

AUDIT COMMITTEE

26 SEPTEMBER 2024

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Hayes)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

EXECUTIVE SUMMARY

- A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities.
- Updates are set out against general items within **Appendix A and B**.
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.
- Following the Committee's recommendation and associated request at its July 2024 meeting, a review of the arrangements relating to the appointment of an Independent Person(s) to the Audit Committee has been undertaken with further details and recommendations set out below.

RECOMMENDATION(S)

It is recommended that:

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

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REASON(S) FOR THE RECOMMENDATION(S)
To provide a timely update to the Committee along with reassurances that actions previously identified are being addressed accordingly.

ALTERNATIVE OPTIONS CONSIDERED
There are no alternative options associated with this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

LEGAL REQUIREMENTS (including legislation & constitutional powers)
The recommendation to appoint an Independent Person(s) to the Audit Committee, initially stemmed from the Redmond Review. This has not materialised into legislation, as is the case with other Independent Persons appointed by the Council (e.g. Independent Persons for the Standards Committee and Independent Remuneration Panel); however CIPFA guidance recommends this practice to be implemented by Audit Committees.

FINANCE AND OTHER RESOURCE IMPLICATIONS
Finance and other resources There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

USE OF RESOURCES AND VALUE FOR MONEY	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Not directly applicable
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Not directly applicable
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	Not directly applicable

MILESTONES AND DELIVERY
The Table of Outstanding Issues is presented to the Audit Committee at each of its standard meetings.

ASSOCIATED RISKS AND MITIGATION	
<p>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.</p> <p>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.</p>	
OUTCOME OF CONSULTATION AND ENGAGEMENT	
<p>There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.</p>	
EQUALITIES	
<p>The Table of Outstanding Issues aims to deliver fairness, transparency and consistency to all customers and stakeholders.</p>	
SOCIAL VALUE CONSIDERATIONS	
<p>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.</p>	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
<p>The governance arrangements associated with the Council's aim to be net zero by 2030 fall within the Audit Committee's terms of reference and an update was provided to the Committee at its April 2024 meeting. A further report is to be presented to Cabinet in October 2024 and will at that time be available to the Committee.</p>	
OTHER RELEVANT IMPLICATIONS	
<p>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</p>	
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
<p>TABLE OF OUTSTANDING ISSUES</p> <p>The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in July 2024.</p> <p>There are two main elements to this report as follows:</p> <p>1) Updates against general items raised by the Committee – APPENDIX A</p>

2) Updates against the 2023/24 Annual Governance Statement Action Plan – **APPENDIX B**

In terms of item 1) above, there are no significant issues to raise, with actions remaining in progress or further details set out below.

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

Appointment of Independent Person(s) to the Audit Committee

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

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

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

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

Outstanding actions – further details along with other issues identified

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

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

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

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

For the 2023/24 accounts – 28 February 2025

For the 2024/25 accounts – 27 February 2026

For the 2025/26 accounts – 31 January 2027

For the 2026/27 accounts – 30 November 2027

For the 2027/28 accounts – 30 November 2028

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

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

Corporate Risk Update

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

It is also worth highlighting the following:

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

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

The Table of Outstanding Issues is presented to the Committee at each of its meetings.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Table of Outstanding Issues (September 2024) – General

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

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