



AUDIT COMMITTEE

DATE:	Thursday, 30 March 2023
TIME:	10.30 am
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 March 2023

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 - 8)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Thursday, 26 January 2023.

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 Update from the Councils External Auditors

The Committee will receive an update from the Council's External Auditors on their work.

6 Report of the Internal Audit Manager - A.1 - Report on Internal Audit (Pages 9 - 30)

To provide the Committee with a periodic report on the Internal Audit function for the period January 2023 – February 2023, as required by the professional standards.

7 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.

8 Report of the Assistant Director (Finance & IT) - A.3 - Audit Committee Work Programme 2023/24 (Pages 43 - 48)

To present for approval the Audit Committee's proposed work programme covering the period April 2023 to March 2024.

9 Exclusion of Press and Public

The Committee is asked to consider passing the following resolution:

“That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of Agenda Item 10 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.”

10 Report of the Assistant Director (Finance & IT) - B.1 - Risk Based Verification Policy (Pages 49 - 58)

To seek the necessary annual approval of the Council’s Risk Based Verification Policy.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Audit Committee will be held on a date due to be published in due course.

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.

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Your calmness and assistance is greatly appreciated.

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 26TH JANUARY, 2023 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, Miles and Steady
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Clare Lewis (Assurance and Resilience Manager), Karen Townshend (Executive Projects Manager (Governance)) and Keith Durran (Committee Services Officer)
Also in Attendance:	Tharshiha Vosper of BDO LLP (the Council's External Auditors)

20. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

No apologies for absence were submitted on behalf of Councillors on this occasion.

21. MINUTES OF THE LAST MEETING

The Minutes of the last meeting of the Committee held on Thursday 15 December 2022 were approved as a correct record and were signed by the Chairman.

The Committee were also updated by Tharshiha Vosper of BDO LLP (the Council's External Auditors) in relation to matter of undisclosed directorships that was brought up in the last meeting, she confirmed that this matter was now closed.

22. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

23. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

No Questions on Notice pursuant to the provisions of Council Procedure Rule 38 had been submitted on this occasion.

24. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT

The Committee was provided with a progress report on the Internal Audit function for the period September 2022 – December 2022.

It covered three main points as follows:-

- A total of nine audits had been completed since the previous update in September 2022. Four of the six audits in fieldwork were close to completion. The final 12 audits had been allocated and were due to progress in the final quarter.

- All audits completed in this period had received a satisfactory level of assurance.
- An external quality assessment was recommended for Internal Audit functions every five years. Therefore, this Council's assessment would be due in March 2023. As this was the end of the financial year, which was one of the busiest periods in the year, it was proposed to delay the assessment until later in the 2023/24 financial year.

Members heard that a total of nine audits had been completed during the period September 2022 to December 2022. All audits completed in that period had received a satisfactory level of assurance with no significant issues to report. A further six audits from the 2022/23 Internal Audit Plan were in fieldwork phase, four of which were near completion. The final 12 audits from the plan had been allocated to be scoped and completed in the final quarter of the 2022/23 financial year.

Members also heard that although the Council currently had 12 audits due to be scoped and progress in this quarter it was not too far behind where it had been in the same period last year, therefore there was currently no concern at this stage as to whether enough audit work would be completed by the end of the financial year in order to be able to provide the Head of Internal Audit's Annual Opinion. If there was any change to this the Audit Committee would be updated accordingly. The majority of the key system audits were now completed or nearing completion which held significant weight when contributing to the annual opinion.

The Committee was informed that the Internal Audit function issued satisfaction surveys for each audit when completed. In the period under review, 100% of the responses received had indicated that the auditee was satisfied with the audit work undertaken. Members were also reminded that Internal Audit was currently an establishment of 4 full time employees with access to a third party provider of Internal Audit Services for specialist audit days as and when required. At the time of the meeting the Council had an Audit Technician post vacant.

It had been reported at the previous meeting of the Committee that the Council would explore a shared apprenticeship route with other authorities as a way for new recruits to gain experience across different sectors and authorities while learning. Unfortunately, this Council had not been able to gain enough interest across all authorities to make it worthwhile therefore it was now going to have to revisit the normal apprenticeship route.

It was reported to Members that the Public Sector Internal Audit Standards required the Audit Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report nine audits had been completed and the final report issued.

Assurance	Colour	Number this Period	Total for 2022/23 Plan	
Substantial		3	4	
Adequate		6	9	
Improvement Required		0	0	
Significant Improvement Required		0	0	

No Opinion Required		0	1	One consultative engagement in 2022/23 to date
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For the purpose of the colour coding approach, both the substantial and adequate opinions were shown in green as both were within acceptable tolerances.

There were no issues arising from audits completed in the period under review as none had received an 'Improvement Required' opinion which required reporting to the Committee.

The report to the Committee laid out the 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. 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	0	
Overdue less than 3 months	0	
Not yet due	5	

The Committee was updated on the following previous significant issues reported to it:-

Depot Operations, issues had previously been reported to the Audit Committee relating to Housing Repairs and Maintenance and Depot Operations relating to the following areas:

- *Lack of regular stock takes for the stores*
- *Lack of contract variation tracking as part of the Housing Repairs Contract Management*
- *Missing tenancy information*
- *Lack of clear record keeping*
- *Discrepancies between Oneserve Management Software and Invoices*

All of the above actions relating to the above issues were not yet due to be implemented and the Corporate Director was due to provide an update in March 2023. However, an interim update had been provided by the service. The implementation of stock takes had begun and a review of how the stores would be managed going forwards was currently being undertaken.

All other issues would be resolved by implementing the Oneserve software completely and ensuring that all officers used it going forwards. There was a working group tasked with ensuring this and specified staff were being trained as administrators with a view to rolling it out to all other officers to use.

The Corporate Director (or Assistant Director) for the service would provide a more

detailed update in March 2023 as previously requested by the Committee.

The Committee **NOTED** the contents of the report and **RESOLVED** that:

- a) the Five Yearly External Quality Assessment due in March 2023 be deferred to later in the 2023/24 financial year; and
- b) a note from this Committee be drafted by the Audit Manager and sent to the Leader of the Council, regarding the attempted collaboration with other Authorities in relation to audit apprenticeships and how this had not been successful.

25. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - TABLE OF OUTSTANDING ISSUES

The Committee considered the Table of Outstanding Issues. It had been reviewed and updated since it had last been considered by the Committee in September 2022.

There were two main elements to this report, namely:-

- 1) Updates against general items raised by the Committee; and
- 2) Updates against the 2021/22 and 2022/23 Annual Governance Statement Action Plan.

Members heard that in terms of item 1), there were no significant issues to raise, with actions remaining in progress. In terms of item 2), it set out the latest Annual Governance Statement agreed by the Leader of the Council and Chief Executive at the end of July 2022, and included any outstanding actions from the previous statement along with a number of new items identified. Activity would remain in progress against the various items, which would be reported to Members as part of this report mechanism going forward.

It was reported to the Committee that the Statement of Accounts 2020/21 remained subject to the conclusion of the work of the External Auditor. At the last meeting of the Committee, the External Auditor had provided a progress report, which set out the work that they had completed on the areas of significant risk and the results of that work. Those results were still going through a quality and review process but what was very positive to report was that the Auditors had not identified any errors, significant concerns or any control weaknesses that they needed to bring to the Council's attention.

It was reported to Members that the Auditors had increased their staffing on this particular audit in order to complete it.

RIPA – Regulatory Investigatory Powers Act 2000

It was reported 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.

Redmond Review

It was reported to Members that the Department for Levelling Up, Housing and Communities, acting as interim system leader, had provided local authorities with a

general update on 28 September 2022; stating that the Department had led work on a system-wide package of measures aimed at addressing audit delays. That programme continued to deliver on initiatives responding to the Redmond Review, whilst addressing matters to assist with wider market issues, including timeliness.

For Members' information a recent Local Government Chronicle article had indicated that nationally there were 600 audits still outstanding. As further progress was announced by the Government, updates would be provided to future meetings of this Committee, which would hopefully set out the necessary practical steps to implement the recommendations made as part of this review.

Planning Enforcement

The Committee heard that, at its September 2022 meeting, Members had been provided with an update regarding the Planning Enforcement Policy. In response the Chairman had stated the following namely that:-

- a) *he had concerns as to whether the staffing resources would be adequate to implement the Planning Enforcement Policy;*
- b) *he felt that an audit should be carried out of the planning enforcement service; and*
- c) *he had concerns as to whether the Policy had, in fact, been formally adopted given the amendments made and the decision made by the Planning Committee on 1 September 2022.*

In October 2022, the Planning Department had provided the following update by e-mail to Members of the Committee:

“Planning Enforcement is a priority for the Planning Management team and the arrival of the new Enforcement Team Leader on 25th October will assist with the improvements currently being implemented and those proposed for the coming months. The adoption of the Enforcement Policy, new reporting systems via the Corporate Enforcement Group & Planning Committee, and an updated harm assessment form with traffic light filters all feed into these improvements in service.

In addition, a recruitment campaign is underway to attract ex-police or ex-military personnel to the roles currently covered by agency staff. Having permanent staff in these roles will provide the department with a team of officers who are committed to the local area and delivery a high quality service. The new Team Leader, guided by the Planning Management team, will be a driving force behind training, customer service and a more efficient and effective enforcement department”.

Since the above update, the Planning Service had provided the following further comment:-

“Planning Enforcement remains a priority for the Planning Management team, and we now benefit from the arrival an Enforcement Team Leader. We are working through the historic caseload and have significantly reduced the caseload. The adoption of the Enforcement Policy means officers are following the priorities and using the harm assessment, but new reporting systems are needing to be put into place and process changed to match the policy requirements. The traffic light system is also being used.

A recruitment campaign has been carried out and did seek to attract ex-police or ex-military personnel alongside normal candidates to the roles currently covered by agency staff. We are shortlisting now. Having permanent staff in these roles will provide the department with a team of officers who are committed to the local area and delivery a high quality service. The new Team Leader, guided by the Planning Management team, will be a driving force behind training, customer service and a more efficient and effective enforcement department”.

External audit appointment from 2023/24

It was also reported that the Council had now received confirmation that the external auditor appointed to Tendring District Council from 2023/24, as part of the ‘opting in’ arrangements, would be KPMG LLP. This appointment covered a five-year period from 2023/24 to 2027/28. This appointment had been made under Regulation 13 of the Local Audit (Appointing Person) Regulations 2015 and had been approved by the PSAA Board at its meeting held on 16 December 2022.

After a short discussion the Members **RESOLVED** that:

- a) the Committee notes the progress against the actions as set out in Appendices A and B; and
- b) the Committee will re-examine, in due course, the Planning Enforcement function as regards to its effectiveness and efficiency once the new Policy is fully implemented and all enforcement staff are in place.

26. REPORT OF THE ASSURANCE AND RESILIENCE MANAGER - A.3 - ANTI-FRAUD AND CORRUPTION STRATEGY

The Committee considered an updated Anti-Fraud and Corruption Strategy.

Members were reminded that the Council’s Anti-Fraud and Corruption Strategy had last been updated in April 2022 and it remained subject to an annual review process.

An amended strategy was attached as Appendix A to the Officer report which reflected a number of minor amendments emerging as part of the annual review process. Amendments made since the last review had been highlighted in red/ italic font. For completeness, any sections being removed had been retained for the purpose of reporting the final version back to the Committee, with the font being struck through and in a red/ italic font.

The Strategy continued to be based on CIPFA’s code of practice on managing the risk of fraud and corruption as previously adopted by the Committee at its meeting held on 22 March 2018. 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

It was reported that the updated strategy provided details of ongoing projects and provided realistic timescale for these to be finalised.

It was **RESOLVED** that the amended Anti-Fraud and Corruption Strategy, as set out in Appendix A to the Report of the Assurance and Resilience Manager, be approved.

The meeting was declared closed at 11.32 am

Chairman

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AUDIT COMMITTEE

30 MARCH 2023

REPORT OF INTERNAL AUDIT MANAGER

A.1 REPORT ON INTERNAL AUDIT – JANUARY 2023 TO FEBRUARY 2023 AND THE INTERNAL AUDIT PLAN 2023/24

(Report prepared by Craig Clawson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a progress report on the Internal Audit function for the period January 2023 – February 2023 and to seek approval of the Audit Committee for the 2023/24 Internal Audit Plan.

