

AUDIT COMMITTEE - Table of Outstanding Issues (September 2016)

GENERAL					
Governance Area	Activity / Subject	Recommendation / Issue	Lead Service	Progress / Comments	Status - Target Date
External Audit	Future Change	At its meeting on 13 December 2012, the Audit Committee resolved: <i>That the local procurement of external audit services along with any impact on Parish/Town Councils is added to the Table of Outstanding Issues for future consideration.</i>	Head of Finance and Revenues and Benefits	Under current proposals, Local Authorities will be able to appoint their own external auditors from 2018/19 (subject to the potential extension of existing arrangements). Independence, quality and governance arrangements will form part of any procurement decision which will be undertaken within the necessary timescales to be in a position to confirm appointment when applicable. The latest position on the appointment of external auditors includes the proposal for the body created by the Local Government Association to oversee audits following the abolition of the Audit Commission (the PSAA) being able to procure audits on a national level. This would mean that Councils would not have to create their own audit appointment panels to oversee the appointment of external auditors. How this will work in practice and deliver value for money will be considered as the option is developed.	2018/19
Risk Management	Effective Management of the Council's Property Portfolio	Following the Audit Committee's training session on 23 October 2014, Officers were requested to keep the Committee up to date with the property risk audit that is to be undertaken in partnership with the Council's insurers.	Head of Finance and Revenues and Benefits	The Council's insurance policies were placed with alternative insurers in June 2016 which has had an impact on this work. Initial discussions have been held with the new insurers to progress this item during the second half of 2016/17.	On-going
Recommendations from the External Auditor	Certification of Claims and Returns Annual Report 2014/15	At its 17 March 2016 meeting the Committee considered the External Auditor's Certification of Claims and Returns Report for 2014/15 and approved the following recommendation : [That in respect of the Housing Benefits Subsidy Claim] Perform early extended testing in those areas where errors were identified in 2014-15, to ascertain the extent of similar errors arising in 2015-16.	Head of Finance and Revenues and Benefits	A report considered by the Committee at its March 2016 meeting confirmed that the Council implemented the recommendations from last year but it needed to continue to undertake extended testing in the areas identified this year to ascertain the extent of similar errors, if any, in 2015/16. This was undertaken at the end of 2015/16 along with a review by subsidy officers within the service and the Head of Finance and Revenues and Benefits.	Subject to External Audit review in the summer / autumn 2016 with outcomes formally reported to the December 2016 or March 2017 meeting of the Committee

<p>Fraud and Compliance</p>	<p>Effective delivery of Corporate Fraud and Compliance activities</p>	<p>At its 17 March 2016 meeting the Committee considered the Table of Outstanding Issues Report which provided an update on the how the Council is delivery non-housing benefit anti-fraud activities and included the key points below:</p> <ul style="list-style-type: none"> • Staff within the Revenues and Benefits Service continue to undergo the necessary training to undertake fraud investigation work. • Anti-fraud activities form part of wider compliance work undertaken by the relevant team that seeks to maximise income for the Council such as undertaking checks on entitlement to Council Tax discounts, undeclared change of circumstances and tenancy fraud. • The Council’s overall corporate approach to anti-fraud and associated investigation work across the whole Council needs to be balanced against key priorities and staff capacity. This is being reviewed as part of the wider reorganisation associated with the senior management restructure currently in progress. A further update will be provided to the Committee later in the year when the reorganisation has been completed / embedded. 	<p>Head of Finance and Revenues and Benefits</p>	<p>Following the recent Senior Management restructure, which is now embedded, a number of emerging / potential advantages (in respect of anti-fraud activities) from bringing the Finance and Governance activities together with the Revenues and Benefit function are being explored. At the present time it is anticipated that this work will have been completed by December 2016 which are anticipated to respond to the anti-fraud issues raised by the Committee.</p>	<p>December 2016</p>
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ANNUAL GOVERNANCE STATEMENT ACTIONS

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Governance Issue	Action	Current Position / Update
Sustainable Resource Deployment	<p>Via the Financial Strategy process, continue to maintain a strong and robust approach to identifying savings and respond to new or additional burdens against the backcloth of the potential for further cuts in Government funding.</p> <p>The forecast budget 'gap' is £1.968m in 2017/18 rising to £5m on a cumulative basis by 2019/20. The budget 'gap' primarily reflects the continuing year on year reduction in Government funding.</p> <p>Financial Resilience remains at the forefront of the financial planning process with money identified where possible to invest in 'spend to save' projects that will in turn support the Council in delivering a balanced and sustainable budget in the long term, by aiming to find savings from within its underlying revenue budget rather than relying on potentially time limited income such as from the New Homes Bonus to balance the budget.</p> <p>Cabinet Members to lead on taking forward savings proposals which will include some difficult decisions such as ceasing service provision, decommissioning assets or reducing the level of services provided.</p>	<p>An updated forecast was presented to Cabinet in July which set out a revised budget gap of £1.565m in 2017/18.</p> <p>Portfolio led working parties are now being arranged (two have met already) to identify saving options. The initial outcomes from this work are due by 21 October 2016.</p>
	<p>A key / overlapping element of work that will be progressed during the year will be how the Council manages and utilises its assets effectively to support the delivery of services and priorities.</p>	<p>A comprehensive review of assets forms a strand of work being investigated via the Portfolio led working parties mentioned above with initial outcomes from this work planned for 21 October 2016.</p>

