



AUDIT COMMITTEE

DATE:	Thursday, 26 September 2024
TIME:	10.30 am
VENUE:	Town Hall, Station Road, Clacton-on-Sea, CO15 1SE

MEMBERSHIP:

Councillor Sudra (Chairman)
Councillor Steady (Vice-Chairman)
Councillor Fairley

Councillor Morrison
Councillor Platt

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DATE OF PUBLICATION: Wednesday, 18 September 2024

AGENDA

1 **Apologies for Absence**

The Cabinet is asked to note any apologies for absence received from Members.

2 **Minutes of the Last Meeting (Pages 5 - 18)**

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Thursday 25 July 2024.

3 **Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests of Non-Registerable Interests, 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 19 - 40)**

To provide the Committee with a periodic report on the Internal Audit function for the period June 2024 – August 2024, as required by the professional standards.

6 **Report of the Assistant Director of Legal & Governance - A.2 - Complaint Procedure and Annual Letter to the Council from the Local Government and Social Care Ombudsman (Pages 41 - 56)**

To provide the Committee with the most recent annual letter to the Council from the Local Government and Social Care Ombudsman (LGSCO). The letter relates to complaints processed by the LGSCO in the financial year 2023/24. It is intended to establish a practice through which these annual letters are reported to this Committee in the future and, thereby, to extend awareness of such complaints and the opportunity for learning by the Council from complaints.

7 **Report of the Assistant Director of Finance & IT - A.3 - Table of Outstanding Issues (Pages 57 - 80)**

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 Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Thursday, 30 January 2025.

Information for Visitors

FIRE EVACUATION PROCEDURE

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

Your calmness and assistance is greatly appreciated.

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 25TH JULY, 2024 AT 10.30 AM
IN THE TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15 1SE**

Present:	Councillors Sudra (Chairman), Steady (Vice-Chairman), Fairley and Morrison
Also Present:	Councillor Calver
In Attendance:	Damian Williams (Corporate Director (Operations and Delivery)), Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Andy White (Assistant Director (Building and Public Realm)), Craig Clawson (Internal Audit Manager), Karen Hayes (Executive Projects Manager (Governance)), Keith Durran (Committee Services Officer) and Bethany Jones (Committee Services Officer)
Also in Attendance	Steve Bladen (BDO) and Emma Larcombe (KPMG) External Auditors

35. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

An apology was received from Councillor Platt (with no substitution).

36. MINUTES OF THE LAST MEETING

It was **RESOLVED** that the Minutes of the meeting of the Committee, held on 25 April 2024, be approved as a correct record and be signed by the Chairman.

37. DECLARATIONS OF INTEREST

There were no declarations of interest by Councillors in relation to any item on the agenda for this meeting.

38. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

On this occasion no Councillor submitted notice of a question.

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

The Committee had before it a periodic report on the Internal Audit function for the period March 2024 – May 2024, and the Internal Audit Manager’s Annual Report for 2023/24 was delivered as required by the professional standards.

The report was split into three sections:

1. Internal Audit Progress 2024/25
2. Annual Report of Internal Audit Manager
3. Internal Audit Plan Progress

The report outlined how the Council had a statutory responsibility to maintain adequate and effective internal audit. The Accounts and Audit Regulations 2015 made 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.

The Members heard how the Public Sector Internal Audit Standards required the Chief Internal Auditor (Internal Audit Manager) to make arrangements for reporting to senior management (Management Team) and to the board (Audit Committee) during the course of the year, and for producing an annual Internal Audit opinion and report that could be used to inform the Annual Governance Statement.

The Accounts and Audit Regulations 2015 required that “*a relevant authority undertook 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 required 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.
- Have 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.
- Produce a plan that took into account the need to produce an annual Internal Audit opinion.
- Consider the input of senior management and the Audit Committee in producing the plan.
- Assess the Internal Audit resource requirements.

The Committee heard that all expected audits for the 2023/24 Internal Audit Plan had been completed. That a total number of six audits were completed during April 2024 to June 2024. One audit in this period received an overall opinion of ‘Improvement Required’ (Project Management) with the other five receiving satisfactory assurance opinions with no significant issues being identified. Internal Audit continued to provide advice on internal control, risk management and governance arrangements on a consultative basis.

The Committee also heard how the Council remained focused on delivering the message that Internal Audit supported services and by letting Internal Audit know about policy and procedural changes, difficult circumstances or just the unknown due to working on new projects/initiatives, Internal Audit could advise and support at an early stage rather than create additional work at a later date if governance or internal control issues were identified during an audit.

The Internal Audit Manager continued to oversee Fraud and Compliance service as well as the Internal Audit team while the Assurance and Resilience Manager remained on secondment.

Quality Assurance

The Internal Audit function issued satisfaction surveys for each audit completed. No unsatisfactory responses were received in this period.

Resourcing

Internal Audit had 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 had an Audit Technician post vacant.

Internal Audit was yet to advertise for another apprentice to support both the Internal Audit Team and the Fraud and Compliance Team.

Outcomes of Internal Audit Work

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

Assurance	Colour	Number this Period	Total for 2023/24 Plan	
Substantial		0	7	
Adequate		5	12	
Improvement Required		1	1	
Significant Improvement Required		0	0	
No Opinion Required		0	4	Four consultative engagements in 2023/24

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

Members heard that issues arising from audits completed in the period under review received an 'Improvement Required' opinion and required reporting to Committee were:

-

Project Management

Lack of periodic project updates

Finding

Major projects should report progress against time, budget and potential upcoming issues.

While it was expected that there was communication between the project manager and line manager, not all information was received by senior management.

The use of exception-based reporting was not suggested, mainly as there was no firm parameters of what constitutes an exception and whether project managers would report them if they thought (rightly or wrongly) they could recover the situation in future.

At present there was no regularised reporting arrangements which covers all projects performance

Risk

Without a strong monitoring process and involvement of senior officers, there is an increased risk of not recognising and mitigating delays and overspends with a consequential pressure on council funds and resources.

Agreed Action

Updates and progress reporting requirements of projects to be reviewed and specified by the new Project Board.

The review would take account of regularity of reporting, information required from project leads and format of reporting.

Reporting to be proactive in nature, and also consider use of system reports as applicable.

Failure to complete projects on time and budget.

Finding

The Council completed multiple projects across many departments each year. While some were successful and successfully complete against time, budget and purpose, there were multiple examples of those which have failed to do so.

Given the scale of upcoming Levelling Up works (as well as need to achieve budgets generally), the ability to deliver against targets must be of high importance.

There was no one element which united the less successful projects, there were repeat factors which give an indication. These included lack of sufficient preparation, incorrect specifications, variations, inadequate contingency and inaccurate estimates. It was acknowledged that each project was unique and some instances these additional costs could not be accounted for initially.

Risk

Without projects being completed on time and within budget consistently, this risked adding to financial pressures on the Council which, in turn, impacted spend in other areas adversely. In addition, specifically, the Levelling Up projects were very high value and even a small percentage variance would have an outsize impact on Council finances.

Agreed Action

Officers to be reminded to follow the requirements of the Constitution and ensure all steps were followed, including post-project review and adoption of lessons learnt.

It was agreed that large scale changes to the Constitution were not required, but officers needed to be aware and follow them.

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	4	Long term actions reported to the Audit Committee periodically (Appendix B)
Overdue less than 3 months	0	
Not yet due	2	Project Management – Reported above

Update on previous significant issues reported

All previous significant issues were now provided within the report before the Committee.

ANNUAL AUDIT REPORT OF INTERNAL AUDIT MANAGER

The Committee heard that the Council was required by the Accounts and Audit Regulations 2015 to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, internal control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS).

It was explained that the Public Sector Internal Audit Standards (PSIAS) stated that a professional, independent and objective internal audit service was 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, was 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.

All guidance from the Chartered Institute of Public Finance and Accountancy was also considered in line with the Accounts and Audit Regulations and the PSIAS when delivering a Head of Internal Audit annual opinion.

As set out in the Public Sector Internal Audit Standards (PSIAS) there was a requirement under PSIAS 2450 that the Chief Audit Executive had to provide an annual report to the Audit Committee, timed to support the Annual Governance Statement. This had to include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment);
- A summary of the audit work from which the opinion was derived (including reliance placed on work by other assurance bodies); and

- A statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

It was reported that the Council was responsible for ensuring its business was conducted in accordance with the law and proper standards, and that public money was safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also had a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions were exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council had to ensure that there was a sound system of internal control which facilitated the effective exercise of the Council's functions, and which included arrangements for the management of risk. The system of internal control was designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness.

Therefore, the Council continued to adopt a 'Three Lines of Defence' assurance model which was taken from the following sources;

1. **Senior Management and Departmental Leadership**
Under the first line of defence, operational management had ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
2. **Internal Governance**
The second line of defence consisted 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 monitored and facilitated the implementation of effective risk management practices by operational management and assisted 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 was detailed within the Accounts and Audit Regulations 2015, which stated that a relevant body had to:
 - 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

It was reported to the Committee that Internal Audit function undertook a programme of audits each year which provided 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 incorporated a number of independent reviews of the Council's activities to be able to give an overall opinion on the areas mentioned above.

The internal audit team maintained an agile approach to auditing, seeking to maximise efficiencies and effectiveness in balancing time and resource commitments with the necessity to provide comprehensive, compliant and value adding assurance. Aspects considered when developing an audit plan and delivering an effective internal audit service were broken down into the graphic below.



The Members heard that as well as incorporating all of the above areas into the Internal Audit service, the Council endeavoured to ensure that the service was agile and included the following aspects into its planning and implementation processes;

- Flexibility – Utilising different options to build engagement that allow varied deliverables
- Value creation – Enhancing or improving deliverables while considering culture, organisation maturity and stakeholder needs
- Innovation – Considering new and different ways of delivering audit efficiency, risk coverage and overall value
- Systematic approach – Considering options and making decisions in an orderly way

Communication between Internal Audit, Leadership and the Audit Committee had been effective and remained consistent which provided reasonable assurance around the effectiveness and transparency of reporting arrangements.

The Members also heard that Internal Audit had continued to work with services on a consultancy basis to support the implementation of new processes, identify and analyse route cause if necessary and ensure that all relevant employees had the appropriate training to competently carry out their role. This included advising service areas transformation projects, procurement, ad-hoc investigations and any further advice on procedural changes.