EXECUTIVE SUMMARY

- A total of four audits have been completed since the previous update in January 2023. However, at time of writing, the overall assurance opinion on two of them were still being negotiated. Nine audits are still in fieldwork, four of which are expected to be completed before the Audit Committee sits in which a verbal update will be provided.
- Four audits have been deferred to the 2023/24 Internal Audit Plan. Two of which were allocated to the Internal Audit Manager and competing priorities have limited capacity to complete in 2022/23. A further two audits have been delayed due to service changes and capacity issues. Based on the audits completed to date and those yet to be complete, the Internal Audit Manager is on course to provide an unqualified annual assurance opinion as long as no further significant issues are identified prior to the June 2023 Audit Committee.
- The 2023/24 Audit Plan has been developed using a risk based approach, taking account of the Council's Corporate Objectives, Corporate Risks and Emerging Risks. The plan has been collated based on the information gained from liaising with Directors, Heads of Service and entire departments to target areas that may benefit from an independent review of processes and procedures to determine potential efficiency gains, improved technology / software requirements or if the function has not been audited for a substantial period of time due to it being considered of lower risk historically.
- The establishment for the Internal Audit function is currently four full time equivalents (fte). A recent restructure now means we have four full time members of staff with the part time Audit Technician being changed to full time. This post is to be advertised and appointed to.
- The level and range of coverage is considered sufficient for the Internal Audit Manager to be able to provide an annual opinion on the Council's assurance framework.

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RECOMMENDATION(S)

<p>(a) The periodic update and the Internal Audit Plan 2022/23 be considered and approved; and</p> <p>(b) that the existing arrangements for updating the plan during the year, where necessary to reflect changing Authority activity and operational needs and to provide flexibility of service delivery, be continued, with significant amendments reported to this committee as part of the periodic Internal Audit reporting arrangements.</p>
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REASON(S) FOR THE RECOMMENDATION(S)
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<p><i>The above recommendations are required to ensure that the Audit Committee agree and accept the contents of the report.</i></p>
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ALTERNATIVE OPTIONS CONSIDERED

<p><i>The External Quality Assessment could be undertaken sooner, however additional resources would be required to do so when the impact is considered low risk.</i></p>

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

<p>Provision of adequate and effective internal audit helps demonstrate the Council’s commitment to corporate governance matters. It also links in with the Council’s key priorities of ‘Delivering high quality services’ and having ‘Strong finances and governance’.</p>

LEGAL REQUIREMENTS (including legislation & constitutional powers)

<p>The Council has a statutory responsibility to maintain adequate and effective internal audit.</p> <p>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.</p>
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FINANCE AND OTHER RESOURCE IMPLICATIONS
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<p>Finance and other resources</p> <p>The Internal Audit function is operating within the budget set. Recruitment and retention remains to be the biggest risk of not being able to deliver the Internal Audit Plan. This is continuously monitored and the Audit Committee are updated with any issues accordingly.</p>

USE OF RESOURCES AND VALUE FOR MONEY

External Audit expect the following matters to be demonstrated in the Council’s decision making:

A) *Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;*
 B) *Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and*
 C) *Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.*

As such, set out in this section the relevant facts for the proposal set out in this report.

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>Budgets are reported to the Audit Committee annually to review. The Internal Audit Manager regularly monitors those budgets throughout the year to ensure that they remain adequate and do not overspend.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>The Internal Audit Charter sets out the roles and responsibilities of both the Audit Committee and the Internal Audit function. The powers of the Audit Committee and the role of Internal Audit is also set out within the Councils Constitution.</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>Internal Audit continues to monitor new working practices in order to streamline processes and improve performance and potentially reduce costs. Internal Audits undertaken may support services in doing the same and potential reduce overall costs to the Council.</p>

MILESTONES AND DELIVERY

Review of recommendations and decision to be made on 26th January 2023 by the Audit Committee

ASSOCIATED RISKS AND MITIGATION

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

As this report is a periodic update report, there is no exposure to strategic risks within the Councils Risk Management Framework. There is however an operational risk of being unable

to complete and deliver the internal audit plan and be unable to provide the Head of Internal Audit Annual Opinion.

OUTCOME OF CONSULTATION AND 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.

EQUALITIES

There are no equality impacts directly associated with this progress report. However they will need to be considered as part of any improvement / remedial actions undertaken by the relevant Service where necessary.

SOCIAL VALUE CONSIDERATIONS

The following report is for information only and does not have a social value impact as set out within the template guidance.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

The following report is for information only and does not have an environmental impact as set out within the template guidance.

OTHER RELEVANT IMPLICATIONS

Set out what consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are then set out below.

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	N/A
Health Inequalities	N/A
Area or Ward affected	N/A

ANY OTHER RELEVANT INFORMATION

N/A

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Accounts and Audit Regulations 2015 require that “a relevant authority 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”.

In respect of the Internal Audit Plan the Public Sector Internal Audit Standards require the Internal Audit Manager to: -

- Establish a risk based Internal Audit Plan, at least annually, to determine the priorities of the Internal Audit function, consistent with the Council’s goals.
- Has in place a mechanism to review and adjust the plan, as necessary, in response to changes to the Council’s business, risks, operations, programmes, systems and controls.
- Produces a plan that takes into account the need to produce an annual Internal Audit opinion.
- Considers the input of senior management and the Audit Committee in producing the plan.
- Assesses the Internal Audit resource requirements.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

N/A

INTERNAL AUDIT PROGRESS 2022/23

A total of four audits have been completed since the previous update in January 2023. However, at time of writing, the overall assurance opinion on two of them were still being negotiated. Nine audits are still in fieldwork, four of which are expected to be completed before the Audit Committee sits in which a verbal update will be provided.

Four audits have been deferred to the 2023/24 Internal Audit Plan. Two of which were allocated to the Internal Audit Manager and competing priorities have limited capacity to complete in 2022/23. A further two audits have been delayed due to service changes and capacity issues and will be reassessed in the 2023/24 Internal Audit Plan.