<p>Working with Partners and Other Third Parties</p>		
<p>Working with partners effectively to deliver strategic priorities</p>	<p>To ensure that adequate, effective and robust arrangements are in place for the acquisition of sites in the Jaywick area, and with a view to facilitating development or directly developing the sites for housing / regeneration stimulation.</p>	<p>The Council continues to work with partners in progressing / developing the various strands of this major project.</p>
	<p>To continue to play a key role in the development of the Garden Communities Project including key governance and financial arrangements set against open and transparent decision making.</p>	<p>The Council continues to work with partnering authorities to develop this project. At the present time, it is expected that the project will have progressed to the stage where a comprehensive report can be presented to Council in November to enable members to formally consider this project and the key decisions and associated commitments required if taken forward.</p>
<p>Other Major Issues</p>	<p>To revise the Code of Corporate Governance taking account of the new CIPFA/ Solace framework applicable from 2016/17.</p>	<p>This is currently being reviewed to determine the necessary revisions to the current code of corporate governance to reflect the revised guidance.</p>
	<p>To continue to embed the arrangements regarding the recording of Officer Decisions and the Scheme of Delegation within Departments.</p>	<p>Recent training was provided to Senior Officers on the new Committee Management System, which includes a section for Officer Decisions. The Scheme of Delegation to Officers has been revised as a consequence of the change in Portfolios and restructure at Directors and Head of Service level, this is currently being reviewed by all relevant officers and is due to be published on the Council's intranet in October.</p>

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Seafront Investigation - Action Plan

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Phase	Actions taken / Update	Outstanding Actions
Recovery Phase	<p>The money identified as being overcharged by a contractor has now been recovered.</p> <p>Two contractors continue to be suspended from undertaking any further work for the service.</p> <p>Remedial work has been undertaken by one contractor where the work was identified as not being to the required standard.</p>	<p>One contractor undertakes work for another service within the Council. Internal Audit are currently reviewing whether the issues identified have been repeated within this other service area with final outcomes available shortly.</p>

Improvement / Corporate Response Phase	Actions Taken / Update	Outstanding Actions
	<p>The Council's ordering System now includes a reference and a direct link to the Council's procurement rules. This appears at the top of the page that is displayed to the user when they log onto the ordering system.</p> <p>When a new supplier is set up within the ordering system, the officer requesting access to that supplier is emailed which includes a direct link to the Council's procurement rules.</p> <p>The introduction of a 'check' statement within in the ordering system has been explored and it has been identified that it is not currently possible to introduce this. The matter has however been raised with the software provider who have been asked to consider this within future system upgrades.</p> <p>The anti-collusion certificate required as part of tender submissions has now been updated which requires bidders to confirm that they have not colluded with external parties or anyone associated with the Council when developing their bid.</p> <p>An email has been sent out to relevant officers stating that procurement guidance is being developed with attention drawn to the bullet points mentioned in the next column but in the interim period they must ensure they refer to the Council's procurement procedure rules and seek advice from Procurement Services as necessary.</p> <p>The next phase of implementing a commitment accounting system is in progress which involves an underlying upgrade to the Council's current financial system / ledger.</p> <p>The need to ensure that contractors are not paid in advance unless contractually obliged to do so has been added as an item to be included within the Council's Constitution when it is next reviewed.</p>	<p>The centralisation of repair / maintenance type work to reduce the potential for untrained staff to become involved in the procurement process is currently being reviewed as part of the wider budget savings work as there may be a number of potential advantages from this approach.</p> <p>Guidance / Mandatory training is currently being developed which will include the following key points:</p> <ul style="list-style-type: none"> * <i>Actions to protect the Council from fraud</i> * <i>Expectation of officers if covering another officer's duties where procurement is undertaken</i> * <i>The nature and level of assistance that can be provided to people / organisations bidding for Council work</i> * <i>Disaggregation of works to avoid procurement procedure rules is not permitted</i> * <i>Checks to undertake ensure potential contractors have the capacity and financial stability to deliver the Council's requirements</i> * <i>What activities need to be completed before payment is released to contractors / suppliers</i> * <i>The correct coding of expenditure within the financial systems</i> * <i>Contractors not to be paid in advance unless contractually obliged to do so</i> * <i>'Spot' checks required by Senior Managers to ensure rules / guidance is being adhered to</i> <p>Once the training / guidance has been provided to officers, restrictions are planned on being made to the Council's ordering system to restrict the use of the system to only those officers who have undertaken the necessary training and have read the guidance.</p>