



AUDIT COMMITTEE

DATE:	Thursday, 25 July 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, 17 July 2024

AGENDA

1 Apologies for Absence and Substitutions

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

2 Minutes of the Last Meeting (Pages 5 - 22)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Thursday 25 April 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 23 - 42)

To provide the Committee with a periodic report on the Internal Audit function for the period March 2024 – May 2024, as required by the professional standards and the Internal Audit Managers Annual Report for 2023/24 as required by the professional standards.

6 Report of the Assistant Director (Finance & IT) - A.2 - Table of Outstanding Issues (Pages 43 - 62)

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, 26 September 2024.

Information for Visitors

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Your calmness and assistance is greatly appreciated.

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

Present:	Councillors Sudra (Chairman), Steady (Vice-Chairman), Alexander, Fairley and Morrison
In Attendance:	Damian Williams (Corporate Director (Operations and Delivery)), Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Clare Lewis (Careline and Community Manager), Keith Durran (Committee Services Officer) and Bethany Jones (Committee Services Officer)
Also in Attendance:	Steve Bladen & Tshiamo Hlatshwayo (BDO) and Emma Larcombe (KPMG) External Auditors

24. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

An apology for absence was received from Councillor Platt (with Councillor Alexander substituting).

25. MINUTES OF THE LAST MEETING

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

26. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

27. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

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

28. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.4 - TABLE OF OUTSTANDING ISSUES

Members heard an oral update from one of the Council’s external auditors (BDO). The update provided, highlighted that the position regarding audits remained largely unchanged since the last committee meeting. However, a significant development had been the consultation issued by the Department for Levelling Up, Housing and Communities (DLUHC) on February 8th 2024 concerning steps to address backlogs in the local government audit market. Although the consultation had closed in early March, final proposals from the Government were still awaited, with expectations that they would align closely with the consultation. Those proposals were likely to introduce a statutory backstop date of September 30th, 2024, for completing audits up to the 2022/23 financial year. While the completion of the 2021 audit was feasible, the inability to complete audits for 2021/22 and 22/23 would have necessitated disclaiming audit opinions on those financial statements. Work over the summer would have been

required to issue disclaimed audit reports and report on the 2021 financial statements. Additionally, auditors were expected to undertake a single piece of value-for-money work covering all open years up to, and including, 2022/23, as per the consultation. Although final decisions were pending, this summary outlined the current understanding of the situation pending the Government's final proposals.

The report before the Committee outlined that the Table of Outstanding Issues had been reviewed and updated since it had last been considered by the Committee in January 2024.

There were two main elements to this report as follows:

1. Updates against general items raised by the Committee
2. Updates against the 2023 Annual Governance Statement Action Plan

In terms of Item 1 above, there were no significant issues to raise, with actions remaining in progress or further details as set out below. In terms of Item 2, this set out the latest Annual Governance Statement published as part of the Council's Statement of Accounts for 2022/23 on 1 August 2023. Activity remained in progress against the various items, which were reported to Members as part of this report going forward.

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

Members heard that, in terms of the Government's proposed response to the ongoing audit delays, they had undertaken a further consultation exercise across a number of issues including the proposed statutory backstop dates. At the current time, the Government was analysing the feedback from the consultation and it was hoped that they would publish their response shortly.

The East of England Local Government Association (EELGA) Housing Review

As Members were aware, there were changes happening within the Local Government Social Housing arena. The Regulator for Social Housing had had its power enhanced, under the Social Housing (Regulation) Act 2023, and this had resulted in Local Authorities, from 1 April 2024, becoming part of the regulated social housing regime.

Members also heard that, as part of this process, the Regulator had introduced new consumer standards and 12 Tenant Satisfaction Measures (TSMs). The four consumer standards that social housing landlords would be assessed against were:

- The Safety and Quality Standard which required landlords to provide safe and good-quality homes for their tenants, along with good-quality landlord services.
- The Transparency, Influence, and Accountability Standard which required landlords to be open with tenants and treat them with fairness and respect so they could access services, raise concerns when necessary, influence decision-making, and hold their landlord to account.

- The Neighbourhood and Community Standard which required landlords to engage with other relevant parties so that tenants could live in safe and well-maintained neighbourhoods and feel safe in their homes.
- The Tenancy Standard which set requirements for the fair allocation and letting of homes, as well as requirements for how tenancies were managed by landlords.

The Committee was told that the Council would need to report on the new consumer standards from April 2024 and to put in place processes to evidence that the standards were met from April 2023.

In order to be able to meet the new standards, the Council had requested support from The East of England LGA (EELGA) and other partners, to evaluate current policy and practice within the Housing Service, and to identify areas for improvement and recommendations for future action to meet the new regulatory requirements. Complaints handling, which the Housing Ombudsman oversaw, would be linked to meeting regulatory standards. Also relevant was the Homelessness Reduction Act 2017 and the good practice that had developed following this legislation. The lack of affordable housing combined with the current cost of living crisis had led to an increase in homelessness. As a result, the number of households placed in temporary accommodation and the associated costs had soared. The impact this was having on resources was also considered.

The Committee heard that the following areas were included as part of the evaluation:

Housing strategy and policy, tenancy management, tenant involvement, surveyors and management of the repairs and maintenance service, and homelessness. For each of those areas, the following was considered:

- People – organizational structure, culture, and skills, interdepartmental working
- Systems and processes – handling of complaints, repairs (including fire safety, damp, and mould), managing contractors, IT, and other system support.
- Budgets – the impact of the 7% rent cap, the balance between capital and revenue spend on repair and maintenance.
- Governance – clarity of decision-making and accountability, the quality of tenant involvement and empowerment.

