security, Data Protection and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.

3. Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit Regulations 2015, which states 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.

Internal Audit Approach

The Internal Audit function undertakes a programme of audits each year to provide the Council and its Audit Committee with assurance on the adequacy of its system of internal control, governance and risk management arrangements. The audit programme was developed using a risk based approach that incorporates a number of independent reviews of the Councils activities to be able to give an overall opinion on the areas mentioned above.

CIPFA released guidance on Head of Internal Audit Annual Opinions in November 2020 due to the impact of COVID-19. There has been no further guidance from CIPFA since then. The Internal Audit Manager continues to refer to this guidance while forming an opinion; however, there has been minimal impact on the delivery of the 2021/22 Internal Audit Plan due to COVID-19.

The impact of COVID-19 is now a section of every audit undertaken and will continue to be going forwards. The Internal Audit Team will record changes to procedures and

effectiveness and efficiency issues due to COVID-19 and report any significant issues to the Councils Management Team and Audit Committee as required.

Communication between Internal Audit, Leadership and the Audit Committee has been effective and remain consistent which provides reasonable assurance around the effectiveness and transparency of reporting arrangements.

Internal Audit has 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 have the appropriate training to competently carry out their role. This includes advising service areas transformation projects, procurement, ad-hoc investigations and any further advice on procedures due to the impact of COVID-19.

Independent investigatory work has also been undertaken throughout the year as and when required to support Senior Management when internal control issues arise within service areas.

In 2021/22, only two audits from a total of 27 reviews undertaken received an overall audit opinion of "Improvement Required" where high severity issues were identified. The audits were Careline and Housing Repairs and Maintenance. It has been difficult to reach an overall unqualified opinion this year as there has been other activity that must be taken into account when forming an opinion. Examples include the fact that two statutory 'Section 5' reports have been issued in order to correct decisions that have contravened law / constitutional requirements. As well as there being early indications from the outturn process suggesting that there is significant unauthorised overspends of the Councils budgets. With all of the above to be considered, the balancing factors are that all significant issues identified are addressed instantly which includes setting up working groups when needed and that overall the Councils internal control environment is sound, it just needs to be followed.

Improvement actions are in place for the mentioned audit areas which are followed up by the Internal Audit function to assess the progress of implementation. All significant issues are reported to the Audit Committee with required improvement actions throughout the year to provide a continuous update on the councils control environment, governance arrangements and material issues identified.

Annual Opinion 2021/22

The Head of Internal Audit annual assurance opinion is based on the following:

- Internal Audit work completed during the course of the year;
- observations from consultancy/ advisory support;
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- a review of assurance from other providers including those from first and second lines of defence, independent regulators and peer reviews;
- the extent of resources available to deliver the internal audit work; and
- the quality and performance of the Internal Audit service and the extent of compliance with the Public Sector Internal Audit Standards

Limitations to the Annual Opinion

There are no limitations to report on the ability to deliver the Internal Audit Plan and provide an annual opinion on the effectiveness of governance, risk management and

internal control. There were changes to the audit plan throughout the year due to emerging risks and changes to service provision which meant some audits were merged once we received further information and some elements were amended within individual audits. The changes to the audit plan were in consultation with the Audit Committee and Management Team, furthermore the amendments to the plan only added to the overall assurance opinion provided by the Internal Audit Team.

The Head of Internal Audit Annual Opinion

The overall direction of travel regarding the internal control environment since 2020/21 has remained the same as all but two audits received a satisfactory level of assurance throughout the 2021/22 financial year. We are unable to state that the control environment has improved overall as the majority of audits received an 'Adequate Assurance' opinion meaning that although there were no significant issues identified within those audits there was still some work to be done to develop the control environment at an operational level. A total of 39 moderate issues and 6 major issues were identified with actions agreed with operational management throughout the year. All major actions due have been reported to the Audit Committee and all moderate actions are managed through the audit follow-up process with the service area.

Governance arrangements and internal controls have been evaluated in all audits within the plan, albeit with varying levels of scope. Senior Management continue to review strategic risks on a regular basis within Management Team and the Corporate Risk Register is reviewed bi-annually with any feedback reported to Management Team for consideration.

The opinion of the Internal Audit Manager is 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 Councils objectives and vision.