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

In 2023/24, only one audit from a total of 24 reviews undertaken received an overall audit opinion of “**Improvement Required**” where high severity issues were identified. The audit was Project Management.

The Committee heard how the Monitoring Officer had also issued a Section 5a report relating to the Spendells Temporary Housing project due to unauthorised spend, that resulted in a substantial overspend against the contract. The S151 Officer had also raised concerns via an addendum report which set out a number of actions that needed to take place at the request of the Chief Executive to ensure that a formal review of the Spendells project was undertaken and effective governance arrangements were in place for all projects going forwards. This corresponded with the significant governance issues identified within the project management audit and supported the need for a corporate review of project management going forward. Improvement actions were recommended for the mentioned audit areas which were followed up by the Internal Audit function to assess the progress of implementation. All significant issues were 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 2023/24

The Head of Internal Audit annual assurance opinion was 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

It was reported that there were 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. Any changes to the audit plan were in consultation with the Audit Committee and Management Team to fit with the resources available at the time.

The Head of Internal Audit Annual Opinion

It was also reported that the majority of audits in the 2023/24 Internal Audit plan received a satisfactory level of assurance. There was a total of 26 moderate issues raised throughout the year which was less than the 39 raised in 2022/23. This represented some improvement with regards to the internal control and governance

framework across the organisation. However, this must be caveated by the fact that the majority of 'non-financial' audits were in different service areas from the 2022/23 financial year.

The Members heard that there were two major issues raised in 2023/24, both of which related to project management. In a different year, this alone may not have had a material impact on the Head of Internal Audit opinion. However, when combined with the Section 5a report raised by the Monitoring Officer, the S151 Officers addendum report and the Chief Executives formal review instructions; it did raise serious governance concerns.

The Council had committed to major Levelling Up projects in the realm of £60m in total which could result in financial difficulties and significant reputational damage if not managed in a structured and effective way. The Council did have good governance frameworks in place, they had not been followed in the most effective and disciplined way for a number of projects completed to date. With this in mind, it does conclude that issues raised relating to the Councils current project management arrangements need to be addressed before moving too far ahead with the Levelling Up projects.

Governance arrangements and internal controls had 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 was reviewed bi-annually with any feedback reported to Management Team for consideration.

The Internal Audit Manager had considered assurances obtained through:

- All of the information reported above
- Internal Audit outcomes
- Annual Risk Management Review
- The Council's assurance framework
- Management assurance through the Annual Governance Statement process
- External inspections
- Ongoing engagement with the business
- Monitoring and reporting the implementation of agreed management actions

All major actions due, had been reported to the Audit Committee and all moderate actions were managed through the audit follow-up process with the service area.

The Internal Audit Manager was satisfied that sufficient work was completed in 2023/24 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's activities. The internal control environment continued to remain stable with some significant changes in specific service areas which had been reported to the Audit Committee throughout the year as part of the periodic reporting arrangements. An open dialogue with Senior Management on risk remained in place and a generally sound system of internal control had been assessed across the majority of the Councils operational areas.

The governance issues related to project management had made the overall decision more difficult due to the challenges that the Council face in the next few years to deliver significant benefits to Tendring residents via levelling up funding. If the current issues

were not addressed and the same issues arose with future projects, it would be very difficult to provide an unqualified opinion in future years.

After considering all of the above, an overall unqualified opinion of '**Adequate Assurance**' could be provided for the 2023/24 financial year with a commitment from Management Team that all significant issues raised by the Councils statutory officers are addressed as soon as possible.

In noting this opinion, it should be acknowledged that Internal Audit had not reviewed all risks and assurances and cannot provide absolute assurance on the internal control environment.

INTERNAL AUDIT PROGRESS 2024/25

The Committee heard that the Internal Audit Team were yet to finalise an audit within the 2024/25 Internal Audit Plan. A total of 6 audits were in fieldwork phase.

The Internal Audit Team had monitored outstanding actions and worked hard to ensure that services work with them to confirm that agreed actions were completed in a timely manner.

Work had begun in areas such as Parking Services, Private Sector Housing, Environmental Health, Cremations and Burials, Disabled Facilities Grants and Identity and Access Management.

Appendix B – 2024/25 Internal Audit Plan progress report; provided an update on the status of each audit to date.

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

The Corporate Director (Operations and Delivery) gave a brief summary on the Spendells project but explained that as there was an internal review underway, he was limited in what he could say about that matter.

After a short discussion it was moved by Councillor Fairley, seconded by Councillor Steady and unanimously **RESOLVED** to note:

- a. the annual opinion statement within this report,
- b. the completion of audit work against the 2023/24 and 2024/25 Internal Audit Plans; and
- c. any significant audit findings provided.

The Committee further **RESOLVED**;

- d. that in respect of the Spendells House issue, the Committee looks forward to reviewing the outcome from the work being undertaken by the Chief Executive; and
- e. notes and endorses the proposed joint working with the Resources and Services Overview and Scrutiny Committee and will seek to identify the associated opportunities for a combined exercise with that Committee going forward.

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

The Committee was joined (remotely) by the Councils external auditors. Steve Bladen (BDO) updated the Committee on the position on the uncompleted audits. He explained that the audit for 2021/22 should be completed by 30 September 2024. For the audits from 2022/23, they were waiting on Central Government to come forward with its plan as no back stop dates had been issued as of the time of the meeting. Once that plan was announced by Government, they would start work on finishing those audits.

Emma Larcombe (KPMG) explained that they are waiting for the audits from 2022/23 to close so they can make headway with the 2023/24 audit. She pointed out that they were undertaking some work they were able to do, but need to the new back stop date from Government and the 2022/23 audits closed.

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

It was reported to Members that the Table of Outstanding Issues had been reviewed and updated since it was last considered by the Committee in April 2024 and that there were two main elements to this report as follows:

- 1) Updates against general items raised by the Committee
- 2) Updates against the 2023/24 Annual Governance Statement Action Plan

In terms of item 1) above, there were no significant issues raised, actions remained in progress or further details set out below.

The Committee also heard that it was important to highlight the action set out in **Appendix A**, that related to the appointment of Independent Persons to the Audit Committee. Within CIPFA's most recently published position statement on Audit Committees In Local Authorities and Police, they highlighted a number of considerations that would be reflected in the proposed / upcoming review of the effectiveness of the Audit Committee along with the following key considerations that related to Independent Persons [extract from the guidance]:

- *“The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise*
- *When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.*

- *The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members”.*

The Members heard that a recommendation was set earlier in the report that sought the Audit Committees endorsement of appointing at least two Independent Persons to the Committee in-line with CIPFA’s guidance and requested Officers to explore the necessary activities that needed to be undertaken for reporting back to the next meeting of the Committee.

It was also highlighted that an item on the Audit Committee’s Work Programme that was approved at their meeting in April 2024 that related to an introduction to the audit / governance framework and terms of reference of the Audit Committee. This had been addressed via the various induction / training sessions undertaken during 2023/24 so had been removed from the 2024/25 work programme. The approach taken to date would be further supported via the proposed training modules highlighted within **Appendix A**.

Members also heard that in respect of the 2023/24 Annual Governance Statement Action Plan, although this remained subject to the Committee’s final approval later in the year once the work of the External Auditor was completed, for timely and practical reasons the version currently published at the end of May 2024 alongside the Unaudited Statement of Accounts was being presented to the Committee at this meeting. This approach enabled the actions and associated updates to be considered as early as possible within the Committee’s annual work programme. **Appendix B** therefore included outstanding items from last year’s Annual Governance Statement alongside new items for the year. There were no significant issues to highlight at the present time with actions and activities remaining on-going.

Outstanding actions – further details along with other issues identified

Continuing External Audit delays and an update on the External Auditor’s work on the Council’s Statement of Accounts 2020/21 – 2022/23

The Committee heard that to date, no further update had been received from the Council’s Auditors BDO. However, an update would be provided directly at the meeting where possible.

It was currently understood that due to the timing of the recent Parliamentary elections there was likely to be a delay in implementing the proposed backstop dates that were intended to provide a response to the ongoing external audit delays being experienced nationally. This was due to the fact that changes to legislation were expected to be required as part of the implementation of the backstop approach. Key commentators on the situation had also suggested that a change in approach may be being considered by the relevant key organisations. Timely updates would be provided to the Committee either directly at their meetings or separately subject to the publication of any new information.

After a brief discussion it was moved by Councillor Sudra, seconded by Councillor Fairley and unanimously agreed to **RESOLVED** to:

- a. note and consider the progress against the actions set out in Appendix A and B,

- b. in noting the action set out in Appendix A relating to the appointment of Independent Persons to the Audit Committee, endorses the approach of appointing at least two such people and requests Officers to review the arrangements necessary and presents an associated plan to the next meeting of the Committee; and
- c. request the Assistant Director Finance & IT to make the enquiries with the appropriate bodies to raise the on-going frustration with the external audit delays and to ask that the necessary legislation / regulations required to establish the proposed back stop dates are brought forward as a matter of urgency.

The meeting was declared closed at 11.13 am

Chairman

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AUDIT COMMITTEE

26 SEPTEMBER 2024

REPORT OF INTERNAL AUDIT MANAGER

A.1 PERIODIC REPORT ON INTERNAL AUDIT – JUNE 2024 - AUGUST 2024

(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 June 2024 – August 2024 and to provide an update on the Internal Audit Charter for approval by the Audit Committee as required by the professional standards.

EXECUTIVE SUMMARY

- Four audits have been completed since the last Audit Committee in July 2024. All four of the audits received a satisfactory level of overall assurance of Adequate Assurance.
- A further 13 audits from the 2023/24 Internal Audit Plan have been allocated and six are currently at the fieldwork phase.
- The Internal Audit Charter is provided to be reviewed and approved for the 2024/25 financial year. There has been no changes since the last update.
- The Internal Audit Manager continues to oversee the Fraud, Compliance, Risk and Health and Safety services while the Assurance and Resilience Manager is on secondment.
- We are currently working with our IT department to modernise the way our Fraud and Compliance Team work by introducing technology that can map out the most efficient routes when out on inspections as well as using data analytics to target the cases we inspect to be able to work smarter with limited resources.
- Interviews for a new apprentice have been held with a view to appoint shortly.