To carry out the evaluation of the above, a number of different approaches had been taken that included desktop reviews of documentation, interviews with staff, managers, and the Housing Portfolio Holder, tenants, and external partners. The level of compliance with regulations and legislation was also explored.

A more detailed explanation of the findings from the evaluation work carried out was set out below.

Strategy

The main strategies that one would expect to find were in place. However, key documents were not actively monitored against recommendations. Where documents were still current, in particular, the Housing Strategy and the Homeless Reduction and Rough Sleeping Strategy, they should be reviewed, and progress against commitments evaluated to identify gaps and priorities for the remainder of the strategy timeframe. The

Resident Involvement Strategy which had now expired provided a good base from which to draw up renewed commitments to strengthening engagement with tenants across the whole of housing services.

This had led to a significant amount of work being undertaken to review existing policies as well bring forward new policies that were needed in order to deliver sustainable social housing.

To date the following housing policies had been reviewed and approved:-

Damp and Mould, Repairs and Maintenance, Fire Safety, Homelessness Prevention, Temporary Accommodation, Tenancy Deposit Guarantee, Rechargeable works policy.

Additional Housing policies were in the pipeline to be reviewed and delivered within the following twelve months.

Staff Culture

By and large staff were found to be dedicated and keen to move from what they described as a reactive service to a more proactive way of working. Many staff in Tendring had been employed by the Council for a long time and were used to working in established ways. The combined impact of changing regulatory frameworks and changes to both working practices and the demand on some services as a result of the Covid pandemic had meant that new ways of working needed to be embraced. Leadership played an important role in setting and supporting the culture of the housing service. Managers must be visible and engaged with those they managed and with tenants. They needed to reinforce the importance of being outcome-focused and also respectful to tenants.

Regular meetings were held by the Corporate Director with the housing managers to discuss the progress being made to meet the regulatory requirements. Those discussions were then fed back to the various teams via their respective team meetings.

Data Management

This was an area of serious concern. Poor record-keeping was frequently problematic. Restrictions on the sharing of information held by other departments with the Housing Services were highlighted as a hindrance and more work should be undertaken to understand the application of the GDPR to those scenarios. Shared main databases were not being populated. Performance data for decent homes and building safety was found to be incomplete with the result that Tendring would not be able to demonstrate that they met safety and quality standards in several areas.

In order to address the issues, an exercise had been carried out to identify the gaps in the population of the databases and to then address those issues. Databases had been centralized and monitored to ensure that they were being populated appropriately.

New software, Lifespans, had been purchased and installed. Currently, the team was undergoing training and the information held on other databases was being uploaded to further centralize the data for ease of use/integration with existing work streams.

A contractor, Property Techtonics, had been commissioned to carry a 25% stock condition survey of the Council's housing stock. To date, 10% of the surveys had been completed. This information would also be fed back into the Lifespan software as a continuation of the improvements to the Council's data collection.

A new Data Compliance Officer post had been created and filled. This post would ensure that data was collected, collated, and appropriately analysed.

Strategic Partnership Working

Tendring District Council had several effective partnerships addressing housing-related issues. Managers were actively engaged in those partnerships and were well-regarded by other agencies. Partnership working was delivering tangible benefits to Tendring in terms of joint working, funding, and engaging with the wider community. It was suggested that some thought was given to developing strategic work with other housing providers in the next iteration of the Housing Strategy and also the impact of a concentration of voluntary services located in Clacton. This was an area the Council would continue to explore.

Housing Budgets

Budgets were well-managed corporately. The Portfolio Holder for Corporate Finance and Governance received quarterly reports for the General Fund and the Housing Revenue Account. The impact of the 7% rent rise in 2023, which was below inflation, had been factored in and absorbed into the budget forecast for the HRA using balances. However, this was not a sustainable position. There were pressures on all budgets which would need to be factored in and managed for the future through the identification of savings, redirection of resources, and securing external funding. For the HRA revenue budget, the most significant pressures came from the increasing costs of day-to-day repairs. In the HRA capital budget pressures would come from the requirements to meet the Decent Homes Standard, safety standards, and better insulation of homes. For the General Fund, the cost of temporary accommodation and the use of the Homeless Prevention Grant both would benefit from closer planning and scrutiny and targeting to address need.

Complaints

Both the Ombudsman and the Regulator of Social Housing strongly emphasized complaints as an indicator of how well social landlords listened to and responded to the concerns of their residents. Tendring had introduced a new complaints policy that scored well against the Ombudsman's Complaints Handling Code meeting all the obligatory requirements and all of the applicable recommended requirements. Increasing disrepair claims were a concern and further analysis was needed to establish whether they indicated this was simply because tenants were being targeted by external companies to make claims or whether they also reflected an underlying problem. There was active engagement with the Ombudsman and tenants over complaints that reached this stage.

Tenant Engagement

Historically, tenant engagement had been good and the Tenant Involvement Strategy which ran until 2019 had encapsulated good practice. The restrictions of the Covid

pandemic had severely disrupted tenant engagement and this needed reinvigorating as a priority. Thought should be given to how to engage with a representative group of tenants, the value of a regular newsletter, and other channels of communication and having more of a presence on estates through walkabouts and events. The Tenant Engagement Strategy was being updated and should be widened to a Resident Involvement Strategy to include leaseholders. Tenant or resident engagement should be the responsibility of all staff.

The Council continued to work with its tenants, via the Tenant's Panel to ensure that there was good dialogue and challenge from the tenants as to how the Council supported them.

The Council had also reinstated our Tenants' newsletter and was actively looking at other ways to engage with its tenants.