The Internal Audit function updated the annual Quality Assurance and Improvement Programme (QAIP) which is a self-assessment questionnaire against the Public Sector Internal Audit Standards. The (QAIP) was completed and presented to and agreed by the Audit Committee in April 2022.

The Internal Audit Manager is satisfied that sufficient work was completed in 2021/22 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's activities. The internal control environment continues to remain stable with some significant changes in specific service areas which have been reported to the Audit Committee throughout the year as part of the periodic reporting arrangements. An open dialogue with Senior Management on risk remains in place and a generally sound system of internal control has been assessed across the majority of the Councils operational areas. Therefore, an overall unqualified opinion of 'Adequate Assurance' can be provided.

The above report will be included within the Councils Annual Governance Statement (AGS) as part of its statutory responsibilities.

There are risks to being able to provide an unqualified opinion in 2022/23 given the wider governance issues identified and the difficulties reaching an overall opinion for 2021/22 highlighted earlier. This will form a key element of the AGS that is currently being prepared to ensure that adequate progress can be made to resolve historical issues and avoid a potentially unfavourable opinion in future. As part of an immediate and direct response, the Chief Executive has established a regular cycle of Budget, Performance and Delivery

Review meetings with Management Team and other Senior Officers across the Council. It is recommended that these meetings cover the following key issues:

- High level review of the in-year budget position for each Directorate / Department, which needs to aim to draw out any potential financial issues ahead of the associated impact on the budget e.g. potential overspends, underspends and / or other financial issues / pressures;
- following on from the point above, to promote and oversee any associated decision making / governance processes;
- to identify financial pressures that may impact on the Council's long term financial plan;
- to promote connections / linkages with the recently implemented Corporate Investment Plan;
- to review the in-year performance against the Council's key aims and objectives and other key delivery targets;
- to identify and oversee any other key governance issues; and
- set against all of the above, keep under on-going review the level of resources / capacity to meet the various demands on the Council's departments and services.

INTERNAL AUDIT PLAN PROGRESS (2022/23)

We are yet to finalise an audit within the 2022/23 Internal Audit Plan. A total of 6 audits are in fieldwork phase with two audits from the 2021/22 plan close to being finalised.

The Internal Audit Team have been monitoring outstanding actions and working hard to ensure that services work with us to confirm that agreed actions are completed in a timely manner.

Work has begun in areas such as Housing Allocations, Licensing, Section 106 Agreements, Beach Huts, Land Charges and Pre and Parking Services.

Audit time has also been allocated to undertake independent investigations.

Appendix B – 2021/22 Internal Audit Plan progress report; provides an update on the status of each audit to date.

There are no significant issues or particular areas of concern to report at this time.

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES

Appendix A – 2021/22 Internal Audit Plan Progress Report
Appendix B – 2022/23 Internal Audit Plan Progress Report

Tendring District Council Internal Audit			
2021/22 Internal Audit Plan Progress Report			
Audit Title	Status May 2022	Audit Type	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Ongoing	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	Consultative Review
Housing Benefits	Complete	Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	Adequate Assurance
National Non Domestic Rates	Complete	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	Adequate Assurance
Main Accounting System	Complete	To review the Councils Main Accounting System which includes management accounting processes and budget monitoring and reporting	Substantial Assurance
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
Council Tax	Complete	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	Adequate Assurance
Payroll	Complete	Data Analytics is the main audit technique used within this audit	Adequate Assurance

Treasury Management	Complete	Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used	Substantial Assurance
Housing Rents	Complete	Root cause analysis / Data Analytics	Adequate Assurance
Accounts Receivable	Complete	To review the income management processes involved for collecting income within the Accountancy department and service departments	Adequate Assurance
Banking	Complete	To review the internal control environment for the management of the Councils bank accounts. This audit will include an assessment of the management of the Corporate Credit Cards	Substantial Assurance
Health and Safety	Complete	Spot checks on service area's to ascertain compliance with H & S recommendations	Adequate Assurance
Other Services / Systems			
Pre and Post Employment Checks	Complete	To review pre and post-employment checks of staff and the different legislative and regulatory requirement for the many different roles within the organisation	Adequate Assurance
Risk Management	Complete	Required annually under PSIAS and Cipfa guidance	Adequate Assurance
Bereavement Services	Complete	To review the processes and controls in place for the management of the crematorium and cemetery. To advise and consult on the strategic direction of the service	Adequate Assurance
Housing Repairs and Maintenance	Complete	To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	Improvement Required