RECOMMENDATION(S)

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

- **That the reports be considered and noted; and**
- **The Internal Audit Charter be reviewed and approved.**

REASON(S) FOR THE RECOMMENDATION(S)

The above recommendations are required to ensure that the Audit Committee agree and accept the contents of the report.

ALTERNATIVE OPTIONS CONSIDERED

The reports are for information and consideration of the Audit Committee.

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. It also links in with the Council's key priorities of 'Delivering high quality services' and having 'Strong finances and governance'.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

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.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Finance and other resources

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.

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:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	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.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	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.
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.	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.

MILESTONES AND DELIVERY

Review of recommendations and decision to be made on 26th September 2024 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	
There are no direct implications associated with this report but will be considered as part of the delivery of the audit plan as necessary.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
There are no direct implications associated with this report but will be considered as part of the delivery of the audit plan as necessary.	
OTHER RELEVANT IMPLICATIONS	
<i>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.</i>	
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 Public Sector Internal Audit Standards require the Internal Audit 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.
PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.
N/A

INTERNAL AUDIT PROGRESS 2024/25

Four audits have been completed since the previous update to the Audit Committee in July 2024, all of which received a satisfactory overall opinion of 'Adequate Assurance'. No significant issues were identified in this period.

A further 13 audits from the 2023/24 Internal Audit Plan have been allocated and six audits are currently at the fieldwork phase.

The Internal Audit Manager and Executive Projects Officer are currently undertaking a review of the Spendells Housing Project as requested by Cabinet and the Chief Executive.

We are currently in the 'Key Systems' phase of the audit plan where all financial and core service systems and processes are reviewed. Each area is tried and tested and very important to the Councils day to day activities. We do not anticipate any significant issues in this area as historically they have been well managed; however, it is very important to ensure that these systems and processes continue to work as expected and remain well controlled.

Quality Assurance – The Internal Audit function issues satisfaction surveys for each audit completed. No unsatisfactory responses were received in this period.

Resourcing

Internal Audit 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.

The team has recently interviewed a number of candidates for a new apprenticeship. It is expected that an apprentice will be appointed before the Audit Committee meets on 26th September.

The Internal Audit Manager continues to manage the Fraud and Compliance teams while the Assurance and Resilience Manager is on secondment. The current arrangements are expected to last until December 2024 unless the secondment is extended.

We are currently working with our IT department to modernise the way our Fraud and Compliance Team work by introducing technology that can map out the most efficient routes when out on inspections as well as using data analytics to target the cases we inspect to be able to work smarter with limited resources.

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 2024/25 Plan	
Substantial		0	0	
Adequate		4	4	

Improvement Required		0	0	
Significant Improvement Required		0	0	
No Opinion Required		2	2	Two consultative engagements in 2024/25 to date

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: -

- No significant issues were identified in the period.

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	4	
Overdue less than 3 months	0	
Not yet due	2	

The Audit Committee requested more detail on the outstanding actions within the above table and on previous significant findings as a matter of context. Appendix B is a summary of those findings and agreed actions as well as including the service response and an internal audit status. This will become a regular appendix of the periodic progress reports going forwards.

Update on previous significant issues reported

All previous significant issues are now provided within Appendix B of this report.

INTERNAL AUDIT CHARTER

A requirement of the Public Sector Internal Audit Standards (PSIAS) is for the Audit Committee to review and approve the Internal Audit Charter on an annual basis. The Charter was last updated and approved in September 2023.

It was previously reported that new Global Internal Audit Standards were introduced in January 2024 with a view to becoming mandatory in January 2025. We have been awaiting CIPFA's response with a view on the impact to the public sector.

CIPFA has stated that it will be producing a revised edition of the Public Sector Internal Audit Standards (PSIAS), providing an overlay to support the adoption of the global standards specifically in the context of UK public sector organisations. It is anticipated that the revised PSIAS will be available in time to support adoption by 1 April 2025.

With this in mind, the Internal Audit Manager will continue as planned to undertake a self assessment of the Council's internal audit provision and include a review of the Internal Audit Charter within this. It is proposed to continue with the current audit charter until assessments have been complete and CIPFA have published an updated version of the Public Sector Internal Audit Standards.

APPENDICES

Appendix A – Internal Audit Progress Report 2023/24
Appendix B – Action Tracking Summary – Major Findings
Appendix C – Internal Audit Charter

REPORT CONTACT OFFICER(S)

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.

Name	Craig Clawson
Job Title	Internal Audit Manager
Email/Telephone	cclawson@tendringdc.gov.uk 01255 686531

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Tendring District Council Internal Audit			
2024/25 Internal Audit Plan Progress Report			
Audit Title	Status Sept 2024	Audit Scope Summary	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Allocated	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	To be confirmed
Housing Benefits	Allocated	To ensure that the control framework in place when processing housing benefit claims is strong and all legislative and regulatory requirements are met by the service	To be confirmed
National Non Domestic Rates	Allocated	To ensure that the control framework in place when processing business rate applications is strong and all legislative and regulatory requirements are met by the service	To be confirmed
Main Accounting System Budgetary Control	Allocated	To review processes and procedures relating to the management of the Councils financial accounting system and ensure that all legislative and regulatory requirements are met. This includes budgetary control across all departments within the Council	To be confirmed
Corporate Governance	Allocated	To ensure that the Council have a strong Corporate Governance framework in place. The CIPFA Code of Corporate Governance is used as a guide and comparison. The Best Value Standards and Intervention Statutory Guide will also be considered in this review.	To be confirmed
Council Tax	Allocated	To ensure that the control framework in place when processing Council Tax applications is strong and all legislative and regulatory requirements are met by the service. The new Citizens Access system to be included.	To be confirmed

Payroll	Allocated	To review all procedures and internal controls relating to payroll and the processing of employees and members pay. New HR / Payroll system I-Trent to be considered in this review.	To be confirmed
Treasury Management	Allocated	A full review of the internal controls and procedures relating to investing Council monies as well as short and long term borrowing	To be confirmed
Accounts Receivable	Allocated	To review the internal controls and processes relating to the Councils Accounts Receivable system and provide assurance that all processes are managed appropriately.	To be confirmed
Accounts Payable	Allocated	To review the internal controls and processes relating to the Councils Accounts Payable system and provide assurance that all processes are managed appropriately.	To be confirmed
Financial Resilience – Use of Resources	Allocated	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	To be confirmed
Health and Safety	Unallocated	To review the Council's Health and Safety processes and ensure that all departments are adequately monitored and advised in all H & S matters in line with the Council's legislative and regulatory requirements.	To be confirmed

Other Services / Systems			
Disabled Facilities Grants	Fieldwork	Assessment of the management of Disabled Facilities Grants and review of all related internal controls.	To be confirmed
Social Housing Regulation Bill – Implementation Plan	Fieldwork	To support the service in implementing any new requirements from the bill and to help reinforce any processes that should already be in place.	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
Public Conveniences	Fieldwork		To be confirmed

Levelling Up Fund	Allocated	To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	Consultative
Crematorium / Burials	Complete	Review the processes and procedures within the Crematorium / Burials service and identify the risks and issues which would prevent the service from meeting its overarching responsibilities and targets.	Adequate Assurance
Careline Service – Follow Up	Unallocated	Follow Up on recommendations made from the previous audit and reassess key areas of the business.	To be confirmed
Resource Management	Unallocated	To liaise with Human Resources and each department to determine the risks which would present capacity and resource management issues and identify how such issues are mitigated.	To be confirmed
Parking Services	Complete	A review of all parking income and the controls and processes relating to the collection, monitoring and banking of income.	Adequate Assurance
Housing Allocations – Follow Up	Fieldwork	Follow Up on recommendations made from the previous audit and reassess key areas of the business.	To be confirmed
Private Sector Housing	Fieldwork	To review the internal control environment and managed processes relating to private sector housing.	To be confirmed
Freeport East	Allocated	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	Consultative
Environmental Health	Complete	Environmental Health is a statutory function of local authorities and covers a wide and varied area of activity including food safety, pollution, animal welfare and licencing of certain trades to name a few. The review will assess the processes within some of the areas highlighted above.	Adequate Assurance

Risk Management	Unallocated	Required annually under PSIAS and Cipfa guidance. To review the Councils risk management framework.	To be confirmed
IT Audit			
Identity and Access Management	Complete	To assess the access control environment across the Councils network and major systems used by different departments.	Adequate Assurance
IT Governance	Fieldwork	PSIAS expectation that this will be covered each year	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

Audit Title	Finding	Finding Issue / Risk Identified	Agreed Action Description	Finding	Due Date	Service Response	Internal Audit Status
Housing Repairs and Maintenance	05 - Tenancy Information	<p>Every housing unit should have an identified tenant, or clearly marked as void if between tenants.</p> <p>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.</p> <p>There is currently no regular updating of tenant details if they move in or out. Similarly, it is understood that initially that 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.</p>	<p>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.</p>	Major	31/10/2022	<p>Data integration work is still ongoing with Oneserve. All requirements for data has been set up and provided from TDC and delays continue with Oneserve to impement the integrations. This is being chased frequently and should be resolved with full implementation in a few weeks.</p>	Still ongoing. Continue to monitor.
Housing Repairs and Maintenance	08 - Lack of Clear Record Keeping	<p>All works should show a clear audit trail from initial contact to final payment, and all stages between.</p> <p>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.</p> <p>Although some measures have been brought in, it is considered there is still room for some improvement.</p> <p>Examples include:</p> <ul style="list-style-type: none"> - Lack of notes for any calls received - Quotes and relevant correspondence not attached to OneServe record - Evidence of chasing overdue works - Communications to third parties not always available to other officers - Plethora of locations where documentation is stored - e-mails, drives, iAuditor, photos on drive and OneServe, calendar appointments, invoices, etc. - No central access to invoices if key officer absent <p>Some elements on software not completed</p>	<p>New procedure and process to be implemented so that information is captured centrally.</p> <p>This will be examined as part of Housing Repairs software review to identify what options are available and any subsequent officer training carried out.</p>	Major	31/10/2022	<p>A working group which is being led by Corporate and Assistant Corporate Director has been set up in response to a definitive list of our requirements being compiled ensuring the information gathered is fit for purpose and in reaction to developing needs following the introduction of a new regulatory regime and charter placing a much greater emphasis on accurate data availability through robust record keeping.</p> <p>Additionally, IT have confirmed that the new responsive work flow has various stages which captures all relevant information from a job's creation to invoicing. It also records failed access and can be tracked on times and dates when access was gained and failed. This data will be able to feed into the central asset management system (Lifespan) being set up through a separate project.</p>	<p>Continue to monitor whether the working group remains in place until the oneserve system is fully operational. To become a regular review as part of the annual audit process.</p> <p>No further action at this stage</p>
Recycling and Waste	Garden Waste Income	<p>The Garden Waste service has significantly grown since the introduction of the function.</p> <p>In order to effectively manage and monitor the service, several operational controls should be place.</p> <p>Currently, there is no master list to confirm total number of garden waste customers. This has lead to a lack of reconciliations, which essentially, prevents the team from checking income against customer figures.</p> <p>In line with the above, invoices are unclear which has made it challenging to establish charges for individual bin collections. Therefore, the team are uncertain whether the Council are being correctly charged, per bin.</p>	<p>Garden waste data to be transferred to Firmsteps, in order to verify total number of customers.</p> <p>Transparency of garden waste invoices also to be sought, to enable confirmation of charges.</p> <p>Once complete, full monthly reconciliations to be carried out and checks by management to be evidenced.</p>	Major	30/09/2023	<p>Analysis has been undertaken to determine the level of income that needs to be recovered due to garden waste being collected from properties that have not renewed or paid their subscriptions.</p> <p>Veolia has been tasked to stop collecting from 85 properties.</p> <p>First batch of letters gone out. Has had a 31% response. Second batch expected to be sent in April.</p> <p>The Assistant Director for the service will be attending the Audit Committee to provide a more detailed update.</p>	<p>Currently in third phase of collection period</p> <p>Continue to monitor and await final outstanding balance before final decisions made.</p>