Housing Management

Housing management, in part because of long-term vacancies, directed most of its resource towards managing risk and enforcement work – getting the rent in, dealing with anti-social behaviour, and tackling fraud. A new tenancy sustainment post worked with tenants on wider tenancy issues, including hoarding and overgrown gardens, and links with the County Council and other agencies who provided additional support. When fully staffed housing management should have greater capacity to expand proactive tenancy sustainment work with tenants in both general needs and sheltered housing who would benefit from advice and support to address growing pressures from the cost of living increases, fuel poverty, and mental health issues.

Currently, the service was fully staffed and had also created an additional 4 posts to support tenancy management. Those additional posts would give the Council an opportunity to increase its engagement with its tenants as well as to support those who were in financial difficulty and to gain a better understanding of its tenants in general.

Repairs and Maintenance

This was an area where the building blocks were being put in place to build the capacity to meet the required standards, but there was still some way to go to achieve the required outcomes. A team of motivated surveyors oversaw the work of contractors, several of whom were being supported to gain professional surveying qualifications. A small in-house repairs team carried out some of the more straightforward day-to-day repairs for housing (and other coastal-related responsibilities). Complex and specialist repairs and maintenance were carried out by external contractors. As mentioned earlier, a stock condition survey had been commissioned and was underway. This should provide the basis for a dedicated housing asset management plan that could inform the HRA 30-year business plan. A revised repairs policy had been adopted and had introduced a reduced number of categories, clear response times, and looked to strike a balance between landlord and tenant responsibilities, whilst having clear targets for performance. The work identified that there was a need to address gaps in data performance and management across a range of measures that would be included as Tenant Satisfaction Measures.

Many of the issues raised here had been addressed within the Data Management section above and a draft Housing Asset Management Plan had been produced and was currently under review.

Housing Options and Homelessness

This service was well thought of within the council and was described as caring and supportive. However, an increasing volume of referrals (caseloads of 50-70 and 7 new cases a week), linked to the cost-of-living crisis and a lack of affordable housing for those in need was impacting on the morale and stress levels of staff working in this area. There was an immediate need for greater management support to address the pressures those staff were under.

It was recognized the pressure that staff were under and the Council was looking to create an additional post to provide extra support to staff in this area.

Temporary Accommodation and Prevention

There appeared to be relatively high numbers in temporary accommodation but few of those had an 'accepted' decision. The balance between homelessness prevention work and use of temporary accommodation needed to be reviewed. Linked to this was greater clarity on how the budget for the Homeless Prevention Grant could be and was spent and the use of this and other funding to resource increased capacity for support and prevention work. An appraisal of the value for money and standards of temporary accommodation was also recommended.

The Council was in the process of carrying out a review to explore how it ensured that it achieved the best value/efficient way to use the Homeless Prevention Grant.

Supported Housing

There were a number of supported housing schemes in Tendring meeting the needs of a variety of client groups. Partners cited a lack of supported accommodation for single people with more complex needs and challenging behaviours who might not be suitable for existing shared accommodation. A Housing First Scheme had been included in the homelessness action plan but had not yet been considered. The Council could also consider developing small sites for temporary modular homes for single people, which were becoming recognized as very successful in other areas. Access to floating support did not appear to have a clear and consistent pathway.

The Council was a member of the Essex-wide, Supported Housing Partnership Board and would be developing a Supported Housing Strategy in conjunction with other Essex Authorities and this would support the Council in meeting its statutory requirement.

Conclusion

The review of the housing service had been a positive step in understanding the current policy and practice within the service. It had provided an overview to help identify what was working well and where further work was needed. Following on from this exercise, an accurate 'position' had been identified, and an action plan developed to build upon the positive areas identified as well as to be able to address those areas that fell short of

the requirements of the new regulatory standards. Regular meetings were conducted to monitor the progress and the impact of the action plan.

The action plan had enabled the Housing Service to take a significant step forward to meet the requirements of the new Regulatory regime.

After an in depth discussion it was moved by Councillor Sudra, seconded by Councillor Fairley and **RESOLVED** that the progress against the actions, as set out in the report, be noted.

29. **REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT - JANUARY 2024 TO MARCH 2024 AND THE INTERNAL AUDIT PLAN 2024/24.**

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

In respect of the Internal Audit Plan the Public Sector Internal Audit Standards 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.
- Has in place a mechanism to review and adjust the plan, as necessary, in response to changes to the Council's business, risks, operations, programmes, systems and controls.
- Produces a plan that takes into account the need to produce an annual Internal Audit opinion.
- Considers the input of senior management and the Audit Committee in producing the plan.
- Assesses the Internal Audit resource requirements.

The Committee heard that a total of four audits had been completed since the previous update in January 2024. Six audits were still in fieldwork. A request was made to the Audit Committee to defer four audits from the 2023/24 audit plan. Those audits were the Social Housing Bill Implementation Plan, External Funding, Emerging Risks from Legislative Changes, and Careline Service – Follow Up. All audits equated to a total of 40 audit days.

It was reported that the Internal Audit Manager continually risk assessed the progress of the plan against the level of resources available throughout the year to determine whether a measured annual assurance opinion could be provided based on the level of work completed. A determination was then made as to whether audit days needed to be procured to support the delivery of the plan. Although there were some audits to be deferred, they were not auditable areas that would have a significant impact on the Council's overall assurance framework.

Throughout the year, the audit team had had a number of long-term absences which were covered through the use of overtime as it was the most practical and cost-effective method to ensure adequate coverage at the time. If there was a need for additional coverage in the future, then the Audit Committee would be updated accordingly through the periodic update arrangements in place. In order to provide the Head of Internal Audit's Annual Opinion at the June 2024 Audit Committee, it was important that the following audits were completed as they formed part of the Council's key systems. The audits were Procurement, Contract Management, Project Management, and IT Governance. All were currently in fieldwork and close to completion.