Careline	Draft Report	Undertake Internal Audit of Careline Services and assess the internal control environment and capacity to deliver services	Improvement Required
Transformation Programme	Allocated	Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation	Consultative Review
Planning Development	Complete	To review Planning Development processes and ensure that the Council are complying with all relevant legislative and regulatory requirements	Adequate Assurance
Building Control	Complete	To review the effectiveness of the Building Control service and the management of operational services, strategic priorities and income management	Adequate Assurance
Depot Operations	Fieldwork	To review day to day operations of the depot, overall culture in line with corporate responsibilities and follow up on any outstanding security issues for the depot and its associated satellite compounds	To Be Confirmed
Carbon Neutrality	Complete	To assess the baseline data used by the Council for setting its Carbon Neutrality aims and objectives and review / assess the planning methodology and feasibility of achieving our aspirations	Substantial Assurance
Strategic Housing	Fieldwork	To review and assess the services progress in delivering key strategic objectives and obligations	To Be Confirmed
Performance Management	Complete	To review the Councils performance management processes and procedures at a strategic and operational level	Adequate Assurance
Computer Audit			

Digital Transformation Programme	Internal Audit 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	Complete	PSIAS expectation that this will be covered each year.	Adequate Assurance
Information / IT Security	Complete	To review the Councils policies and procedures for ensuring that information and IT security assets remain secure and protected	Adequate 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

Tendring District Council Internal Audit			
2022/23 Internal Audit Plan Progress Report			
Audit Title	Status May 2022	Audit Type	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Unallocated	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	To be confirmed
Housing Benefits	Unallocated	Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	To be confirmed
National Non Domestic Rates	Unallocated	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
Accounts Payable	Unallocated	To review the mechanisms for making payments and ensure that all required controls are in place and followed as expected.	To be confirmed
Corporate Governance	Unallocated	Assurance Mapping and Self-Assessments to be used within this audit. Interviews with Senior Management required to ascertain the culture of the organisation	To be confirmed
Council Tax	Unallocated	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	To be confirmed
Payroll	Unallocated	Data Analytics is the main audit technique used within this audit	To be confirmed

Treasury Management	Unallocated	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 and Bank	Unallocated	To review the controls in place for collecting and recording cash, including any cash collection contracts in place. Banking arrangements and the management of the Councils bank accounts will also be included within this review	To be confirmed
Health and Safety	Unallocated	Spot checks on service area's to ascertain compliance with H & S recommendations	To be confirmed

Other Services / Systems

Risk Management	Unallocated	Required annually under PSIAS and Cipfa guidance	To be confirmed
Coastal Protection	Unallocated	To assess the management of Coastal Protection processes within the Council. This includes strategic planning, programme delivery and safety requirements	To be confirmed
Housing Repairs and Maintenance	Unallocated	To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	To be confirmed
Partnerships – External Health Funding	Unallocated	To understand the objectives and obligations attached to external health funding and assess the governance arrangements in place for delivering against those objectives within current resources	To be confirmed
Recycling and Waste	Unallocated	To assess the current waste and recycling contracts in place and review the contract management and performance processes in place. Processes and procedures relating to fly tipping complaints will be included within this review	To be confirmed

Parking Services	Fieldwork	Undertake an Internal Audit of Parking Services and assess the internal control environment and capacity to deliver services	To be confirmed
Open Spaces, Horticulture and Playgrounds	Unallocated	To review the management of the service and compare delivery against departmental objectives. Ensure that all relevant internal controls are followed	To be confirmed
Section 106 Agreements	Fieldwork	To review all processes relating to Section 106 Agreements and ensure that a robust monitoring and fee management process remains in place	To be confirmed
Land Charges	Fieldwork	To review all processes relating to Land Charges and ensure that effective monitoring and fee management processes remain in place	To be confirmed
Licensing	Fieldwork	Licensing processes to be assessed and ensure that the Council are complying with all relevant legislative and regulatory requirements while managing licensing revenue	To be confirmed
Beach Huts	Fieldwork	Review the management of Beach Huts including fee income and assurance of owner compliance with relevant regulations	To be confirmed
Career Track	Allocated	Allocated days to support the Career Track service in implementing their improvement action plan for the coming year	To be confirmed
Housing Allocations	Fieldwork	Assess the management of housing allocations and ensure compliance with relevant legislation and regulations as well as internal controls in place	To be confirmed