Careline	Strategic Direction of Careline	<p>In 2021, Careline won the contract to provide local Careline out of hours coverage for Essex County Council (managed by Provide), using it's established team and building on work already undertaken for them.</p> <p>During the timescale of the audit, it became apparent that the service struggled to provide the expanded contractual service required and consistently underperformed call response times, with one of the major contributing factors being the availability of trained officers.</p> <p>Awareness of the situation extended to senior managers and led to discussions at a higher level, including contributions from Legal, Partnerships and Management Team.</p>	<p>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.</p> <p>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 options to explore, including integration of some healthcare services.</p> <p>Whatever options are chosen, one of the first targets will be renewed accreditation with the industry standards, TSA.</p>	Major	30/09/2023	Provide contract was removed in July 2022. TSA accreditation currently in place, due to be externally audited in April 24. Ongoing Careline review being carried out due to be finalised in May /June 2024.	Service review ongoing. Continue to monitor.
Project Management	Lack of periodic project updates	<p>Major projects should report progress against time, budget and potential upcoming issues.</p> <p>While it can be expected that there is communication between the project manager and line manager, not all information is received by senior management.</p> <p>The use of exception based reporting is not suggested, mainly as there are no firm parameters what constitutes an exception and whether project managers would report them if they thought (rightly or wrongly) they could recover the situation in future.</p> <p>At present there is no regularised reporting arrangements which covers all projects performance</p>	<p>Updates and progress reporting requirements of projects to be reviewed and specified by the new Project Board.</p> <p>The review will take account of regularity of reporting, information required from project leads and format of reporting.</p> <p>Reporting to be proactive in nature, and also consider use of system reports as applicable.</p>	Major	01/11/2024		Investment in developing a project delivery unit agreed by Cabinet in July 2024. The responsibility for managing major projects and reporting against budget and progress will become part of the teams responsibilities.
Project Management	Failure to complete projects on time and budget	<p>The council completes multiple projects across many departments each year. While some are successful and successfully complete against time, budget and purpose, there are multiple examples of those which have failed to do so.</p> <p>Given the scale of upcoming Levelling Up works (as well as need to achieve budgets generally), the ability to deliver against targets must be of high importance.</p> <p>There is no one element which unites the less successful projects, there are repeat factors which give an indication. These include lack of sufficient preparation, incorrect specifications, variations, inadequate contingency and inaccurate estimates. It is acknowledged that each project is unique and some instances these additional costs could not be accounted for initially.</p>	<p>Officers to be reminded to follow the requirements of the Constitution and ensure all steps are followed, including post-project review and adoption of lessons learnt.</p> <p>It was agreed that large scale changes to the Constitution were not required, but officers need to be aware and follow them.</p>	Major	01/11/2024		A formal response will be sent to all officers setting out the rules, regulations and standards when managing projects will be sent out by the project lead once appointed.

INTERNAL AUDIT CHARTER

1. INTRODUCTION

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

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

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

2. DEFINITION OF ROLES

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

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

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

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

3. REQUIREMENT FOR INTERNAL AUDIT

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

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

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

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

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

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

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

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

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

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

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

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

The purpose of the Internal Audit function is to: -

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

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

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

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

The scope of Internal Audit includes: -

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

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

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

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

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

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

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

7. ORGANISATIONAL INDEPENDENCE OF INTERNAL AUDIT

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

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

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

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

8. ACCOUNTABILITY, REPORTING LINES AND RELATIONSHIPS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. FRAUD AND CORRUPTION

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

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

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

11. INTERNAL AUDIT RESOURCE REQUIREMENTS

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

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

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

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

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

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

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

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

12. RIGHT OF ACCESS

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

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

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AUDIT COMMITTEE

26 SEPTEMBER 2024

REPORT OF ASSISTANT DIRECTOR, GOVERNANCE

A.2 COMPLAINTS PROCEDURE AND ANNUAL LETTER TO THE COUNCIL FROM THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide the Committee with the most recent annual letter to the Council from the Local Government and Social Care Ombudsman (LGSCO). The letter relates to complaints processed by the LGSCO in the financial year 2023/24. It is intended to establish a practice through which these annual letters are reported to this Committee in the future and, thereby, to extend awareness of such complaints and the opportunity for learning by the Council from complaints.

EXECUTIVE SUMMARY

The Annual Letter from the LGSCO is normally issued in mid-July, with this year's letter being issued on 17 July. The letters set out a summary for the previous financial year of the numbers of complaints received by the LGSCO concerning the Council, which services they relate to, the decisions reached in the year on complaints made to it and compliance with recommendations from it on upheld complaints. The 2024 Letter from the LGSCO (in respect of 2023/24) is set out at Appendix A to this report.

The Annual Letters are sent by the LGSCO to the Chief Executive, the Leader of the Council and the Chairman of this Council's Resources and Services Overview and Scrutiny Committee. A brief summary of the statistics from the Annual Letter, and the upheld complaints identified in the Annual Letter for the year concerned, is submitted to the Chief Executive's Officer Management Team, as part of developing learning across the various upheld complaints over those years.

Where an individual report on a particular complaint to the LGSCO has identified maladministration, the Monitoring Officer is under a duty to report to Cabinet (in respect of executive functions) or Council (in respect of non-executive functions). The Annual LGSCO letters have been referenced in reports on individual upheld complaints to Cabinet and Council. Currently, there is no established practice to report Annual Letters to a body of Councillors to consider. Through this report, it is proposed for this Committee to take on this role, as part of terms of reference to '*assess external regulatory reports and monitoring any quality improvement programmes where required. Comments are provided to Cabinet as appropriate*'.

The Committee is also advised that there is an intention to review the Council's corporate complaints procedure, following a similar review of the Council's procedure for complaints made in respect of the Council's role as landlord (the Housing Complaints Procedure). Council Housing complaints generally fall within the scope of the Housing Ombudsman and not the

LGSCO. However, this is not always the case (and this is relevant when looking at summaries of cases referenced in the 'Background' section of this report). The LGSCO has recently adopted a new Complaint Handling Code and this broadly mirrors the Code used by the Housing Ombudsman. The Council's complaints procedure will be reviewed having regard to the LGSCO's Complaint Handling Code and there may be a consequential need to review the Council's Housing Complaints Procedure too. This point was approved by Cabinet on 24 May 2024 (Minute 12 refers).

RECOMMENDATION(S)

It is recommended that the Committee;

- (a) receives and notes the report and approves a practice whereby Annual Letters from the LGSCO are submitted to this Committee for consideration in the future as part of its role in assessing external regulatory reports and monitoring any quality improvement programmes where required, with comments to be provided to Cabinet as appropriate; and**
- (b) Determines whether it wishes on this occasion to comment to Cabinet on the process of oversight of complaints and the learning from those complaints.**

REASON(S) FOR THE RECOMMENDATION(S)

Under the Local Government Act 1999 Act, local authorities must legally deliver what is termed 'Best Value' – a council must be able to show that it has arrangements to secure continuous improvement in how it carries out its work. On 8 May 2024, the then Government issued updated statutory guidance entitled "Best value standards and intervention: a statutory guide for best value authorities". This identifies as one of the characteristics of a well-functioning Council that it seeks to learn lessons from complaints it receives. The guidance continues and identified that an indicator of potential failure by a Council where complaints systems are not deployed.

The submission of the Annual Letter from the Local Government and Social Care Ombudsman to this Committee seeks to ensure that there is that wider understanding of the position concerning complaints made to that Ombudsman; as well as offering an opportunity to look at lessons that can be learned from those complaints.

In addition to the Local Government and Social Care Ombudsman's publication of the Annual Letters to Councils, the data on the number of upheld complaints (per 100,000 population) is also now published by the Office for Local Government (OFLOG); through its website. At present, OFLOG's comparators with other authorities in respect of complaints is derived from the data in 2021/22.

The Housing Ombudsman expects the role of the Member with Responsibility for Complaints to champion a positive complaint handling culture and build effective relationships with complaints teams, residents, it's audit and risk committees as well wider teams and the Housing Ombudsman Service. The Council should therefore utilise the Audit Committee in year to provide additional assurance for the consideration of general corporate complaints too.

ALTERNATIVE OPTIONS CONSIDERED

This represents the first time the Annual Letter from the Local Government and Social Care Ombudsman has been submitted to this committee for consideration. As such, the alternative of not submitting the Annual Letter would have followed the previous practice of the Council. This does not mean that there would not have been any oversight of the Complaints position by the Council. As stated elsewhere, the Letter is provided directly to the Leader of the Council, the Chairman of the Resources and Services Overview and Scrutiny Committee and to the Chief Executive. Management Team then considers the content of the Annual Letter and the Council, the Ombudsman and (in time) OFLOG will publish the data online.