A risk assessment has been completed to ensure that all audits that need to be completed in order to provide an annual opinion will have been. As previously mentioned, the audit plan is a rolling programme between financial years which is continually monitored and assessed to ensure that the work programme covers all service areas across the Council in order to provide a balanced opinion.

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 has an establishment of 4 fte posts with access to a third party provider of Internal Audit Services for specialist audit days as and when required. We currently have an Audit Technician post vacant.

At time of writing, all documentation has been submitted awaiting approval to advertise for an Internal Audit Apprentice to undertake a Public Service Operational Delivery NVQ Level 3 Apprenticeship.

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 2022/23 Plan	
Substantial	Green	2	6	
Adequate	Light Green	0	9	
Improvement Required	Yellow	0	0	
Significant Improvement Required	Red	0	0	
No Opinion Required	Grey	0	1	One consultative engagement in

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: -

- There were no significant issues identified within this period of completed audits.

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	1	
Not yet due	0	

Update on previous significant issues reported

Depot Operations

Issues have previously been reported to the audit committee relating to Housing Repairs and Maintenance and Depot Operations relating to the following areas;

- Lack of regular stock takes for the stores
- Lack of contract variation tracking as part of the Housing Repairs Contract Management
- Missing tenancy information
- Lack of clear record keeping
- Discrepancies between Oneserve Management Software and Invoices

As discussed at the previous Audit Committee, the Corporate Director responsible for the area will be attending to provide a progress update on the implementation of the agreed actions relating to the above issues identified.

DEVELOPMENT OF THE AUDIT PLAN

The Internal Audit Plan is produced taking into account the requirements as set out in the Public Sector Internal Audit Standards, the current Internal Audit Charter. The Internal Audit Team continue to aspire to add value by targeting particular areas of the Council that may benefit from an independent review of processes and procedures to determine potential efficiency gains, improved technology / software requirements or change through new innovative ways of working. The Council is operating with difficult budgetary pressures

therefore in 2023/24 there will be an emphasis on consultative work to support the Council in meeting its objectives, delivering key projects and preparing for emerging risks / cost pressures.

The 2023/24 Audit Plan has been developed using a risk based approach, taking account of the Councils Corporate Objectives, Corporate Risks and Emerging Risks. Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Therefore risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk). All audits will look at adverse impact and potential opportunities and all significant areas are reported to the Audit Committee periodically.

Internal Audit will continue to assess the impact of COVID-19 within all service areas audited. The Internal Audit Manager will provide and update as part of the Head of Internal Audit Annual Report. Some procedures have changed for the better because of COVID-19 as it forced the Council to modernise in some areas. However, some temporary measures were installed which are still in place now. Therefore, procedural changes will continue to be monitored to ensure internal controls are not overlooked.

Discussions have been held with Management Team members individually and collectively. The feedback from Management Team has been taken into account and incorporated within the plan presented to the Committee. The Committee now has the opportunity to input into the draft plan provided.

Other factors also considered when developing the plan are;

- The risk maturity of the organisation;
- The need to use specialists e.g. IT Auditors
- Contingency time to undertake ad-hoc reviews and fraud investigations
- Having the right balance of different reviews e.g Systems and risk based vs added value and consultative assessments

INTERNAL AUDIT RESOURCE REQUIREMENTS

The establishment for the Internal Audit function is currently four full time equivalents (fte). The team currently holds a vacancy for a full time Audit Technician post.

The proposed plan has been developed based on the current resource available and the teams' adaptation to innovative and leaner ways of working. The number of audit days proposed is 450 which remains unchanged from the 2022/23 audit plan. The plan has been created with the following in mind;

- A leaner more practical audit plan has been developed using a risk based approach, knowledge of all operational processes within service areas, historical assurance opinions and an understanding of where procedural changes have occurred around the Council.
- A hybrid structure of both internal and external resource will provide additional resilience within the team as well as provide different experience, skills transfer for more junior staff and access to a hub of audit resource.

- Emphasis on adding value in delivering objectives by providing more consultative work and advice on upcoming initiatives, projects, programmes and emerging risks.

INTERNAL AUDIT PLAN DETAIL

The plan provides an outline of the work currently proposed to be undertaken during the 2023/24 financial year. In order to continue to provide a proactive and flexible approach, the plan should be considered indicative of the work currently intended. The Internal Audit Plan needs to be flexible to ensure that Internal Audit resources are directed where they are most needed, and add as much value as possible to the organisation.

The plan will be kept under review during the year, in consultation with the Council's senior management, and taking account of changes to the Council's priorities, operations and risk. Changes to the plan will be brought to the attention of the Committee for approval.

The plan is considered to be in effect a rolling programme of work, rather than being specific to one year, and audits scheduled, but incomplete at the end of any financial year roll forwards and are completed in the new financial year.

A detailed breakdown of the Audit Plan is included in Appendix B.

The Committee's attention is drawn to the following: -

- The comments section of the plan provides additional detail on the audit techniques to be used to deliver the reviews, a brief summary of what is included within the audit and in some instances why it is included in the plan
- Consultative audits – The Council faces a difficult period with budget constraints, increased demand on services and involvement with major projects which could expose the Council to further risk financially and reputationally. Therefore, it is felt that Internal Audit can add more value by advising at the start and throughout the projects / initiatives
- Key Financial Audits – Audits within this section form the foundation of the Head of Internal Audits annual opinion as they cover all aspects of the Council's financial procedures. This is important because if there are major failings in our financial procedures as well as our service delivery audits then there is an increased risk of error, poor governance and fraud.
- Development – Some days have been allocated within the plan to ensure that there is enough time available for the Audit Team to incorporate all of the new processes, procedures, techniques and reporting arrangements into all areas of their work.

As referred to above mechanisms exist to allow amendment to the plan and if any issues arise regarding the risks in the current Corporate Risk Register, or new risks emerge including any identified by the Council's external auditors, then plan adjustments will be considered.

The level and range of coverage is considered sufficient for the Internal Audit Manager to be able to provide an annual opinion on the Council's assurance framework.