Seafront Management	Allocated	To review all activities relating to the management of services on Tendring seafronts	To be confirmed
CCTV	Allocated	Ensure that the Council is compliant with all regulations and legislation relating to the management of CCTV	To be confirmed
Freeport East	Unallocated	Allocated days to support any required reviews relating to Freeport East. Likely to involve governance or financial assessments	To be confirmed
Jaywick Sands Market Project	Unallocated	To review the arrangements in place for the delivery of the Jaywick Sands Market. Will involve working with partners on the project and reliance on alternative assurance activities	To be confirmed
Emerging Risks from Legislative Changes	Unallocated	Assess all legislation that directly affects public services provided by TDC and identify potential risks in which the Council are unable to control to support future risk management activities	To be confirmed
Computer Audit			
IT Governance	Unallocated	PSIAS expectation that this will be covered each year.	To be confirmed
Freedom of Information Requests / Subject Access Requests	Unallocated	To assess the processes and procedures in place for managing FOI and SAR requests	To be confirmed

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

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AUDIT COMMITTEE

30 June 2022

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.2 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Townshend)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee:

- The progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of 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.
- Updates are set out against general items and the Annual Governance statement within **Appendix A and B** respectively.
- 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.

RECOMMENDATION(S)

That the Committee notes and considers the progress against the actions set out in Appendices A and B.

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

The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in April 2022.

There are currently 3 main elements to this report as follows:

- 1) Updates against general items raised by the Committee – **APPENDIX A.**
- 2) Updates against recommendations made by the Council's External Auditor – there are no outstanding items.
- 3) Updates against the 2020/21 Annual Governance Statement Action Plan – **APPENDIX B**

In terms of item 1) above, there are no significant issues to raise, with actions remaining in progress. In terms of item 3), a number of activities are now either underway or completed as the recovery from the impact of COVID 19 continues. However, activity remains in progress against all actions and work will continue during 2022/23, as required.

Other issues

The Statement of Accounts 2020/21 remains subject to the conclusion of the work of the External Auditor. At the time of this Committee, the associated report of the External Auditor is yet to be received as they continue their necessary audit work.

At the last meeting of the Committee, the External Auditor provided a report which detailed reasons for the aforementioned awaiting conclusion and states that the audit is not sufficiently progressed to enable to present the Audit Completion Report, citing increasing pressures on the sector and unrealistic target dates. At the present time it is hope to bring this item to the September meeting of the Committee.

RIPA

This Authority has not conducted any RIPA activity in the last quarter and it is rare that it will be required to do so.

The Covert Surveillance Policy and Procedure Manual Pursuant to the Regulation of Investigatory Powers Act 2000 and Use of Social Media in Investigations Policy and Procedure are now finalised and have been published in May and June 2022 respectively.

Housing Void Rate

The housing void rate issue will now be managed through Financial Performance Reports and has subsequently been removed from the Table of Outstanding Issues. However, if issues arise in the future they will be brought back to this Committee as necessary.

Redmond Review

The government provided a further response to Local Audit Framework: technical consultation as detailed in the Redmond Review on 31 May 22. This is a culmination of the government's response into the effectiveness of external audit and transparency of financial reporting in local authorities and details the first steps taken towards a more coordinated local audit system, in which key players work together to address challenges as they arise.

The response confirms that the new regulator, the Audit Reporting and Governance Authority (ARGA) will act as system leader for local audit. Ahead of ARGA's establishment, shadow arrangements will start at the Financial Reporting Council. Additionally, measures were announced to ease immediate timeliness issues and reduce the financial burden which increased audit requirements placed on councils. Collaboration has accelerated across the current system as key stakeholders have worked closely through the Liaison Committee to deliver a package of measures to improve timeliness. A commitment of £45 million additional funding over the course of the next spending review period to support with the costs of strengthening their financial reporting and increased auditing requirements. Furthermore, the response confirms that once parliamentary time allows, it is planned that Audit Committees become mandatory for all councils, with at least one independent member nominated to each Audit Committee.