However, given the role of this Committee it was a natural extension from the existing practice to provide the Committee with the Annual Letter and facilitate it to consider the complaints position at the Council. For that reason, the previous practice, whereby the Annual Letter had not been reported to the Committee, was discounted.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The consideration of complaints and the lessons learned from those complaints can be said to support the 2024-28 Corporate Plan Theme of ‘Pride in our area and services to residents’ as well as the overarching commitment to ‘Listening to and delivering for our residents and businesses’.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

The requirements of the Local Government Act 1999 and the related Best Value Statutory Guidance are set out above in the Reasons for Recommendations section.

FINANCE AND OTHER RESOURCE IMPLICATIONS

There are no direct financial implications arising from this report.

USE OF RESOURCES AND VALUE FOR MONEY

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>The careful consideration of complaints received, and particularly lessons resulting from external assessment/investigation by the Ombudsman rightly must influence resource allocation to ensure appropriate steps are taken to deliver on agreed recommendations with the Ombudsman.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>It is important that the powers and duties of the Council are delivered in a way that respects the obligations that come with those powers and duties. Learning the lessons from complaints can inform this position and thereby reduce the risk of not complying with those obligations to service users. The proposal also accords with the Audit Committee’s terms of reference.</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.	This ethos is central to the Best Value duty of the Council and considering the information available about complaints submitted to the Ombudsman is thereby an important part of complying with that ethos.
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MILESTONES AND DELIVERY

On the basis that the Committee agrees that there is value in receiving the LGSCO Annual Letter, the first appropriate meeting of the Committee following receipt of the Letter will receive it and an update on the position each year.

ASSOCIATED RISKS AND MITIGATION

In respect of this report, as this is in public, there will need to be caution applied to avoid identifying the individual details of complainants. The placing into the public domain of personal data about complainants should dissuade others from seeing to address service concerns and the Council is mindful that placing personal details into the public arena could cause distress to those individuals. As such, officers and Member of the Committee will seek to avoid such disclosure.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Ward Councillors have not been consulted on matters affecting individual complaints.

EQUALITIES

In line with the Public Sector Equality Duty, the Council has, in the preparation of this given due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race religion or belief, sex, sexual orientation. The proposals in this report do not impact on the protected characteristics.

SOCIAL VALUE CONSIDERATIONS

There are no direct social value considerations arising from this report.

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

There are no direct Net Carbon Zero implications arising from this report.

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	There are no direct Crime and Disorder implications arising from this report.
Health Inequalities	There are no direct Health Inequalities implications arising from this report.
Area or Ward affected	All Wards

BACKGROUND

At Appendix A to this report is the Annual Letters from the LGSCO 2024; which covers the financial year 2023/24. From this letter, and by comparison with the same letters received in 2021, 2022 and 2023, the following comparison has been produced:

Decisions of the Ombudsman in the years concerned:

	2020/2021	2021/2022	2022/23	2023/24
Complaints Upheld	0	2	2	4¹
Compliance with Ombudsman recommendations	1	2	2	1
Satisfactory Remedy provided by the organisation	0	0	0	0
Not upheld	1	3	1	2
Not investigated by the Ombudsman	7	12	10	8
Referred back to the Council as not progressed through its own procedure	6	11	12	13²

¹ Please note that the classification used is at odds with the Ombudsman's own 'Final decisions' in two of the cases.

² In 2024/25 that now includes classifications of 'advice given', 'referred back or local resolution' and 'Incomplete/Invalid'

Some caution needs to be given to the Ombudsman Complaint decision records for 2020/21 as, between March 2020 and June 2020, the Ombudsman temporarily stopped accepting new cases.

In addition to the straight forward reporting of the numbers and outcomes of complaints to the Ombudsman, their Annual Letter to the Council for 2023/24 included the following statement as to the timeliness of responses to its enquiries:

"During the year, we made enquiries of your Council in five complaints. In four cases the responses were late. Concerningly, in one case we were required to remind the Council of our power to issue a witness summons before we received the information we had requested.

I ask that you take action to improve the timeliness of responses to our enquiries. It is important we are provided with the information we have asked for promptly, and that, where you encounter delays, you keep us informed. If there is any support my office can provide to help improve the situation, please do let me know."

This issue of timeliness of responses is a matter that has been referenced by the Chief Executive to all Members of Management Team with a view to resolving the issues referenced above.

Thankfully, overall numbers of upheld complaints referred to the Ombudsman about this Council's delivery of services remains relatively low. Further details of those upheld

complaints are below. Some pointers just from those complaints are:

- **Be aware of reasonable timeframes for delivering services and find solutions to achieve these.**
- **If opportunities to review service delivery present themselves we should take them.**
- **Where we have a policy we should follow it.**
- **Keep records of decisions taken.**
- **Be thorough, whether that is matching payments to applications or considering all the various threads of a service requests.**
- **Do not stray from an impartial consideration of the matter you are dealing with.**
- **When there is a complaint, make sure we keep to timescales for responding, update the complainant if delays are likely and respond to all points raised.**

From the above upheld complaints by the Ombudsman since 2020/21, a summary of the service areas involved, reporting of the findings and of the cases is set out below.

Service Area	Reported to Cabinet/Council on	Classification of case by the Ombudsman and a summary of the case
Planning & Development	Not applicable on the basis of the Final decision of the Ombudsman as referenced	<p><u>Maladministration but no injustice to the complainant</u> This complaint concerns a disputed use of land for equestrian purposes between the owner of that land and the neighbour (the complainant). On the land in question there was a retrospective application for retention and relocation of stables and the erection of a tack room. An enforcement case brought by the neighbour had been opened and, subsequently, closed. However, the letter to the complainant was issued in the name of someone who was no longer employed by the Council. In view of this, the case was re-opened.</p> <p>The Ombudsman’s decision includes the following under the title ‘Final decision “I have completed my investigation on the basis there was no fault in the Council’s actions.”</p> <p>This decision is at odds with the classification now of the complaint by the Ombudsman.</p>
Planning & Development	Council on 19 March 2024	<p><u>Maladministration and injustice to the complainant</u> The complaint concerned the way the Council had handled a planning enforcement and anti-social behaviour report from a member of the public. The member of the public had reported to the Council alleged breaches of planning control (and anti-social behaviour) which they said had meant they could not use and enjoy their own property in the area</p>

		<p>concerned. In this case, the Council had received and acted on an initial report of planning breaches (and anti-social behaviour). This had included meeting with the individual concerned. A further communication from the individual was then not directly responded to by the Council in a timely way. The Council had though, across that time, undertaken extensive works to establish the degree of the planning breach and to inform action on the reports received. Interaction with the landowner in respect of matters at the site concerned had also been undertaken to address issues raised by the member of the public. The non-response to the second communication referenced above was, the Ombudsman had concluded, maladministration. The Ombudsman had been satisfied that the member of the public concerned had suffered avoidable frustration and uncertainty during the period to date. The planning enforcement case was still open.</p>
Planning & Development	Council on 28 November 2023	<p><u>Maladministration and injustice to the complainant</u> The complaint concerned the way the Council handled a planning application for the change of use of land near the complainant's home. The Ombudsman's conclusion on this point was that there was no fault in the Council's consideration of the change of use application. However, the Ombudsman did find fault in the failure to include a specific condition limiting activities around that new use of the site.</p>
Benefits & Tax	Not applicable on the basis of the Final decision of the Ombudsman as referenced	<p><u>Maladministration and injustice to the complainant (but remedied by the Council during the complaint process)</u> The complainant says that the Council sent them a Council tax bill in August 2022 that was backdated to 2018. She says that they had applied for Council tax support in 2019 but had not received a reply <u>(it had been refused due to the complainant's savings exceeding the limit)</u>. The Council says that annual bills were issued every year and that no payment had been made since October 2020. The Council says that a hold was placed on enforcement action whilst a repayment plan was agreed. The Ombudsman would expect a Council taxpayer to set money aside in the absence of a Council tax bill. Any dispute about liability for Council tax or a discount is a matter for the Valuation Tribunal. In addition, complaints concerning council tax billing in 2020 and 2021 was out of time as the complainant could reasonably have made one within 12 months. The Council's agreement to suspend recovery and agree a payment plan was deemed a suitable remedy to the complaint. The Ombudsman's decision includes the following under the title 'Final decision "We will not investigate</p>

		<p>[this] complaint because the matter has been remedied.”</p> <p>This decision is at odds with the classification now of the complaint by the Ombudsman.</p>
Housing	4 November 2022	<p><u>Maladministration and injustice to the complainant:</u></p> <p>The Ombudsman considered that the medical circumstances associated with an application for housing should have been reviewed in response to a representation received. The representations were made in June 2019. While the case was not subject to a full review, with a call for fresh evidence made, the existing position was re-examined and an offer of support to the complainant was made. The Ombudsman was of the view that the Council knew, or could reasonably conclude, that the needs of the household had increased since the last set of medical assessments had taken place. On that basis, a full review and call for fresh assessments should have been made. In 2017, the Council had made an offer of accommodation to the complainant and this was declined following advice received by the complainant from the County Council’s Occupational Therapists. The medical needs indicated that a single storey property was required.</p> <p>The Ombudsman did not find that the review of the case in June 2019 would have affected the complainant’s opportunity to be rehoused by the Council. There were also other elements of the complaint around housing that the Ombudsman did not uphold.</p>
Housing	4 November 2022	<p><u>Maladministration and injustice to the complainant:</u></p> <p>The investigation identified that the Council had adjusted the effective date of the application for housing from September 2018 to April 2019 and had not notified the applicant of the adjustment. There was also a delay of five months in notifying the applicant of a request for additional medical information and an occupational therapist assessment of the applicant’s accommodation at the time. The medical panel then did not consider the evidence of the applicant until June 2021. While the pandemic contributed to some of the delay, in referencing the case to the medical panel, it was not the only factor. The assessment of the medical panel was backdated to April 2019. Prior to submitting the complaint to the Ombudsman, the Council had considered the circumstances. The Council had, as part of its processes, apologised and offered the complainant £200 to recognise the time and trouble they had been</p>

