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Audit Committee

25 April 2024

**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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