The Local Audit Framework technical consultation set out the government's intention to act as interim system leader for local audit before new system leader arrangements were established. This has included the establishment of the new Liaison Committee, which has met 4 times. This forum has enabled strong and positive engagement from across the local audit system on how to balance different priorities and objectives. A primary focus for the Liaison Committee across this period has been the development of measures to address ongoing audit delays and to support the fragile audit market.

The Public Sector Audit Appointments Ltd (PSAA) has continued to progress its procurement strategy for the next round of local audit contracts. In March, PSAA confirmed that 470 out of 475 eligible local bodies had opted-in to its scheme for the procurement of the 23/23-27/28 audit contract, including this authority.

As further progress is announced by the government, updates will be provided to future meetings of this Committee which will hopefully set out the necessary practical steps to implement the recommendations made as part of this review.

Planning Enforcement Policy

The draft Planning Enforcement Policy was presented to the Corporate Enforcement Group where feedback and comments were invited. The draft policy will now be presented to the Planning Committee in order for it to be formally adopted and it is anticipated this will be at its August meeting.

Careline update

Following the Audit Committee's consideration of the Careline service at its March 22 meeting, a report was presented to Cabinet on 17 Jun 22 which set out options for the future of the Careline service, along with the most up to date position with regard to the improvement actions identified. The actions include the creation of a Careline Board which is attended by senior managers and the Portfolio Holder for Housing. This Board continues to oversee the improvement plan which includes such elements as the monitoring of performance against the TSA KPI's, incoming call volumes, staffing levels and debt management.

Therefore the above establishes an assurance framework to respond to the issues previously reported to the Committee. However, further timely updates will be provided to future meetings of the Committee.

For information a number of options relating to the future of the service, that were considered by Cabinet, with the recommended way forward being to continue to deliver the service to the residents of the District including the identification of the necessary funding to meet and maintain the TSA accreditation requirements.

APPENDICES

Appendix A – Table of Outstanding Issues (June 2022) – General.

Appendix B - Table of Outstanding Issues – (June 2022) - Update against 2020/21 Annual Governance Statement Actions

AUDIT COMMITTEE - Table of Outstanding Issues (June 2022) - GENERAL

Governance Principle and Issue	Recommendation / Issue	Lead / Service	Progress /Comments	Status – Target Date
<p>Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.</p>	<p>Following the consideration of the Anti-Fraud and Corruption Strategy last year, it was resolved that:</p> <p>The Head of Democratic Services & Elections be requested to consider including training for Members on anti-fraud and corruption measures as part of the Councillor Development Scheme.</p>	<p>Assistant Director Governance</p>	<p>The issue of the integration of training for Councillors on bribery and corruption into the offer for training for Councillors is being taken forward within the wider piece of work endorsed by Cabinet (on 19 February 2021 – Minute 138 refers) and Council (on 16 March 2021 – Minute 103 refers). This wider piece of work arose from the work of the Constitution Review Working Party at which the suggestion for “a suitable mechanism for regular Member input going forward such as a cross-party Member Working Group” was made. The Working Party also identified the potential use of e-Learning Platforms and in pursuance of that access to the LGA’s e-Learning Package for Members has been arranged for all Councillors and is being rolled out to them. However, the LGA e-Learning Platform does not include a module on bribery and corruption, and measures to deter and detect such behaviour. Discussions will take place with the Section 151 Officer to look at how best to provide this training as they</p>	<p>Development of Formal Training Programme ongoing which will include:</p> <p>1. Joint general training with other Essex Authorities.</p> <p>2. Statement of Accounts training, timing of which remains subject to the reporting of the accounts to the Committee.</p> <p>Dedicated sessions for Audit Committee Members are currently being arranged to cover the following topics:</p> <p>The role of Internal Audit</p>

are on the wider point of Local Government Finance as requested by the Resources and Services Overview and Scrutiny Committee (to supplement the e-Learning module and a workbook on the subject already circulated to Members of that Committee).

A draft schedule of meetings dedicated to Councillor development was approved by Cabinet and moved by Full Council on 26 Apr 22.