		<p>put to in making the complaint and for any distress it caused. The Ombudsman considered that this Council offer remedied the injustice caused.</p> <p>The Ombudsman did not find that the delays incurred in this case affected the applicant's opportunity to be rehoused by the Council.</p>
Planning & Development	13 July 2021	<p><u>Maladministration but no injustice to the complainant:</u> The complaint set out alleged impropriety in the process leading to approval of the application. The Ombudsman considered these and did not uphold them. The Ombudsman did though identify an issue with notifications to those abutting or adjoining the site that was subject to the planning application concerned. While those neighbours were correctly notified, a further two properties were recognised by the Council's Planning Officer as relevant and notification letters had not been sent to them. The conclusion of the Ombudsman was that these two properties should have been sent notification letters.</p>
Planning & Development	13 July 2021	<p><u>Maladministration and injustice to the complainant:</u> The planning application was for prior approval for a change of use of a barn on land adjacent to the complainant's home and business. In this case, the prior approval application was received and, a few days later, the relevant payment for it was received. However, due to a discrepancy in address detail given on the application form and with the payment, the link was not made between the two within the eight weeks permitted to determine such an application. The failure in the processing of the prior approval application meant that the complainant was not notified of it and was denied the opportunity to make representations on it. This amounted to injustice. The Council had apologised for the error and had offered the sum of £100 in recognition of the error. The Ombudsman considered that the sum payable to the complainant should be £500 in this case.</p>
Planning & Development	15 September 2020	<p><u>Maladministration but no injustice to the complainant:</u> The complaint concerned fault with the Council's decision not to take enforcement action against unauthorised development at a neighbouring property as well as its handling of enforcement matters at that property. There was fault by the Council because the planning enforcement officer acted partially towards the owner of the neighbouring property. However, the identified fault did not cause significant injustice to the complainant</p>
Planning & Development	15 September 2020	<p><u>Maladministration but no injustice to the complainant:</u> The complaint concerned fault with the Council's decision not to take enforcement action against</p>

		unauthorised development at a neighbouring property as well as its handling of enforcement matters at that property. There was fault by the Council because the planning enforcement officer acted partially towards the owner of the neighbouring property. However, the identified fault did not cause significant injustice to the complainant
Planning & Development	15 September 2020	<u>Maladministration but no injustice to the complainant:</u> The complaint concerned fault with the Council's decision not to take enforcement action against unauthorised development at a neighbouring property as well as its handling of enforcement matters at that property. There was fault by the Council because the planning enforcement officer acted partially towards the owner of the neighbouring property. However, the identified fault did not cause significant injustice to the complainant
Planning & Development	15 September 2020	<u>Maladministration and injustice to the complainant:</u> The complaint concerned the stated failure to resolve complaints to the service about a neighbouring development, causing a loss of enjoyment and stress. The Ombudsman found the Council failed to follow its planning enforcement policy and this amounted to injustice. An apology has been given to the complainant together with a modest payment for distress/uncertainty and also for the time and trouble in pursuing the complaint. Modest payments (as determined by the Ombudsman) are in the range £100-£300.

In addition to the matters referenced in Annual Letters from the LGSCO, and as set out above, there is an intention to review the Council's corporate complaints procedure, following a similar review of the Council's procedure for complaints made in respect of the Council's role as landlord (the Housing Complaints Procedure). The LGSCO has recently adopted a new Complaint Handling Code and this broadly mirrors the Code used by the Housing Ombudsman. The Council's complaints procedure will be reviewed having regard to the LGSCO's Complaint Handling Code and there may be a consequential need to review the Council's Housing Complaints Procedure too.

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

None.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None. However, the Annual Letters from the LGSCO to this Council can be viewed on the Council's website here:

<https://www.tendringdc.gov.uk/content/transparency-making-public-information-available-to-everyone>

APPENDICES

Appendix A – Local Government and Social Care Ombudsman Letter 2024.

REPORT CONTACT OFFICER(S)	
Name	Keith Simmons
Job Title	Head of Democratic Services and Elections
Email/Telephone	ksimmons@tendringdc.gov.uk / (01255) 686580

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17 July 2024

By email

Mr Davidson
Chief Executive
Tendring District Council

Dear Mr Davidson

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their council.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues across the local government sector to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic. This year, we also provide the number of upheld complaints per 100,000 population.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 24 July 2024. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Your organisation's performance

During the year, we made enquiries of your Council in five complaints. In four cases the responses were late. Concerningly, in one case we were required to remind the Council of our power to issue a witness summons before we received the information we had requested.

I ask that you take action to improve the timeliness of responses to our enquiries. It is important we are provided with the information we have asked for promptly, and that, where you encounter delays, you keep us informed. If there is any support my office can provide to help improve the situation, please do let me know.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service and we encourage you to adopt the Code without undue delay. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations in future.

Our successful complaint handling training programme continues to develop with new modules in Adult Social Care and Children's Services complaint handling available soon. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

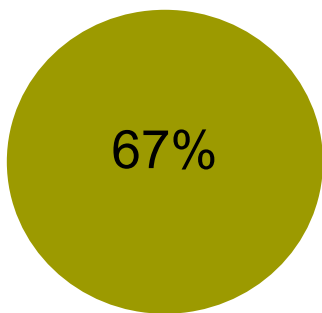
Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Amerdeep Somal', followed by a horizontal line.

Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



67% of complaints we investigated were upheld.

This compares to an average of **63%** in similar organisations.

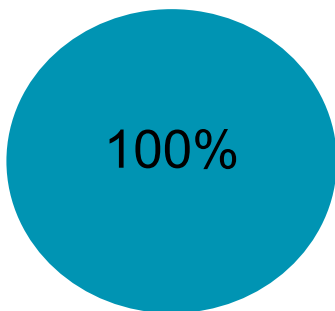
4
upheld decisions

This is 2.6 upheld decisions per 100,000 residents.

The average for authorities of this type is 1.2 upheld decisions per 100,000 residents.

Statistics are based on a total of **6** investigations for the period between 1 April 2023 to 31 March 2024

Compliance with Ombudsman recommendations



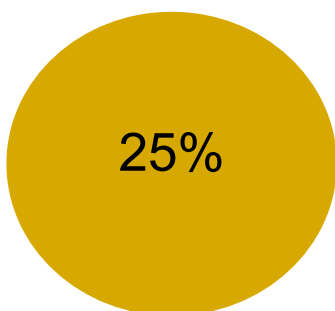
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2023 to 31 March 2024

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **25%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **21%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **4** upheld decisions for the period between 1 April 2023 to 31 March 2024

AUDIT COMMITTEE

26 SEPTEMBER 2024

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Hayes)

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 within **Appendix A and B**.
- 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.
- Following the Committee's recommendation and associated request at its July 2024 meeting, a review of the arrangements relating to the appointment of an Independent Person(s) to the Audit Committee has been undertaken with further details and recommendations set out below.

RECOMMENDATION(S)

It is recommended that:

- a) **The Committee notes and considers the progress against the actions set out in Appendix A and B; and**
- b) **that in respect of the appointment of an Independent Person(s) to the Audit Committee, the Committee:**
 - i) **notes and agrees the actions set out in this report;**
 - ii) **requests Officers to finalise a draft role / person specification and make the necessary arrangements to consult with members of the Audit Committee as highlighted in the plan; and**
 - iii) **that the outcome of the above be presented back to the January 2025 meeting of the Committee.**

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REASON(S) FOR THE RECOMMENDATION(S)
To provide a timely update to the Committee along with reassurances 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)
The recommendation to appoint an Independent Person(s) to the Audit Committee, initially stemmed from the Redmond Review. This has not materialised into legislation, as is the case with other Independent Persons appointed by the Council (e.g. Independent Persons for the Standards Committee and Independent Remuneration Panel); however CIPFA guidance recommends this practice to be implemented by Audit Committees.

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;	Not directly applicable
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Not directly applicable
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.	Not directly applicable

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 governance arrangements associated with the Council's aim to be net zero by 2030 fall within the Audit Committee's terms of reference and an update was provided to the Committee at its April 2024 meeting. A further report is to be presented to Cabinet in October 2024 and will at that time be available to the Committee.	
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
TABLE OF OUTSTANDING ISSUES
The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in July 2024.
There are two main elements to this report as follows:
1) Updates against general items raised by the Committee – APPENDIX A

2) Updates against the 2023/24 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 or further details set out below.

In respect of the 2023/24 Annual Governance Statement Action Plan, although this remains subject to the Committee’s final approval later in the year once the work of the External Auditor is completed, for timely and practical reasons the version currently published at the end of May 2024 alongside the Unaudited Statement of Accounts presents the most up to date position for the Committee’s consideration. This approach enables the actions and associated updates to be considered as early as possible within the Committee’s annual work programme. Appendix B therefore includes outstanding items from last year’s Annual Governance Statement alongside new items for the year. There are no significant issues to highlight at the present time with actions and activities remaining on-going.

Appointment of Independent Person(s) to the Audit Committee

At its last meeting, the Audit Committee endorsed the appointment of at least two Independent Persons to the Audit Committee and requested that Officers review the associated arrangements and present a plan to the next meeting of the Committee.

The necessary review has been undertaken with a proposed plan presented below:

Action	Key Considerations / Comments	Date action proposed to be completed
Develop a Draft Role / Person Specification	To take into account associated guidance e.g. CIPFA and to include / consider: <ul style="list-style-type: none"> • Current Audit Committee terms of Reference • ‘Eligibility’ criteria e.g. <ul style="list-style-type: none"> i) any existing or historical relationship with Tendring District Council ii) any relationship to existing employees or Members iii) any political affiliations • Length of Appointment • Any specific requirements e.g. connection to the area • Any specific skills / knowledge (taking account of any ‘gaps’ in terms of the existing membership of the Committee) • Proposed Remuneration 	By the end of November 2024
Consultation on Draft Role / Person	To arrange a ‘working’ meeting with members of the Audit Committee and include relevant Officers	By the end of December 2024

Specification	<i>To consider the options, benefits and opportunities in respect of the number of independent persons to be appointed. (Cipfa's guidance suggests two independent persons)</i>	
Finalise Role / Person Specification	<p>Following the consultation process above, to set out final proposals to a subsequent meeting of the Audit Committee. The Audit Committee be asked to agree their recommendations to Full Council</p> <p><i>(To include any financial budgetary implications which can be considered as part of the development of the budget for 2025/26 as necessary)</i></p>	To be presented to the January 2025 meeting of the Audit Committee
Recommendation to Full Council	<p>Based on the outcome of the actions above, the Audit Committee's recommendation be presented to Full Council.</p> <p><i>(As necessary, to include a delegation to the Chief Executive to undertake any associated appointment process in consultation with the Audit Committee Chairman)</i></p>	March 2025
If decision made is to appoint an Independent Person(s) to the Audit Committee, then the opportunity is advertised and the associated recruitment process be undertaken and appointment(s) made	<p>To undertake the necessary arrangement to publicise / advertise the opportunity as widely as possible. <i>(This could include highlighting the opportunity to people already known to the Council)</i></p> <p>Notwithstanding the above, appointment would only be via a formal application / recruitment process.</p> <p>To include the usual processes of shortlisting etc and undertaking the necessary interview process under the proposed delegation highlighted above.</p>	During first quarter of 2025/26.
Induction Programme Undertaken	<p>To include:</p> <ul style="list-style-type: none"> • Code of Conduct • Terms of Reference • Training 	During first quarter of 2025/26.

