

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 26TH JANUARY, 2023 AT 10.30 AM
IN THE COMMITTEE ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Fairley, Miles and Steady
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Clare Lewis (Assurance and Resilience Manager), Karen Townshend (Executive Projects Manager (Governance)) and Keith Durran (Committee Services Officer)
Also in Attendance:	Tharshiha Vosper of BDO LLP (the Council's External Auditors)

20. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

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

21. MINUTES OF THE LAST MEETING

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

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

22. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

23. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

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

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

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

It covered three main points as follows:-

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

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

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

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

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

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

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

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

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

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

The report to the Committee laid out the Management Response to Internal Audit Findings. There were processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. Where appropriate, follow up audits had been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	0	
Not yet due	5	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RIPA – Regulatory Investigatory Powers Act 2000

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

Redmond Review

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

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

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

Planning Enforcement

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

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

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

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

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

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

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

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

External audit appointment from 2023/24

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

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

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

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

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

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

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

The Strategy continued to be based on CIPFA’s code of practice on managing the risk of fraud and corruption as previously adopted by the Committee at its meeting held on 22 March 2018. As its foundation, the Strategy set out the Council’s commitments along with the following key areas:

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment

- Roles and Responsibilities
- Prevention
- Detection and Investigation
- Resources Invested in Counter Fraud and Corruption

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

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

The meeting was declared closed at 11.32 am

Chairman