Anti-Fraud and Corruption Strategy

Corporate Governance and Assurance in a Local Authority setting

Role and appointment of External Audit

Risk Management

The above are subject to external training providers' availability

				3. Moved by Full Council that the schedule of six training sessions dedicated to Councillor development through 2022/23 be noted by Members.
Response to report of Ofsted following inspection of Career Track	The full Ofsted report following the November 22 inspection was published on 24 December 22, grading Career Track as 'Requiring Improvement', which was subject to a separate report to this Committee at its 31 March 22 meeting.	Assistant Director Partnerships	The development plan referred to at the last meeting continues to progress and nears completion. The Development Group has monitored this progress to ensure the targets set against the Ofsted report can be met.	Next update to the Committee September 2022

AUDIT COMMITTEE - Table of Outstanding Issues (June 2022) – ANNUAL GOVERNANCE STATEMENT ACTIONS 2020/21

Governance Principle & Issue	Required Action(s)	Update / Additional Comments
Carried Forward and Updated from 19/20		
<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews.</p> <p>Utilising the Council's systems to complement best practice for drafting, reporting and decision making.</p>	<ul style="list-style-type: none"> • Review of project outcomes being undertaken by the Project Board to support future decision making and delivery. • Commence the roll out of the functionality of Modern.gov over a phased approach in 2020/21. 	<p>The outcome from the Digital Transformation Project was reported to Cabinet on 25 Mar 22 which also identified further investment opportunities for consideration for part of the Corporate Investment Plan. Further project outcomes will be reported to Cabinet as necessary during the year e.g. office transformation.</p> <p>Modern.gov remains a live project with additional functionality planned to be rolled out on an ongoing basis as necessary.</p>
<p>Developing the entity's capacity, including the capacity of its leadership and the individuals within it.</p> <p>Ensuring the Council has the appropriate structures in place to support delivery of the Corporate Plan following the Senior Management restructure.</p>	<ul style="list-style-type: none"> • Finalise the operational capacity review and implement any recommended and approved staffing restructures. 	<p>The restructure to align services and teams with the Assistant Director roles remains underway with the first phase planned to be implemented during the first quarter of 2022/23.</p> <p>The first tranche of the second phase was implemented on 01 Jun 22.</p> <p>Consideration of capacity and resources will remain a key element of the Corporate Investment Plan mentioned above.</p>

New and Updated for 20/21		
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Managing risks and performance through robust internal control and strong public financial management</p> <p>By strengthening the linkages between the Corporate Plan priorities and the Council's investment plans along with review of the longer term impact of COVID-19</p>	<p>As part of the Back to Business and Recovery Plan:</p> <ul style="list-style-type: none"> • Undertake a corporate review of the Council's operational assets to prioritise spending from an associated reserve over the next few years; • to develop an investment plan during 2020/21 which will be directly linked to the Council's budget and evolving financial position and supported by the reprioritisation of budgets / existing funding and/or as part of the long term forecast; and • conduct an audit review in relation to the effectiveness of the Council's response to the COVID-19 including <i>a review of the lessons learnt from the Council's response and</i> longer term consequences. 	<p>The Corporate Investment Plan which responds to the first two bullet points has now been established as highlighted above, with the first report presented to Cabinet on 25 March 22. This included the first phase of re-prioritising existing budgets to support further investment opportunities.</p> <p>As discussed at the Committee's meeting on 31 March 2022, this will form part of the planned work of Internal Audit during the year with an overall report bringing individual elements together planned for later in the year.</p>
<p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>To set out the Council's vision following the Council's Climate Emergency</p>	<ul style="list-style-type: none"> • Prepare an Action Plan for approval by both the Cabinet and Council to form part of the Council's Policy Framework 	<p>A Climate Change Action Plan was agreed by Full Council on 24 November 2020 and remains within the Council's key priority actions for 2022/23, which forms the background against which performance is being formally reported via the revised monitoring arrangements.</p>

<p>declaration of the Council's activities being 'carbon neutral' by 2030.</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>	<ul style="list-style-type: none"> • Review of the Council's Equality and Diversity strategy, policies and procedures 	<p>Both of these actions were considered as part of the respective Service's key priorities and actions during 2021/22 continuing through 2022/23, and are included within the revised performance monitoring arrangements, with updates being reported to Management Team during the year.</p>
<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Establishing a corporate framework to support community engagement</p>	<ul style="list-style-type: none"> • Developing the Council's approach and adopting principles for community engagement. 	

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