Outstanding actions – further details along with other issues identified

Continuing External Audit delays and an update on the External Auditor's work on the Council's Statement of Accounts 2020/21 – 2022/23

Any relevant update will be provided directly to the meeting where possible.

At the time of finalising this report, a review of the outcomes from the Government's consultation exercise, are being reviewed as they have only recently been published. However, the Government has stated that they intend to continue with the proposed statutory backstop approach, albeit with slightly amended dates as follows:

For accounts up to and including 2022/23 – 13 December 2024

For the 2023/24 accounts – 28 February 2025

For the 2024/25 accounts – 27 February 2026

For the 2025/26 accounts – 31 January 2027

For the 2026/27 accounts – 30 November 2027

For the 2027/28 accounts – 30 November 2028

The Government has confirmed that they have laid in Parliament the necessary regulations as well as a new Code of Audit Practice, which will give effect to their proposals. Any further updates will be provided to the Members of the Committee, either at their next meeting or separately within the interim period as necessary.

It is worth highlighting an item being considered by Cabinet at its 20 September 2024 meeting relating to external funding. Cabinet is being asked to agree that an external funding policy is developed for approval by the Leader of the Council that will in turn be presented to a future Audit Committee to seek their support and assurance on the associated governance processes. Subject to the decision of Cabinet on 20 September 2024, it is proposed that this item be included on the Committee's future work programme, which can be considered directly at the meeting.

Corporate Risk Update

This item is being deferred, with the agreement of the Chair of the Committee, to the next meeting of the Committee. The delay is due to Officer capacity and work commitments across other parts of the organisation. Although there are no major issues at the current time, it is worth highlighting in the interim period the increase in the number of complaints being received regarding alleged breaches of the Members' Code of Conduct at Town and Parish Council level. The District Council's Monitoring Officer with support of the Executive Projects Manager – Governance, are under an obligation to deal with complaints in accordance with the Standards Framework, which is having an impact on capacity and resources internally. A number of Town and Parish Council Members' Code of Conduct training sessions have been delivered and are organised for the near future, which although are delivered free of charge, the aim is to improve awareness of expected behaviours and ultimately to prevent unnecessary complaints being received. This issue will also be reported to the Standards Committee at its October 2024 meeting, as part of its Terms of Reference and oversight remit.

It is also worth highlighting the following:

- The recent replacement of the wireless access points across the Council's estate along with an increase in the frequency of immutable backups, both of which increase the Council's digital and data resilience.
- The Government recently announced a number of additional flexibilities relating to Right to Buy receipts. This is currently being reviewed but it is expected to support the increase in Council homes.
- At its meeting on 30 July 2024, the Human Resources and Council Tax Committee agreed a revised Market Forces Policy and People Strategy, both of which support a number of positive actions relating to the recruitment and retention of staff.
- Work remains ongoing to develop the long term forecast with the next update planned to be presented to Cabinet in October 2024 which is planned to include the first iteration of the Council's Saving Plan.
- Following the recent Government announcement relating to their intention to increase the supply of housing nationally, the impact on the Council's Local Plan remains under 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 (September 2024) – General

Appendix B – Table of Outstanding Issues (September 2024) – Update against 2023/24 Annual Governance Statement Actions

REPORT CONTACT OFFICER(S)

Name	Richard Barrett
Job Title	Assistant Director Finance & IT
Email/Telephone	rbarrett@tendingdc.gov.uk
Name	Karen Hayes
Job Title	Executive Projects Manager – Governance
Email/Telephone	khayes@tendingdc.gov.uk

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AUDIT COMMITTEE - Table of Outstanding Issues (September 2024) - 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>Page 65</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 as necessary:</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. 3. The role of Internal Audit Anti-Fraud and Corruption Strategy 4. Corporate Governance and Assurance in a Local Authority setting 5. Role and appointment of External Audit 6. Risk Management <p>The above are subject to external training providers’ availability and associated procurement processes.</p>	<p>Training sessions delivered to date: ‘Your Role on The Audit Committee’ – June 2023 and Fraud training in June 2024.</p> <p>Further modules will be delivered on 22 Jan 2024 with an external specialist trainer, and will include other Members e.g. Resources and Services Overview and Scrutiny Committee</p>

<p>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes - The Redmond Review</p>	<p>The Audit Committee has received on a regular basis updates in respect of the outcomes of the Redmond Review. The Government and other associated bodies continue to undertake the various activities to implement the Redmond Review recommendations.</p>	<p>Assistant Director Finance and IT</p>	<p>The last update provided to the Audit Committee was included in the main body of the Table of Outstanding Issues report, presented at the 05 Oct 23 meeting.</p>	<p>Complete (Items emerging from the Redmond Review are being reviewed/ implemented as separate items e.g. the appointment of Independent Persons to the Audit Committee. Therefore any further actions will be presented to the Committee as necessary).</p>
<p>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Office for Local Government (OFLOG)</p>	<p>On the 05 Oct 23, the Audit Committee received an update on changes to upcoming regulatory requirements and establishment of OFLOG. The Committee requested additional information on this future regulatory reform.</p>	<p>Assistant Director Governance</p>	<p>Future opportunities to provide additional information to Members will be explored e.g. an All Member Briefing.</p>	<p>This item has been put forward as a proposed agenda item within the most appropriate forum and/or will be considered alongside the potential training modules highlighted earlier.</p>

				This item will be discussed at the October iCab meeting for further consideration.
Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits – Climate Change	<p>At its meeting on the 05 Oct 23, the Committee resolved that:</p> <p>The Portfolio Holder for the Environment be requested to oversee the development of a Climate Action Plan from 2024, with its ambitions and actions set in the context of current national policy.</p>	<p>Corporate Director Place and Economy</p>	<p>The Council has contracted with APSE Energy to review our carbon emissions for 2022/23 as a baseline for the Action Plan 2024-27. Officers have completed a first draft of the action plan, which is currently being refined to be sent to APSE Energy for comment in Feb 24. The Consultants will review the carbon impact of the proposed actions and advise a trajectory for the Council to become net zero. The Council will need to review the cost implications of the off-setting required to reach net zero and the costs of investments to reduce our underlying carbon emissions.</p>	A report is due to go to Cabinet in October 2024 and will be available to the Committee at that point.
Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes –	<p>At its meeting on 25 January 2024 the Committee requested that an annual review of the effectiveness of the Anti-Fraud and Corruption Strategy is undertaken with the outcome to be reported back as part of the usual annual review process.</p>	<p>Assistant Director Finance & IT</p>	<p>The first review will be undertaken in early 2025 for reporting to the Committee in March 2025.</p>	March 2025

Anti-Fraud and Corruption Strategy				
Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Housing Review	At its meeting in April 2024, the Audit Committee considered the outcome of a recent external review of the Council’s Housing function. Following discussion, Officers were requested to consider appropriate processes to provide timely updates to Members on the associated action plan.	Corporate Director – Operations and Delivery	Work remains ongoing with the aim of ensuring that timely and appropriate updates are presented to Members during the year.	An update will be provided to the September 2024 Audit Committee meeting.
Managing risks and performance through robust internal control and strong Public financial management – Spendells Project	At its meeting in July 2024, the Audit Committee resolved; 1. That in respect of the Spendells House issue, the Committee looks forward to reviewing the outcome of the work undertaken by the Chief Executive 2. Notes and endorses the proposed joint working with the Resources and Overview Scrutiny Committee, and will seek to identify the associated opportunities for a combined exercise with that Committee going forward.	Chief Executive	In respect of 1. This forms part of the AGS action plan set out in Appendix B with an update to be provided to the Committee as soon as practicable, once the work referred to has been completed. In respect of 2. This remains under consideration subject to the outcome above.	Second half of 2024/25.
Ongoing External Audit delays	At its meeting in July 2024 the Audit Committee requested the Assistant Director Finance & IT to make enquiries with the appropriate bodies to raise the ongoing frustration with the external audit delays and to ask that the necessary legislation/regulations required to establish the proposed backstop dates	Assistant Director Finance & IT	An update is set out in the main body of the report.	Completed

	are brought forward as a matter of urgency.			
RIPA – Regulatory Investigatory Powers Act 2000	To inform the Committee of any activity conducted under RIPA conducted by the Authority.	Assistant Director Governance	This Authority has not conducted any RIPA activity in the last quarter and it is rare that it will be required to do so.	<p>Ongoing –</p> <p>The Council was subject to its three-yearly inspection by IPCO (Investigatory Powers Commissioner’s Office), regarding its compliance with RIPA 2000 and the Investigatory Powers Act 2016.</p> <p>The Inspector stated that he was assured of this Council’s ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 will be maintained, and that the next inspection would be due in 2027. Some minor action action points are required which can be conducted at</p>

				Officer level, with work already underway on these.
Whistleblowing	To inform the Committee of any activity under the Whistleblowing Policy as part of the monitoring arrangements.	Assistant Director Partnerships	This Authority has not received any Whistleblowing notifications since the adoption of its policy in July 2023.	Ongoing

AUDIT COMMITTEE - Table of Outstanding Issues (September 2024) – ANNUAL GOVERNANCE STATEMENT ACTIONS 2023/24
On-going / outstanding items at the end of 2023/24 carried forward into 2024/25