Quality Assurance

The Internal Audit function issued satisfaction surveys for each audit completed. All satisfaction surveys were yet to be returned from the four audits completed in this period.

Resourcing

Internal Audit currently 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. IA currently had an Audit Technician post vacant. The team would advertise for another apprentice in the next few months 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		3	10	
Adequate		1	13	
Improvement Required		0	0	
Significant Improvement Required		0	0	
No Opinion Required		0	2	Two consultative engagement in 2023/24 to date

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

The report outlined the issues arising from audits completed in the period under review. None had received an 'Improvement Required' opinion and required reporting to Committee:

There were no significant issues arising from the four audits completed in the period from January to March 2024. However, it was important to inform the Audit Committee that the Council had fallen victim to payroll fraud during this period whereby one month's pay for a TDC employee had been paid into a fraudulent bank account.

The details were that a fraudulent email had been sent to the Council requesting a change of bank details. In this instance, the normal control of contacting the employee via a verified method of communication had not been carried out prior to making the changes to the account on file. The process followed at the time was weak, which had led to confusion as to who had undertaken each task in the process.

In the short term, a more prescriptive form had been designed to prevent future confusion with the objective of using an electronic authorization process in the future within the new HR / Payroll system currently being implemented. Internal Audit had advised throughout the process.

The Council's bank had been informed of the fraud, and details recorded on the Essex Police Action Fraud website. It was unlikely that the monies would be recovered.

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 were 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	0	

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

Risk Management was also an aspect that required consideration when developing an audit plan. Although risk registers were considered as part of this process, leadership, managers, and officers considered risk every day in the work they did; therefore, interviews with Officers at all levels were key when reviewing whether risks were considered in decision-making.

Members were informed that risk was defined as: 'the possibility of an event occurring that would have an impact on the achievement of objectives'. Therefore, risk could be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk), it was also important to look at potential benefits (upside risk). All audits would look at adverse impacts and potential opportunities, and all significant areas were reported to the Audit Committee periodically.

Discussions were held with Management Team members individually and collectively. The feedback from the Management Team was taken into account and incorporated within the plan presented to the Committee. The Committee then had the opportunity to input into the draft plan provided.

Other factors had also been considered when developing the plan:-

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

The Committee heard how the plan outlined the work proposed to be undertaken during the 2024/25 financial year. In order to continue providing a proactive and flexible approach, the plan was considered indicative of the work intended at that time. The Internal Audit Plan needed to be flexible to ensure that Internal Audit resources were directed where they were most needed and added as much value as possible to the organization. The plan was kept under review during the year, in consultation with the Council's senior management, and took account of changes to the Council's priorities, operations, and risk. Changes to the plan were brought to the attention of the Committee for its approval. The plan was considered to be a rolling programme of work, rather than specific to one year, and audits scheduled but incomplete at the end of any financial year rolled forward and were completed in the new financial year.

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

- The comments section of the plan provided additional detail on the audit techniques used to deliver the reviews, a brief summary of what was included within the audit, and in some instances why it was included in the plan.
- Consultative audits – The Council faced a difficult period with budget constraints, increased demand on services, and involvement with major projects, which could expose the Council to further financial and reputational risk. Therefore, it was felt that Internal Audit could add more value by advising at the start and throughout the projects/initiatives.
- Key Financial Audits – Audits within this section formed the foundation of the Head of Internal Audit's annual opinion as they covered all aspects of the Council's financial procedures. This was important because if there were major failings in the Council's financial procedures as well as its service delivery audits, then there was an increased risk of error, poor governance, and fraud.

As referred to above, mechanisms existed to allow necessary amendments to the plan and if any issues arose regarding the risks in the current Corporate Risk Register, or new risks emerged including any identified by the Council's external auditors, then plan adjustments were considered.

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

After a detailed discussion it was moved by Councillor Sudra, seconded by Councillor Steady and **RESOLVED** that:

- (a) the periodic update and the action tracking report be noted; and
- (b) the proposed Internal Audit Plan for the 2024/25 financial year be approved.

30. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - EXTERNAL AUDITORS DRAFT AUDIT PLAN AND STRATEGY FOR THE YEAR ENDING 31 MARCH 2024

Members heard that shortly after the end of each financial year, the Council prepared, in accordance with proper practices, a Statement of Accounts as statutorily required, which was then subject to external audit before final publication. The publication deadline for the unaudited accounts was the end of May each year.

As previously discussed, in response to the ongoing external delays, the Government had undertaken a number of consultation exercises. Although subject to the outcome of the most recent consultation exercises, the Government was expected to continue with their aim of introducing statutory 'backstop' dates by which time audited accounts must be published. Based on the Government's latest consultation (with the outcomes yet to be published), their plan was based on a three-stage approach (1. 'Reset', 2. 'Recovery', and 3. 'Reform') which would see 'backstop' dates phased in over the period from 2023/24 through to the accounts for 2027/28. In terms of the statutory 'backstop' date for the 2023/24 accounts, this was currently proposed as 31 May 2025.

The Audit Plan and Strategy issued by the External Auditor highlighted at a summary level, aspects of the work they planned on undertaking and why, areas of focus including where risks were likely to be greater and the background to their required value for money activities.

The outcome of the External Auditor's work would be set out in a separate report that would be presented to the Audit Committee at a future meeting, within the proposed timescales associated with the 'backstop' dates highlighted earlier.

After a short debate it was moved by Councillor Sudra, seconded by Councillor Steady, and **RESOLVED** that the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024, be noted.

31. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.3 - AUDIT COMMITTEE WORK PROGRAMME 2024/25

The Members heard how the Audit Committee had a wide-ranging area of responsibility with statutory and regulatory functions making up a significant element of their work. The meetings of the Committee were scheduled around a quarterly basis subject to the work required of the Committee to support the statutory and regulatory timescales and deadlines. The Audit Committee's work programme therefore needed to take account of various demands while balancing a number of activities within the planned number of meetings scheduled for the year.