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APPENDICES

<i>Appendix A – Internal Audit Progress Report 2022/23</i> <i>Appendix B - 2023/24 Internal Audit Progress Report</i>
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REPORT CONTACT OFFICER(S) <i>Include here the Name, Job Title and Email/Telephone details of the person(s) who wrote the report and who can answer questions on the content.</i>
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Name	Craig Clawson
Job Title	Internal Audit Manager
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Tendring District Council Internal Audit			
2022/23 Internal Audit Plan Progress Report			
Audit Title	Status Feb 2022	Audit Type	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Fieldwork	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	To be confirmed
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.	Substantial Assurance
National Non Domestic Rates	Fieldwork	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	Complete	To review the mechanisms for making payments and ensure that all required controls are in place and followed as expected.	Adequate 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	Substantial 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	To be confirmed
Cash and Bank	Complete	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	Substantial Assurance
Health and Safety	Fieldwork	Spot checks on service area's to ascertain compliance with H & S recommendations	To be confirmed

Other Services / Systems

Risk Management	Fieldwork	Required annually under PSIAS and Cipfa guidance	To be confirmed
Coastal Protection	Deferred	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	Fieldwork	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	Fieldwork	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	Fieldwork	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	Complete	Undertake an Internal Audit of Parking Services and assess the internal control environment and capacity to deliver services	Adequate Assurance
Open Spaces, Horticulture and Playgrounds	Complete	To review the management of the service and compare delivery against departmental objectives. Ensure that all relevant internal controls are followed	Adequate Assurance
Section 106 Agreements	Complete	To review all processes relating to Section 106 Agreements and ensure that a robust monitoring and fee management process remains in place	Adequate Assurance
Land Charges	Complete	To review all processes relating to Land Charges and ensure that effective monitoring and fee management processes remain in place	Substantial Assurance
Licensing	Complete	Licensing processes to be assessed and ensure that the Council are complying with all relevant legislative and regulatory requirements while managing licensing revenue	Adequate Assurance
Beach Huts	Complete	Review the management of Beach Huts including fee income and assurance of owner compliance with relevant regulations	Adequate Assurance
Career Track	Complete	Allocated days to support the Career Track service in implementing their improvement action plan for the coming year	Consultancy
Housing Allocations	Complete	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	Complete	To review all activities relating to the management of services on Tendring seafronts	Adequate Assurance

CCTV	Deferred	Ensure that the Council is compliant with all regulations and legislation relating to the management of CCTV	To be confirmed
Freeport East	Delayed	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	Fieldwork	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	Delayed	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	Complete	PSIAS expectation that this will be covered each year.	To be confirmed
Freedom of Information Requests / Subject Access Requests	Fieldwork	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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Tendring District Council Internal Audit				
2023/24 Internal Audit Plan				
Audit Title	Days Allocated	Total Days	Comments	Associated Inherent Risk Categories
Key Systems / Key Financial Risk Areas				
Procurement	10		To review the Councils compliance with procurement rules and undertake analysis for works or services under the value required for a Tender process	<ul style="list-style-type: none"> • Financial • Reputation - General Governance and Fraud
Housing Benefits	15		Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	<ul style="list-style-type: none"> • Financial • Reputation - General Governance and Fraud
National Non Domestic Rates	15		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	<ul style="list-style-type: none"> • Financial • Reputation - General Governance and Fraud
Main Accounting System Budgetary Control	10		To review the Councils Main Accounting System which includes management accounting processes and budget monitoring and reporting	<ul style="list-style-type: none"> • Financial
Corporate Governance	10		Assurance Mapping and Self-Assessments to be used within this audit. Interviews with Senior Management required to ascertain the culture of the organisation	<ul style="list-style-type: none"> • Reputation - General Governance
Council Tax	10		Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	<ul style="list-style-type: none"> • Financial • Reputation - General Governance and Fraud

Key Systems / Key Financial Risk Areas				
Payroll	10		Data Analytics is the main audit technique used within this audit	<ul style="list-style-type: none"> • Financial • Reputation <p>- General Governance and Fraud</p>
Treasury Management	5		Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used	<ul style="list-style-type: none"> • Financial • Reputation <p>- General Governance and Fraud</p>
Project Management	10		To review the agreed strategic process for project management and ensure that it is followed within a sample of key projects	<ul style="list-style-type: none"> • Financial • Reputation <p>- General Governance and Fraud</p>
Contract Management	10		To ensure that contract management processes are followed within each department of the Council in order to determine the efficiency and quality in service delivery. This will be undertaken at the same time as Project Management as there synergies between the two audits	<ul style="list-style-type: none"> • Financial • Reputation • General Governance and Fraud •
Financial Resilience – Use of Resources	12		To assess the resilience of the Councils agreed budget and ensure resources are being used as efficiently as possible in order to mitigate and plan for the agreed budget pressures	<ul style="list-style-type: none"> • Financial • Reputation <p>- General Governance and Fraud</p>
Health and Safety	5		Spot checks on service area's to ascertain compliance with H & S recommendations	<ul style="list-style-type: none"> • Safety • Reputation

Other Systems / Service Area				
Housing Peer Review	10		To identify the outcomes from the Housing Peer Review and support the service in implementing any recommendations / agreed actions from it.	<ul style="list-style-type: none"> ● Financial ● Reputation - General Governance
Social Housing Regulation Bill – Implementation Plan	10		To support the service in implementing any new requirements from the bill and to help reinforce any processes that should already be in place.	<ul style="list-style-type: none"> ● Reputation ● Financial - General Governance
Housing Repairs and Maintenance	10		To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	<ul style="list-style-type: none"> ● Financial - General Governance
Leisure Estate – Efficiencies and Cost Pressures	20		To identify and assess inefficiencies and costs within the leisure service and determine what options are available to improve, resolve or do things differently	<ul style="list-style-type: none"> ● Financial ● Reputation - General Governance
Levelling Up Fund	20		To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	<ul style="list-style-type: none"> ● Safety ● Reputation ● Financial - General Governance
Building Control	12		To review the effectiveness of the Building Control service and the management of operational services, strategic priorities and income management	<ul style="list-style-type: none"> ● Financial ● Reputation - General Governance