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 implement best practice for drafting, reporting and decision making.</p> <p>Page 72</p>	<ul style="list-style-type: none"> Review of project outcome 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 2022/23 – completed areas – training record for Councillors, TDC representatives on outside bodies, E petitions function, automated e mails, submission of final reports for Planning Committee, Cabinet, Council, Committee and Management Team dates published, Environmental Health licensing decisions published, report writing functionality. <p><u>ADDITIONAL FOCUS FOR 2024/25</u> Performance monitoring within services and decision implementation and project management.</p>	<p>The outcome from key projects will be reported to Members following completion of the associated project. Upcoming reports will include Jaywick Flexible Workspaces, Starlings and the Office Transformation Project.</p> <p>Modern.Gov – while use of several additional functions of the Modern.Gov system have progressed and have assisted the Council to demonstrate good decision making, report management was not implemented as intended.</p> <p>A revised programme into early 2025 has been prepared. To some extent this roll out has been frustrated by a server upgrade requirement from the Modern.Gov supplier (Civica) and from the report management functionality using a file type (*.bat) that would conflict with the Council’s IT security requirements.</p> <p>The server upgrade has been commissioned and is being programmed following approval for the additional budget to meet the related cost. Liaison between Democratic Services, IT and Civica is ongoing at the time of this update to find a solution to the file type issue that does not compromise IT security for the Council corporately. The programme for implementation</p>

		<p>of report management functionality will be kept under review given these constraints on implementation.</p> <p>In terms of the additional focus for 2024/25 this will remain ongoing over the second half of the year with updates provided accordingly.</p>
<p>Developing the Council's entity, including the capacity of its leadership and the individuals within it.</p> <p>Effectively manage the transition to a new Administration following the local elections in May 2023.</p> <p>REVISED FOCUS FOR 2024/25:</p> <p>Capacity to deliver the Council's Corporate Plan and its Priorities, together with new emerging initiatives.</p>	<ul style="list-style-type: none"> Continuation of the delivery of the Member Development Programme Cabinet focus on new Corporate Plan, project prioritisation, financial sustainability and robust decision-making. <p>REVISED FOCUS FOR 2024/25:</p> <p>Work is now underway to develop a number of milestones against the highlight priorities as part of delivering against the Corporate Plan themes.</p> <p>Departmental Plans within services will continue to be reviewed against the themes and highlight priorities during the year, with particular focus on governance issues, such as monitoring and implementing decisions, managing risks and budgets.</p> <p>Capacity requirements to be reviewed in light of the new range of competing capital project timescales, resources for projects and existing service provision.</p>	<p>WORK COMPLETED:</p> <p>An extensive Development Programme was implemented as part of the Induction arrangements for the newly elected/returning Councillors.</p> <p>This made use of written material, in-person and online events and the opportunity to interact directly with officers from a wide range of services across the Council.</p> <p>The Development Programme has continued and has included arrangements with mock hearings and similar, delivered in-house for both Planning and Licensing Committee Members and hearings based training for Members of the Standards Committee delivered by specialist external trainers. Use has been made of LGA in-person and online training and events to further enhance the development offer and this has included specific training for several Cabinet Members through a residential course provided by the LGA.</p> <p>A refresh of the skills of audit undertaken at the start of the Municipal year in 2023 is now planned to inform Member Development for the coming year and beyond.</p>

		<p>Cabinet report in Jul 24 recommends allocation of £1m to develop a Project Delivery Unit, headed by an experienced Project Manager to support the delivery of capital schemes and provide advice and guidance across the Council.</p> <p>A revised Corporate Plan and Vision was approved by Full Council at its meeting on 28 Nov 23, which included six themes, one of which was Financial Sustainability and Openness. Milestones have now been developed against Cabinet’s Highlight Priorities, which will be monitored in line with existing arrangements.</p> <p>A new online training provider which offers a wider range of courses to develop individuals, including both mandatory and optional courses, has been introduced.</p> <p>In terms of the additional focus for 2024/25 this will remain ongoing over the second half of the year with updates provided accordingly.</p>
<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>	<ul style="list-style-type: none"> • Review of existing Risk Management / Business Continuity arrangements. • Conduct and 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. • Review of the effectiveness of the Audit Committee. 	<p>It is now planned to undertake a review in 2024/25 which is later than originally planned, but it remains a key issue for consideration alongside the wider annual review of the Council’s governance arrangements.</p> <p>This continues to 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>It is planned to undertake a review in consultation with the Audit Committee and other key partners as soon as possible. Although this is later than</p>

	<ul style="list-style-type: none"> 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>originally planned this remains a key activity along with developing an associated action plan as necessary.</p> <p>The development of the register has commenced and is held on the Council's website as part of its commitment to transparency. It will be added to as strategies and policies are adopted and reviewed. Services have also been requested to reference the relevant strategy or policy within reports supporting decision making and has been evident in recent reports to Cabinet.</p>
<p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</p> <p>Maintaining an up to date Local Code of Corporate Governance along with key policies and procedures.</p>	<ul style="list-style-type: none"> Review and update the Local Code of Corporate Governance and key policies and procedure. 	<p>The commitment remains in place to undertake this review and will be considered as part of the wider governance statement activities that will be reported to the Audit Committee later in the year.</p>
<p>Implementing good practices in transparency, reporting and audit to deliver effective accountability.</p> <p>Delegated decision making.</p>	<ul style="list-style-type: none"> Awareness and further strengthening of good decision making incorporating the Council's policies and framework. 	<p>Work remains in progress to increase the understanding of key principles including consultation, business planning, budget, procurement and legal, with individual and bespoke guidance being provided, where requested, by the Monitoring Officer through report development. Concept papers and PIDs are encouraged to be completed comprehensively to ensure successful delivery within the governance framework.</p> <p>It is planned to undertake/continue a number of activities to increase the understanding of key</p>

Managing risks and performance through robust internal control and strong public financial management.

In terms of business continuity this is especially important given the current global/economic climate.

- Departmental Plans to be subject to review to reflect any updated Council objectives and priorities including the associated management of risk.
- Develop the financial planning process with the aim of strengthening the Council’s long term financial sustainability.

As highlighted above, reviews of the Departmental Plans will be concluded alongside the Corporate Plan and highlight priorities during the remainder of the year (this will include alignment with any new/revised risk management approach and peer reviews as relevant).

Review to incorporate resources/capacity to deliver priorities, projects and service provision.

principles including consultation, business planning, budget, procurement and legal requirements, this will be delivered through the Senior Management Forum.

Focus will be on embedding robust project management within the culture of the organisation, to provide oversight on financial and non-financial issues especially in key areas such as – Levelling Up Fund / Regeneration Project, waste contract renewal, new major contractual requirements and housing review recommendations.

External funding guidance to be produced, incorporating existing requirements, due to the level of external funding being applied for and managed by the Council. Please see main body of the report for additional information relating to Cabinet’s request seeking support from the Committee in the associated governance arrangements and processes.

	<p><u>ADDITIONAL FOCUS FOR 2024/25</u></p> <ul style="list-style-type: none"> To implement/embed the necessary processes to support the identification of the required level of savings set out in the long term forecast. 	<p>A balanced budget was presented to Full Council in Feb 24 with work ongoing as part of the financial sustainability and openness priority highlighted above which will aim to identify the necessary savings to support the Council's long term financial position. It is currently planned to present the latest forecasts including the first iteration of the Savings Plan to Cabinet in October 2024.</p> <p>The dedicated/regular Officer Management Team meetings will remain ongoing with a focus on financial and non-financial issues along with performance and delivery.</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"> Preparation/reporting updates against the Climate Change Action Plan for approval by both the Cabinet and Council to form part of the Council's Policy Framework. 	<p>The Corporate Director, Place and Economy, attended the October 2023 meeting of the Audit Committee and provided a comprehensive update.</p> <p>A further update is due to be presented to Cabinet in October 2024 as highlighted in Appendix A.</p>
<p>New Items for 2024/25</p>		
<p>Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> Officers be requested to review the Council's Community Engagement Strategy and its operation, taking into account the feedback received through the 	<p>Officers have been requested to review the various forums set out in Article 10 within their</p>

<p>Approach to Community Engagement, consultation and participation to be reviewed following adoption of the Corporate Plan and Communications Strategy.</p>	<p>Corporate Plan consultation with the public, partners and businesses, with a view to the outcomes being presented to a future meeting of the Cabinet.</p> <ul style="list-style-type: none"> Review Article 10 of the Council's Constitution which sets out how the Council will promote Community Consultation and Participation through a range of opportunities. 	<p>areas and responses will be collated to produce a revised version for approval.</p>
<p>Managing risks and performance through robust internal control and strong public financial management.</p> <p>In response to the Section 5 of Local Government & Social Housing Act 1989 report from the Council's Monitoring Officer on Spendells House</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 7/8</p>	<p>The Chief Executive:</p> <ol style="list-style-type: none"> Has instructed that a formal review be undertaken to provide further clarity on how the issue arose and developed (including the governance arrangements associated with issuing verbal orders), which in turn can inform any further actions along with informing decision making and project delivery in the future; has issued a directive to all Senior Managers relating to financial and budget management, which explains the consequences and expectations of them in their roles and will be supported by further collective meetings with Senior Officers over the coming weeks/months and; has commenced arrangements for the implementation of a Senior Officer Project 'Board' that in turn will report directly to the Council's Senior Management Team on a regular basis. <p>Statutory Officers to re-deliver governance awareness at the upcoming Senior Managers' Forum, where attendance is mandatory.</p>	<p>In respect of Item a) – this remains ongoing and further updates will be provided to the Committee later in the year.</p> <p>In respect of Item b) – the directive referred to has been issued and will form part of collective meetings with senior officers over the course of the year.</p> <p>In respect of Item c) – arrangements remain ongoing and a further update will be provided to the Committee later in the year.</p> <p>In respect of the re-delivery of governance awareness, this is planned to be covered at the first Senior Managers' Forum of 2024/25.</p>

<p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</p> <p><i>(Although this action is expected to cut across all seven of the key governance principles (A to G) set out above)</i></p>	<ul style="list-style-type: none"> • Review OFLOG requirements and revised Best Value Guidance, CIPFA Codes/guidance to identify areas of weakness and improvement and develop an action plan (including learning from external reviews, inspections and self-assessments). 	<p>Revised Best Value Statutory Guidance is specifically being referred to by the Monitoring Officer and Section 151 Officer, highlighting the relevant Best Value Themes, as detailed in the Guidance and the relevant indicators to the subject matter of the reports.</p> <p>Further opportunities to address this important area of the Council’s overall governance arrangements will be considered during the year, which will include a self-assessment style approach and associated action plan as necessary.</p>
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