In addition to the regulatory and statutory activities undertaken by the Committee such as the Statement of Accounts, Corporate Governance, and Risk Management, the Committee was also required to review and scrutinize:

- The work and performance of the Internal Audit function
- The outcomes from the work of the Council's External Auditor
- Progress against audit recommendations and other items identified by the Committee

Members also heard that, in addition to the items set out in report, a number of additional items were presented to the Audit Committee during the year in consultation with the Chairman. Given the ongoing external audit delay, it was difficult at the present time to formally program these in as they were largely reliant on the timing of the associated information being made available to the Council, but a summary was set out below:

- External Audit Certification of Claims and Returns
- External Audit Results Report (associated with the Council's Statement of Accounts and Annual Governance Statement)
- External Audit plans

During the year other matters apart from those set out above might be presented to the Committee for consideration, for example, the outcome from regulatory reviews or other external inspections. Given the ongoing regulatory and statutory workload and the various additional activities undertaken by the Committee, any additional items that might have arisen would have needed to be considered against the proposed work programme and included for reporting at the appropriate meeting or considered for inclusion in subsequent work programmes.

After a brief discussion it was moved by Councillor Fairley, seconded by Councillor Alexander and **RESOLVED** that the Audit Committee approved its Work Programme for 2024/25.

32. REPORT OF THE ASSURANCE AND RESILIENCE MANAGER - A.5 - CORPORATE RISK UPDATE

The Committee heard how the register underwent the review process with some highlights as follows.

The Council continued to deal with issues relating to Corporate IT and was committed to ensuring users were not put at risk of cyber-attack. Staff continued to conduct online training, which formed part of the Council's induction training protocols.

Tendring Council had commenced a review of the Local Plan, in line with the agreement of the Planning Policy and Local Plan Committee. This review was focused on updating

the current plan, and not rewriting it. There were guiding principles that had to be followed during this process. This document needed to be passed to the Secretary of State by the current deadline - June 2025. Tendring Council intended to produce the document before expected changes took effect.

Regarding the Garden Communities project, a development plan was being created through partnerships between Tendring, Colchester, and Essex, which set out a more detailed framework for the layout and delivery of the proposed garden community. This had already been subject to public consultation and had been submitted to the Secretary of State to begin the process of independent examination. A Planning Inspector had been appointed to conduct the examination, which would take place in May 2024.

The changes to the Corporate Risk Register set out in this report reflected minor changes undertaken since the Committee had last considered the register in July 2023. It provided updates, where needed, and revised changing deadlines.

Item 2d - Ineffective delivery of Transforming Tendring project - was considered for removal as this project had now been completed.

The table below set out all amendments to the Risk Register since it was last considered by the Committee in July 2023.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	None
Risk number changed.	None
Risks Amended	<p>1a - Failure to effectively manage assets – small update to the main wording.</p> <p>1b – Catastrophic IT network failure – Physical Infrastructure control updated. Risk of aging network hardware failure.</p> <p>1c – Ineffective communication/management of information – slight update on main wording.</p> <p>2a – Coastal Defence - Responsible Cabinet member details updated to show Councillor M Bush.</p> <p>1d – Ineffective Cyber Security Physical and Application (software) Based Protection Management</p>

	<p>– main wording changed – note added in relation to the Election potentially bringing a hostile cyber-attack on public sector services.</p> <p>2e – Essex Family/Family Solutions – main text updated relating to Clacton based post being transferred to the Council establishment reducing the risk to families. Additional family solutions post funded for 21 months.</p> <p>2f – Garden Communities - current action updated to reflect the two rounds of public independent consultation being conducted and results submitted to the Secretary of State to begin an independent examination. A planning inspector has been appointed to conduct the examination in May 2024.</p> <p>3c – Health and Safety – current action updated to reflect that there is an additional NEBOSH trained officer.</p> <p>3a – Member Conduct – update provided relating to increase in complaints at District level. Training carried out by Town and Parish Councillors further training required.</p> <p>3b – Failure to comply with legislative requirements – main wording updated relating to the need to raise issues with the legal team that might cause concern at the earliest opportunity.</p> <p>3d – Fraud and Corruption – update provided on compliance team being fully staffed and project work remains ongoing.</p> <p>5a – Financial Strategy – changes to main wording relating to cost pressures report provided to full Council on Feb 24.</p> <p>6a – Loss of sensitive and/or personal data through malicious actions loss or theft and /or hacking - update provided on councillors adopting identical working as Officers, adoption of managed devices minimising the number of pathways an attacker can gain access. Additional training to be provided.</p> <p>6b - Disconnection from PSN Network – main wording amended to reflect the PSN certificate being updated.</p> <p>7a – Local Plan - current action update provided relating to local plan to be reviewed as agreed by the Local plan Committee in December 2023. Submission of an updated Local Plan before June 2025.</p> <p>9a – Ineffective Emergency Planning – updated main</p>
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	<p>wording relating to difficulties recruiting EP staff due to home working. Additional training and communication project to be conducted.</p> <p>9b - Ineffective Business Continuity Planning – update on BIA training for key officers.</p>
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The Fraud and Risk Team continued to oversee the Council's Risk Management supported by the Council's Internal Audit Team. The table set out the work that was currently being undertaken at the time of this meeting.

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Assurance and Resilience Manager	COMPLETED - Management team continue to be updated with urgent matters on a quarterly basis and the training identified below will further support this action.
Actions to be undertaken to identify and record key operational risks within service areas relating to risk management and business continuity. Support to be provided by Internal Audit manager if required	This remains ongoing with actions planned for 2024/25.