Other Systems / Service Area				
Careline Service – Follow Up	5		Follow Up on recommendations made from the previous audit and reassess key areas of the business.	<ul style="list-style-type: none"> • Reputational - General Governance
Contact Centre - Digitalisation	5		To support the service in implementing digital solutions within the business area.	<ul style="list-style-type: none"> • Reputation - General Governance
Planning Development – Decision Making	6		To evaluate specific processes relating to decision making within the service area and determine whether any procedural improvements can be made	<ul style="list-style-type: none"> • Reputation - General Governance
Housing Allocations – Follow Up	5		Follow Up on recommendations made from the previous audit and reassess key areas of the business.	<ul style="list-style-type: none"> • Reputation • Financial - General Governance
Asset Management	10		To review the internal controls and procedures related to asset management within the organisation	<ul style="list-style-type: none"> • Reputation - General Governance
Freeport East	10		Days allocated to support the Council in meeting the objectives related to Freeport East. The Heads of Internal Audit for all areas across the country where a Freeport has been agreed are due to meet later in the year.	<ul style="list-style-type: none"> • Reputation - General Governance
Emerging Risks from Legislative Changes	15		Deferred from 2022/23 plan	<ul style="list-style-type: none"> • Reputation • Financial - General Governance and Fraud

APPENDIX B

Emerging Key Projects	20		To support the Council in any projects when required. Some examples could be Spendells, Starlings and Honeycroft	<ul style="list-style-type: none"> • Reputation • Financial • General Governance and Fraud
Risk Management	5		Required annually under PSIAS and Cipfa guidance	<ul style="list-style-type: none"> • General Governance
External Funding	10		To assess procedures relating to receiving external funding and the distribution of funds aligned to constitutional requirements	<ul style="list-style-type: none"> • Financial • General Governance
		173		

IT Audit				
Cyber Security	10		IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope Consultative review as the programme progresses.	<ul style="list-style-type: none"> • Financial • Reputation - General Governance
IT Governance	5		PSIAS expectation that this will be covered each year.	<ul style="list-style-type: none"> - General Governance
		15		

Action Tracking / Follow Up	30		Time allocated to chase, monitor and review the implementation of outstanding audit actions	<ul style="list-style-type: none"> • N/A
		30		

Carry Forward of Work in Progress	50		Audits in progress at 31st March 2021. May be necessary to revise figure at late stage in plan process	<ul style="list-style-type: none"> • N/A
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		50		
Other				
Consultancy & Advisory	50		Consultancy and advice, requested and unplanned audits, investigations.	<ul style="list-style-type: none"> N/A
Development	10		Time needed to adapt to internal and external changes and ensure that audit techniques, testing and reporting remain up to date	<ul style="list-style-type: none"> N/A
		60		
Total		450		

***Associated Inherent Risk Categories** are the overarching risk headings in which Corporate Risks and Business Risks are developed. In order to reach a high enough level to be considered a significant risk to the authority and require management action and audit resource there must be an element of Governance, Financial, Reputational, Fraud and Safety risk identified.

Glossary

Self-Assessment	Services to assess own processes and controls. Internal Audit to undertake testing only.
Data Analytics	To compare large volumes of data and analyse specific trends, errors or anomalies.
Assurance Mapping	To review other assurance reports on the service area and take assurance from those reviews already complete where possible.
Root Cause Analysis	Where continuous issues arise, Internal Audit will identify the root cause and support the service in resolving the systemic issue rather than the singular one-off issue arising from audit testing.

AUDIT COMMITTEE

30 March 2023

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)

It is recommended that:

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

REASON(S) FOR THE RECOMMENDATION(S)

To provide a timely update to the Committee along with assurances that actions previously identified are being addressed accordingly.

ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options associated with this report.

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.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

There are no direct legal implications associated with this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

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.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;

B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and

C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

MILESTONES AND DELIVERY

The Table of Outstanding Issues is presented to the Audit Committee at each of its standard meetings.

ASSOCIATED RISKS AND MITIGATION

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.

The 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.

OUTCOME OF CONSULTATION AND ENGAGEMENT

There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.

EQUALITIES

The Table of Outstanding Issues aims to deliver fairness, transparency and consistency to all customers and stakeholders.

SOCIAL VALUE CONSIDERATIONS	
The Table of Outstanding Issues is in itself a response to potential risk exposure, including considerations towards social value, with further activity highlighted to address matters raised by the Audit Committee.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
The Council's aim to be net zero by 2030 is considered by the Audit Committee and an update of the progress towards this aim shall be presented by the relevant Corporate Director, to the Committee at one of its future meetings.	
OTHER RELEVANT 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	Not applicable
Health Inequalities	Not applicable
Area or Ward affected	All Wards could be affected
ANY OTHER RELEVANT INFORMATION	
None	

PART 3 – SUPPORTING INFORMATION

BACKGROUND
<p>TABLE OF OUTSTANDING ISSUES</p> <p>The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in January 2023.</p> <p>There are currently two main element to this report as follows:</p> <p>1) Updates against general items raised by the Committee – APPENDIX A</p> <p>2) Updates against the 2021/22 and 2022/23 Annual Governance Statement Action Plan – APPENDIX B.</p> <p>In terms of item 1) above, there are no significant issues to raise, with actions remaining in progress or further details set out below. In terms of item 2), this sets out the latest Annual Governance Statement agreed by the Leader and Chief Executive at the end of July 2022, and includes any outstanding actions from the previous statement along with a number of new items identified. Activity will remain in progress against the various items which will be reported to Members as part of this report going forward.</p> <p><u>Outstanding actions – further details along with other issues identified</u></p> <p>The Statement of Accounts 2020/21 remains subject to the conclusion of the work of the External Auditor. The External Auditor remains committed to presenting their audit results report to this meeting of the Committee following which the formal sign off process can be finalised. At the time of finalising this report, it is expected that the report will be made</p>

available ahead of the meeting date.

RIPA – Regulatory Investigatory Powers Act 2000

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

Redmond Review

The latest available update is set at **Appendix C**.