Follow up item.

Arrange Risk Management training for all departments across the council	Suitable Risk Management training has been identified; currently being reviewed with the aim of rolling this out during 24/25. (members and officers)
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After a short discussion it was moved by Councillor Sudra, seconded by Councillor Steady, and **RESOLVED** that the updates provided to the current Corporate Risk Register, be noted.

33. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Sudra, seconded by Councillor Fairley and:-

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of Agenda Item 11 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

34. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - B.1 - RISK BASED VERIFICATION POLICY

It was moved by Councillor Sudra, seconded by Councillor Fairley, and:-

RESOLVED that following the annual review for 2024, the Risk Based Verification Policy be approved.

The meeting was declared closed at 12.47 pm

Chairman

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AUDIT COMMITTEE

25 JULY 2024

REPORT OF INTERNAL AUDIT MANAGER

A.1 REPORT ON INTERNAL AUDIT – MARCH 2024 - MAY 2024 AND THE ANNUAL REPORT OF THE INTERNAL AUDIT MANAGER

(Report prepared by Craig Clawson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period March 2024 – May 2024 and the Internal Audit Managers Annual Report for 2023/24 as required by the professional standards.

EXECUTIVE SUMMARY

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

1) *Internal Audit Plan Progress 2023/24*

- A satisfactory level of work had been carried out on the 2023/24 Internal Audit Plan in order for the Internal Audit Manager to provide an opinion in the Annual Head of Internal Audit Report.
- In the last quarter, one audit (Project Management) received an overall audit opinion of 'Improvement Required'. All other audits within the plan received a satisfactory level of assurance.

2) *Annual Report of Internal Audit Manager*

- The Annual Report of the Internal Audit Manager concludes that an unqualified opinion of Adequate Assurance is provided.
- Work carried out throughout the year by the Audit Committee, Senior Management and the Internal Audit Team is in line with Public Sector Internal Audit Standards and CIPFA Application Notes (Latest release November 2020)
- One audit from a total of 24 completed received a less than satisfactory opinion of 'Improvement Required'. This audit was Project Management.
- Governance issues raised relating to Project Management compare to the issues raised by the Monitoring Officers Section 5a report and the S151 Officers addendum report relating to the Spendells Temporary Housing project. Management Team have committed to addressing all issues raised within the project management review with directions already expressed to the Councils Senior Management Forum.

3) *Internal Audit Plan Progress 2024/25*

- Six audits within the 2024/25 Internal Audit Plan are currently in fieldwork.

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RECOMMENDATION(S)

Audit Committee members are requested to note the reports and consider the following;

- **The annual opinion statement within this report**
- **The completion of audit work against the 2023/24 and 2024/25 Internal Audit Plans; and**
- **Any significant audit findings provided**

REASON(S) FOR THE RECOMMENDATION(S)
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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:

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

MILESTONES AND DELIVERY

Review of recommendations and decision to be made on 25th July 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

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

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

Crime and Disorder	N/A
Health Inequalities	N/A
Area or Ward affected	N/A

ANY OTHER RELEVANT INFORMATION

N/A

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Public Sector Internal Audit Standards require 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 can be used to inform the Annual Governance Statement.

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

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

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

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

N/A

INTERNAL AUDIT PROGRESS 2023/24

All expected audits for the 2023/24 Internal Audit Plan have been completed.

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 continues to provide advice on internal control, risk management and governance arrangements on a consultative basis.

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

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

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

Resourcing

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

The team are 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 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 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
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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: -

Project Management

Lack of periodic project updates

Finding

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

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

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.

At present there is 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 will 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 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.

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 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.

Risk

Without projects being completed on time and within budget consistently, this risks adding to financial pressures on the council which, in turn, impacts spend in other areas adversely. In addition, specifically, the Levelling Up projects are 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 are 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 need to be aware and follow them.

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	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 are now provided within Appendix B of this report.

ANNUAL AUDIT REPORT OF INTERNAL AUDIT MANAGER

Introduction

The Council is 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).

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

All guidance from the Chartered Institute of Public Finance and Accountancy is 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 is a requirement under PSIAS 2450 that the Chief Audit Executive must provide an annual report to the Audit Committee, timed to support the Annual Governance Statement. This must include:

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

The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

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

1. Senior Management and Departmental Leadership

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

2. Internal Governance

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

3. Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit Regulations 2015, which states that a relevant body must:

- Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Internal Audit Approach

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

The internal audit team maintain 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 can be broken down into the graphic below;



As well as incorporating all of the above areas into the Internal Audit service, we endeavour to ensure that the service is agile and includes the following aspects into our 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 has been effective and remain consistent which provides reasonable assurance around the effectiveness and transparency of reporting arrangements.

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

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

In 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 Monitoring Officer has also issued a Section 5a report relating to the Spendells Temporary Housing project due to unauthorised spend, resulting in a substantial overspend against the contract. The S151 Officer has 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 is undertaken and effective governance arrangements are in place for all projects going forwards. This corresponds with the significant governance issues identified within the project management audit and supports the need for a corporate review of project management going forward.

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

Annual Opinion 2023/24

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

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

Limitations to the Annual Opinion

There are no limitations to report on the ability to deliver the Internal Audit Plan and provide an annual opinion on the effectiveness of governance, risk management and internal control. There were changes to the audit plan throughout the year due to emerging risks and changes to service provision. 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

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 is less than the 39 raised in 2022/23. This represents 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 are in different service areas from the 2022/23 financial year.

There were two major issues raised in 2023/24, both of which relate 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 you combine this with the Section 5a report raised by the

Monitoring Officer, the S151 Officers addendum report and the Chief Executives formal review instructions; it does raise serious governance concerns.

The Council has 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 does have good governance frameworks in place, they have 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 have been evaluated in all audits within the plan, albeit with varying levels of scope. Senior Management continue to review strategic risks on a regular basis within Management Team and the Corporate Risk Register is reviewed bi-annually with any feedback reported to Management Team for consideration.

The Internal Audit Manager has 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 have been reported to the Audit Committee and all moderate actions are managed through the audit follow-up process with the service area.

The Internal Audit Manager is 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 continues to remain stable with some significant changes in specific service areas which have been reported to the Audit Committee throughout the year as part of the periodic reporting arrangements. An open dialogue with Senior Management on risk remains in place and a generally sound system of internal control has been assessed across the majority of the Councils operational areas.

The governance issues relating to project management have 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 are not addressed and the same issues arise with future projects, it will be very difficult to provide an unqualified opinion in future years.

After considering all of the above, an overall unqualified opinion of '**Adequate Assurance**' can 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 has not reviewed all risks and assurances and cannot provide absolute assurance on the internal control environment.

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

INTERNAL AUDIT PROGRESS 2024/25

We are yet to finalise an audit within the 2024/25 Internal Audit Plan. A total of 6 audits are in fieldwork phase.

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

Work has begun in areas such as 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; provides an update on the status of each audit to date.

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

APPENDICES

*Appendix A – Internal Audit Progress Report 2022/23
Appendix B – Action Tracking Report*

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

Tendring District Council Internal Audit			
2023/24 Internal Audit Plan Progress Report			
Audit Title	Status June 2024	Audit Scope Summary	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Complete	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	Adequate Assurance
Housing Benefits	Complete	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	Adequate Assurance
National Non Domestic Rates	Complete	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	Substantial Assurance
Main Accounting System Budgetary Control	Complete	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	Substantial Assurance
Corporate Governance	Complete	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	Substantial Assurance
Council Tax	Complete	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	Substantial Assurance

Payroll	Complete	To review all procedures and internal controls relating to payroll and the processing of employees and members pay.	Substantial Assurance
Treasury Management	Complete	A full review of the internal controls and procedures relating to investing Council monies as well as short and long term borrowing	Substantial Assurance
Project Management	Complete	To review the agreed strategic process for project management and ensure that it is followed within a sample of key projects	Improvement Required
Contract Management	Complete	To ensure that contract management processes are followed within each department of the Council in order to determine the efficiency and quality in service delivery. This will be undertaken at the same time as Project Management as there synergies between the two audits	Adequate Assurance
Financial Resilience – Use of Resources	Complete	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	Adequate Assurance
Partnerships – Health External Funding	Complete	To review the governance processes around the receipt of funding from partners specifically relating to health.	Substantial Assurance

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Other Services / Systems			
Housing Repairs and Maintenance	Complete	To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	Adequate Assurance
Leisure Estate – Efficiencies and Cost Pressures	Complete	To identify and assess inefficiencies and costs within the leisure service and determine what options are available to improve, resolve or do things differently	Consultative
Levelling Up Fund	Ongoing	To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	Consultative

Building Control	Complete	To review the effectiveness of the Building Control service and the management of operational services, strategic priorities and income management	Adequate Assurance
Contact Centre - Digitalisation	Complete	To support the service in implementing digital solutions within the business area	Adequate Assurance
Planning Development – Decision Making	Complete	To evaluate specific processes relating to decision making within the service area and determine whether any procedural improvements can be made	Adequate Assurance
Asset Management	Complete	To review the internal controls and procedures related to asset management within the organisation	Adequate Assurance
Freeport East	Ongoing	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
Jaywick Sands - Sunspot	Complete	To review the development of Sunspot and determine if there are any lessons learnt from the project which could support any future projects of a similar nature	Consultative
Risk Management	Complete	Required annually under PSIAS and Cipfa guidance. To review the Councils risk management framework.	Adequate Assurance
IT Audit			
Cyber Security	Complete	IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope	Adequate Assurance

		Consultative review as the programme progresses.	
IT Governance	Complete	PSIAS expectation that this will be covered each year	Adequate Assurance

Status Key

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

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 were sent out in April 2024.</p>	Continue to monitor.

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	<p>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.</p>	Service review ongoing. Continue to monitor.
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AUDIT COMMITTEE

25 July 2024

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.2 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.
- In-line with associated guidance, it is proposed to consider the appointment of Independent Persons to the Audit Committee, with further details set out later on in this report along with a recommendation

RECOMMENDATION(S)

It is recommended that the Committee:

- a) **Notes and considers the progress against the actions set out in Appendix A and B; and**
- 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.**

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)

There are no direct legal implications associated with this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS**Finance and other resources**

There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

USE OF RESOURCES AND VALUE FOR MONEY

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

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	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 last meeting.	
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
<p>The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in April 2024.</p> <p>There are two main elements to this report as follows:</p> <ol style="list-style-type: none"> 1) Updates against general items raised by the Committee – APPENDIX A 2) Updates against the 2023/24 Annual Governance Statement Action Plan – APPENDIX B <p>In terms of item 1) above, there are no significant issues to raise, with actions remaining in progress or further details set out below.</p> <p>Notwithstanding the above, it is important to highlight the action set out in Appendix A, relating 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 will be reflected in the proposed / upcoming review of the effectiveness of the Audit Committee along with the following key considerations relating to Independent Persons [extract from the guidance]:</p>

- *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.*

With the above in mind, a recommendation is set earlier in this report that seeks the Audit Committees endorsement of appointing at least two Independent Persons to the Committee in-line with CIPFA's guidance and requests Officers to explore the necessary activities that need to be undertaken for reporting back to the next meeting of the Committee.