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.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

The Table of Outstanding Issues is presented to the Committee at each of its meetings.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Table of Outstanding Issues (March 2023) – General

Appendix B – Table of Outstanding Issues – (March 2023) – Update against 2021/22 and 2022/23 Annual Governance Statement Actions

Appendix C – DLUHC letter to Chief Executives about External Audit

REPORT CONTACT OFFICER(S)

Name	Richard Barrett
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Name	Karen Townshend
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AUDIT COMMITTEE - Table of Outstanding Issues (March 2023) - 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 style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</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 development of a Formal Training Programme remains ongoing which will include:</p> <ol style="list-style-type: none"> 1. Joint general training with other Essex Authorities. 2. Statement of Accounts training, timing of which remains subject to the reporting of the accounts to the Committee. <p>Dedicated sessions for Audit Committee Members are currently being arranged to cover the following topics:</p> <p>The role of Internal Audit Anti-Fraud and Corruption Strategy</p> <p>Corporate Governance and Assurance in a Local Authority setting</p> <p>Role and appointment of External Audit</p> <p>Risk Management</p>	<p>Given the Local Elections in May 2023, it is anticipated that the first training session, ‘Your Role on The Audit Committee’, will be delivered prior to the proposed 29 Jun 23 meeting of the Committee. A further module, ‘Reviewing Audit Committee Reports Effectively’, will be delivered at a later date. Further training opportunities will be explored in response to the items listed.</p>

			The above are subject to external training providers' availability	
Planning Enforcement	<p>At its meeting on 26 January 2023, the Committee resolved:</p> <p>That it will re-examine, in due course, the Planning Enforcement function as regards to its effectiveness and efficiency, once the new Policy is fully implemented and all enforcement staff are in place.</p>	Assistant Director, Strategic Planning and Place	An update will be provided during 2023/24.	Once the new Policy is implemented and all enforcement staff are in place

AUDIT COMMITTEE - Table of Outstanding Issues (March 2023) – ANNUAL GOVERNANCE STATEMENT ACTIONS 2021/22

Governance Principle & Issue	Required Action(s)	Update / Additional Comments
<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. • Continuation of the roll out of the functionality of Modern.gov over a phased approach in 2021/22. 	<p>ON-GOING in 2022/23 - The outcome from key projects will be reported to Members following completion of the associated project.</p> <p>ON-GOING in 2022/23 - Modern.gov remains an on-going and live project with additional functionality planned to be rolled out during 2023/24. The delivery team have received updated training to support the future roll out of this system.</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>	<p>Finalise the operational capacity review and implement any recommended and approved staffing structures.</p>	<p>Building, Public Realm, Housing and Environment implementation date was 01 Mar 23 with the recruitment phase currently being conducted. Partnerships consultation period has concluded and is awaiting final sign off.</p>
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes.</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 	<p>COMPLETED – this relates to the first two bullet points with associated actions now forming part of alternative processes within the Council; although they have been delayed due to the significant financial challenges that the Council</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>from an associated reserve over the next few years;</p> <ul style="list-style-type: none"> 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; Conduct an audit review in relation to the effectiveness of the Council's response to COVID-19, including a review of the lessons learnt from the Council's response and longer term consequences. 	<p>currently faces as set out in the long term financial forecast.</p> <p>As previously discussed, this will form part of the ongoing work of Internal Audit, which will also reflect any learning points that may emerge from the national public inquiry currently underway.</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 declaration of the Council's activities being 'carbon neutral' by 2030.</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>COMPLETED - A Climate Change Action Plan was agreed by Full Council on 24 November 2020 and included within its priority actions from 2021/22, which forms the background against which performance is being formally reported via the revised monitoring arrangements.</p> <p>The Corporate Director, Place and Economy, will attend a future scheduled meeting of the Committee in 2023 to present to Members a two year progress report on the Council's Climate Change Action Plan.</p>
<p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</p>	<ul style="list-style-type: none"> Review of the Council's Equality and Diversity strategy, policies and procedures Developing the Council's approach and adopting principles for community engagement 	<p>COMPLETED The Council's Equality and Inclusion Strategy 2023-27 was agreed by Cabinet on 27 January 2023.</p>

<p>Ensure the Local Code of Corporate Governance and key policies and procedures are up to date.</p> <p>Ensuring openness and comprehensive stakeholder engagement.</p> <p>Establishing a corporate framework to support community engagement.</p>		<p>COMPLETED - The Council's Community Engagement Strategy was adopted by Cabinet at its October 2022 meeting.</p> <p>As part of the implantation phase an Officer Working Group has been established along with work being undertaken with the various departments across the Council to embed the associated processes.</p>
<p>Implementing good practices in transparency, reporting and audit to deliver effective accountability.</p> <p>40 Delegated decision making.</p>	<ul style="list-style-type: none"> Awareness and further strengthen good decision making incorporating the Council's policies and framework. 	<p>ON-GOING in 2022/23 - Increase the understanding of key principles including consultation, business planning, budget, and procurement, legal. Concept paper and PIDs to be completed comprehensively to ensure successful delivery within the governance framework.</p>
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>In terms of business continuity this is especially important given the current global/economic climate</p>	<ul style="list-style-type: none"> The relaunch of the Governance Checklist monitored quarterly and development of service area plans for 2023, both of these will cover risks and business continuity, these should cover the 3 headings under Use of Resources, to include project based risks. 	<p>Q3 Service Position Statements, incorporating the Governance Checklist, have been completed by all service areas. The results were presented to and considered by Management Team, along with the identification of common themes.</p> <p>Q4 Service Position Statements will be completed in due course.</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>Develop and implement a Corporate policy and strategy 'register' to ensure that these are reviewed and updated in a timely manner and to support decision making.</p>	<p>This remains under review and subject to securing the additional capacity required to deliver a number of corporate activities and actions.</p>

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AUDIT COMMITTEE

30 March 2023

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.3 AUDIT COMMITTEE WORK PROGRAMME 2023/24

(Report prepared by Karen Townshend)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

- To present for approval the Audit Committee's proposed work programme covering the period April 2023 to March 2024.

EXECUTIVE SUMMARY

- A work programme covering the period April 2023 to March 2024 has been prepared which continues to reflect the significant element of regulatory / statutory activity required, along with other associated work, which fall within the responsibilities of the Audit Committee.

RECOMMENDATION(S)

It is recommended that:

The Audit Committee approves its Work Programme for 2023/24.

REASON(S) FOR THE RECOMMENDATION(S)

To provide a work programme which reflects the significant regulatory / statutory activity required by the Audit Committee along with other associated work falling within their responsibilities.

ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options associated with this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedure are essential to the delivery of the Corporate Priorities supported by effective management and forward planning within this overall framework.

LEGAL REQUIREMENTS (including legislation & constitutional powers)	
Statutory and regulatory requirements have been recognised within the work programme.	
FINANCE AND OTHER RESOURCE IMPLICATIONS	
Finance and other resources Although there are no significant financial implications associated with the work programme of the Committee, additional officer time or resources may be required to support the activities of the Committee and existing budgets will be reviewed as appropriate if the potential for additional costs arises.	
USE OF RESOURCES AND VALUE FOR MONEY	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	The work programme of the Committee covers a mix of governance arrangements along with statutory and regulatory functions. The work programme aims to address these areas of responsibility within related timescales and deadlines to support, protect and enhance the Council's reputation and governance framework.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	
MILESTONES AND DELIVERY	
With the implementation of the Work Programme the Committee will be able to satisfactorily carry out its required activity.	
ASSOCIATED RISKS AND MITIGATION	
The Work Programme has no direct impact on these issues although they could feature within areas of work falling within the remit of the Audit Committee in future, which would be addressed specifically as and when they arise.	
OUTCOME OF CONSULTATION AND ENGAGEMENT	
There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.	
EQUALITIES	
There are no direct implications associated with this report.	
SOCIAL VALUE CONSIDERATIONS	
The Table of Outstanding Issues is in itself a response to potential risk exposure, including considerations towards social value, with further activity highlighted to address matters raised by the Audit Committee.	

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
Following the Committee's request, the Council's aim to be net zero by 2030 will be considered by the Audit Committee and an update of the Council's progress towards this aim shall be presented by the relevant Corporate Director, to the Committee at one of its future meetings.	
OTHER RELEVANT 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	Not applicable
Health Inequalities	Not applicable
Area or Ward affected	All Wards could be affected
ANY OTHER RELEVANT INFORMATION	
None	

PART 3 – SUPPORTING INFORMATION

BACKGROUND
<p>The Audit Committee has a wide-ranging area of responsibility with statutory and regulatory functions making up a significant element of their work. The meetings of the Committee are scheduled around a quarterly basis subject to the work required of the Committee to support the statutory and regulatory timescales and deadlines. The Audit Committee's work programme therefore needs to take account of various demands whilst balancing a number of activities within the planned number of meetings scheduled for the year.</p> <p>In addition to the regulatory and statutory activities undertaken by the Committee such as the Statement of Accounts, Corporate Governance and Risk Management, the Committee are also required to review and scrutinise:</p> <ul style="list-style-type: none"> • The work and performance of the Internal Audit function • The outcomes from the work of the Council's External Auditor • Progress against audit recommendations and other items identified by the Committee <p>In addition to the items set out in Appendix A, a number of additional items will be presented to the Audit Committee during the year in consultation with the Chairman. It is difficult at the present time to formally programme these in as they are largely reliant on the timing of the associated information being made available to the Council, but a summary is set out below:</p> <ul style="list-style-type: none"> • External Audit Certification of Claims and Returns • External Audit Results Report (associated with the Council's Statement of Accounts and Annual Governance Statement) • External Audit plans <p>During the year other matters apart from those set out above may be presented to the Committee for consideration, for example the outcome from regulatory reviews or other external inspections. Given the on-going regulatory and statutory workload and the various</p>

additional activities undertaken by the Committee, any additional items that may arise will need to be considered against the proposed work programme and included for reporting at the appropriate meeting, or considered for inclusion in subsequent work programmes.

Although not included in the formal work programme, a for Audit Committee training programme is being developed, which is anticipated to include 'Your Role on the Audit Committee' and 'Reviewing Audit Committee Reports Effectively'. The associated training opportunities will either form part of future meetings or, where necessary, separate arrangements made. It is hoped the first module of training, 'Your Role on the Audit Committee', will be conducted prior to the next meeting of the Committee, depending on the availability of the external training provider.

The Council is still waiting for a further update to The Redmond Review into the effectiveness of external audit, which is likely to have an impact on the work of the Committee and its associated work programme. The Committee are apprised of any updates within the Table of Outstanding Issues at each of its meetings.

Taking into account the responsibilities of the Audit Committee as highlighted above, the proposed work programme covering the period from April 2023 up to and including March 2024 is set out in the Appendix.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

The Work programme is presented to the Audit Committee annually for its consideration and approval.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Audit Committee Work Programme 2023/24

REPORT CONTACT OFFICER(S)

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APPENDIX A

Audit Committee Work Programme 2023/24

Audit Committee Meeting	Item	From
June 2023	Annual Report of the Head of Internal Audit 2022/23	Internal Audit
	Internal Audit Regular Monitoring Report <i>(including annual review of the Internal Audit Charter)</i>	Internal Audit
	Introduction to the Audit/Governance Framework and Terms of Reference of the Audit Committee	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(including update against External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance update)</i>	Assistant Director Finance & IT
September 2023	Internal Audit Regular Monitoring Report	Internal Audit
	Corporate Risk Update <i>(including outcomes from cyber security activities and assessment)</i>	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(including update against External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance update)</i>	Assistant Director Finance & IT
January 2024	Internal Audit Regular Monitoring Report	Internal Audit
	Anti-Fraud and Corruption Strategy – Annual Review	Assistant Director Finance & IT

	Table of Outstanding Issues (Including update against External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance update)	Assistant Director Finance & IT
March 2024	Internal Audit Regular Monitoring Report Internal Audit Plan 2024-25	Internal Audit
	Corporate Risk Update <i>(including outcomes from annual cyber security self-assessment) change words as above</i>	Assistant Director Finance & IT
	Risk Based Verification Policy – Annual Review	Assistant Director Finance & IT
	Audit Committee’s Work Programme 2024/25	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(including update against External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance report)</i>	Assistant Director Finance & IT

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