It is also worth highlighting 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 has in effect been addressed via the various induction / training sessions undertaken during 2023/24 so has been removed from the 2024/25 work programme. The approach taken to date will be further supported via the proposed training modules highlighted within **Appendix A**.

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 is being presented to the Committee now. 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.

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

To date, no further update has been received from the Council's Auditors BDO. However, an update will be provided directly at the meeting where possible.

It is currently understood that due to the timing of the recent Parliamentary elections there is 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 is due to the fact that changes to legislation are expected to be required as part of implementing the backstop approach. Key commentators on the situation have also suggested that a change in approach may be being considered by the relevant key organisations. Timely updates will be provided to the Committee either directly at their meetings or separately subject to the publication of any new information.

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 (July 2024) – General

Appendix B – Table of Outstanding Issues (July 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@tendringdc.gov.uk
Name	Karen Hayes
Job Title	Executive Projects Manager – Governance
Email/Telephone	khayes@tendringdc.gov.uk

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AUDIT COMMITTEE - Table of Outstanding Issues (July 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 49</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’ – Jun 2023</p> <p>Further modules will be delivered during 2024/25 - Dates currently being arranged with an external specialist trainer, to potentially include other Members e.g. Resources and Services Overview and Scrutiny Committee</p> <p><i>(It is planned to provide dates for initial modules directly at the meeting)</i></p>

Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes - The Redmond Review	The Audit Committee have 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.	Assistant Director Finance and IT	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.	As further progress is announced by the government, updates will be provided to future meetings of this Committee, which will hopefully set out the necessary practical steps to implement the recommendations made as part of this review. As highlighted in a previous report, arrangements that seek to appoint Independent Persons to the Audit Committee in-line with associated guidance get underway during the second half of 2024/25 – please see main body of the report for further details.
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<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>
<p>Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits – Climate Change</p>	<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 and 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>	<p>A report is due to go to Cabinet in September 24 and will be available to the Committee at that point.</p>

<p>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Anti-Fraud and Corruption Strategy</p>	<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>	<p>March 2025</p>
<p>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Housing Review</p>	<p>At its meeting on 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.</p>	<p>Corporate Director – Operations and Delivery</p>	<p>Work remains ongoing with the aim of ensuring that timely and appropriate updates are presented to Members during the year.</p>	<p>An update will be provided to the September 2024 Audit Committee meeting</p>
<p>RIPA – Regulatory Investigatory Powers Act 2000</p>	<p>To inform the Committee of any activity conducted under RIPA conducted by the Authority.</p>	<p>Assistant Director Governance</p>	<p>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>	<p>Ongoing - During 2024, the Council is due its usual three-yearly inspection by IPCO (Investigatory Powers Commissioner’s Office), regarding its compliance with RIPA 2000 and the Investigatory Powers Act 2016.</p>

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 information since the adoption of its policy in July 2023.	Ongoing
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AUDIT COMMITTEE - Table of Outstanding Issues (July 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>	<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</p>

		<p>corporately. The programme for implementation of report management functionality will be kept under review given these constraints on implementation.</p> <p>The new, automated process to Town and Parish Councils for Planning notifications has been rolled-out.</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.</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. 	<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>

	<ul style="list-style-type: none"> • Review of the effectiveness of the Audit Committee. • 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>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 originally planned this remains a key activity along with developing an associated action plan as necessary.</p> <p>The recommendations emerging from the Redmond Review will be kept under review along with the identification of an 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</p>

		<p>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 principles including consultation, business planning, budget, procurement and legal requirements, this will be delivered through the Senior Management Forum.</p> <p>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.</p> <p>External funding guidance to be produced, incorporating existing requirements, due to the level of external funding being applied for and managed by the Council.</p>
<p>Managing risks and performance through robust internal control and strong public financial management.</p> <p>In terms of business continuity this is especially important given the current global/economic climate.</p>	<ul style="list-style-type: none"> • 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. 	<p>As highlighted above, reviews of the Departmental Plans will be concluded alongside the new Corporate Plan and emerging highlight priorities.</p> <p>During 2024/25 reviews of the Departmental Plans will be undertaken to align with the new Corporate Vision and Risk Management</p>

ADDITIONAL FOCUS FOR 2024/25

- To implement/embed the necessary processes to support the identification of the required level of savings set out in the long term forecast.

approach, along with any Peer Reviews as relevant. These have commenced within the Governance Directorate.

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

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 saving to support the Council's long term financial position.

The dedicated/regular Officer Management Team meetings will remain ongoing with a focus on financial and non-financial issues along with performance and delivery.

Finance Portfolio Holder requested savings proposals be developed by Cabinet Members in 2024/25 for budget 2025/26.

Defining outcomes in terms of sustainable economic, social and environmental benefits.

Determining the interventions necessary to optimise the achievement of the intended outcomes.

To set out the Council's vision following the Council's Climate Emergency

- 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.

The Corporate Director, Place and Economy, attended the October 23 meeting of the Audit Committee and provided a comprehensive update.

A further update is due to be presented to Cabinet in 2024/25 as highlighted in Appendix A.

<p>declaration of the Council's activities being 'carbon neutral' by 2030.</p>		
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New Items for 2024/25

<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Approach to Community Engagement, consultation and participation to be reviewed following adoption of the Corporate Plan and Communications Strategy.</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 Corporate Plan consultation with the public, partners and businesses, with a view to the outcomes being presented to a future meeting of the Cabinet. • 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>Officers have been requested to review the various forums set out in Article 10 within their areas and responses will be collated to produce a revised version for approval.</p>
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<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>The Chief Executive:</p> <ul style="list-style-type: none"> a) 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; b) 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: 	<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>
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	<p>c) 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> <p>Statutory Officers to re-deliver governance awareness at the upcoming Senior Managers' Forum, where attendance is mandatory.</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.</p>