

AUDIT COMMITTEE

27 March 2025

REPORT OF 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, B and C**. **Appendix C** is an addition to previous reports as it now captures the recommendations from the External Auditor that were presented to the last meeting of the Committee.
- 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 respect of **Appendix A**, following their completion as reported to the last meeting of the Committee, a number of items have now been removed.
- **Appendix D** sets out the outcome from the recent review of the Spendells House Capital Project with further details set out in this report including a recommendation relating to the associated outcomes along with those emerging from other capital project reviews during the year.
- **Appendix E** sets out a draft Independent Person specification in response to previous discussions and resolutions of the Committee earlier in the year along with an associated recommendation.

RECOMMENDATION(S)

It is recommended that the Committee:

- a) notes the progress against the actions set out in Appendices A, B and C;
- b) in respect of the Spendells review set out in Appendix D, that the findings are noted and that Officers be requested to bring these together with the outcomes from other various reviews of major projects, in addition to any associated recommendations from External / Internal Audit for consideration as part of the annual review of the Council's governance arrangements at the earliest

opportunity in 2025/26; and

- c) notes the draft Independent Person specification set out in Appendix E and requests Officers to further develop the specification for consideration at the next meeting of the Committee in June 2025, with consultation undertaken with Members of the Committee in the interim period.

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	
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 2050	
There are no direct implications associated within this report.	
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
The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in January 2025.

There are three main ongoing elements to this report as follows:

- 1) Updates against general items raised by the Committee – **Appendix A**
- 2) Updates against the 2023/24 Annual Governance Statement Action Plan – **Appendix B**
- 3) Updates against recommendations made by the External Auditor – **Appendix C**

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, the Committee at its 13 February 2025 meeting approved for publication the audited Statement of Accounts for 2023/24 and approved for signing the Annual Governance Statement, taking into consideration any minor amendments as agreed with the External Auditor. As part of the associated work of the External Auditor, a number of recommendations were made which are set out within **Appendix C** as highlighted above. There are no significant issues to highlight at the present time with actions and activities remaining ongoing.

Spendells House Capital Scheme Review

The outcome of the recent review is attached at **Appendix D**, which also addresses one of the External Auditors recommendations as set out within **Appendix C**.

It is important to highlight that this investigation formed one element of the Council's wider response to the issue identified. These actions are referred to within the Annual Governance Action Plan set out within **Appendix B**, and along with the investigation, mitigation actions have already been undertaken that include:

- The Chief executive issuing a directive to all Senior Managers relating to financial and budget management, which explains the consequences and expectations of them in their roles that will be supported by further collective meetings with Senior Officers.
- The commencement of 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.
- Statutory Officers re-delivered governance awareness training at a recent Senior Managers' Forum event, where attendance was mandatory.

As previously discussed, it is proposed to arrange a briefing for members of the Committee jointly with the Resources and Services Overview and Scrutiny Committee. It is currently planned to arrange such a briefing ahead of the Committee's meeting on 27 March 2025. In terms of the Audit Committee's assurance role and reflecting on the recent training / member development session earlier in the year, it is worth highlighting the Committee's relevant terms of reference as follows, especially in comparison with that of the Resources and Services Overview and Scrutiny Committee who have a different but complementary role:

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- To provide independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens

the control environment;

- Assessing external auditor and external regulatory reports and monitoring any quality improvement programmes where required.
- Reviewing significant issues referred by the Chief Executive, Cabinet or any Council Committee.
- Monitoring the effective development and operation of risk management and corporate governance.
- Considering the arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- Considering the Council's compliance with its own and other published standards and controls

In terms of the reference to best practice within the bullet points above, it is also worth highlighting the following relevant key elements that are set out within the Governments' best value standards:

- Local Authorities must 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;
- reporting on value for money, performance and the stewardship of resources is completed in a timely and understandable way, with transparent responses to recommendations from internal and external audit, and regulators;
- robust system of financial controls and reporting exists, which provide clear accountability and ensure compliance with statutory requirements and accounting standards; and
- procurement processes ensure economic, efficient and effective outcomes of contract procurement and management.

In terms of a practical and pragmatic response to the various issues and elements of good governance and best practice above, it is proposed to bring together the outcome from the Spendells House review set out within **Appendix D**, with the outcome from reviews of other major projects such as the Orwell Place Car Park and Events space capital scheme in Dovercourt that was reported to Cabinet on 21 February 2025. Reporting the outcome from major capital investment forms part of the Council's underlying approach as set out within the Annual Capital and Treasury Management Strategy and highlighted within the Annual Governance Statement Action Plan within **Appendix B**. Along with further planned reports such as the upcoming review of the flexible workspaces in Jaywick (Sunspot), various learning points can be brought together as part of the annual review of the Council's governance arrangements that in turn inform the associated action plan, that will be presented to the Committee in the first half of 2025/26.

Appointment of Independent Person(s) to the Audit Committee

A draft person specification is set out in **Appendix E**. It is proposed to further develop the specification in consultation with Members of the Committee in advance of a final version being presented to the June 2025 meeting of the Committee. Once agreed the actions associated with establishing and recruiting to this post will be undertaken which will include recommendations being made to Full Council, the appointment process and induction programme. A recommendation is included above that reflects this proposed approach.

External Funding Review

As highlighted within the report to the Audit Committee at its September 2024 meeting, the Committee have been asked by Cabinet for their support and assurance on the associated governance processes. This item has subsequently been captured within the Committee's proposed work programme for 2025/26 as set out elsewhere on the agenda.

External Audit Delays

Following the Committee's consideration and approval of the Statement of Accounts for 2023/24 and associated External Auditor reports, there are no longer any years outstanding. Work is underway in terms of the Council's 2024/25 accounts which will be subject to audit later in the year and will be reported to the Committee accordingly.

Local Audit Reform

There are currently no further updates over and above the detailed information presented to the Committee at its January 2025 meeting. Updates will be included in future reports as necessary.

RIPA – Regulatory Investigatory Powers Act 2000

To inform the Committee of any activity conducted under RIPA by the Authority – the Authority has not conducted any RIPA activity in the last quarter and it is rare that it will be required to do so.

Whistleblowing

To inform the Committee of any activity under the Whistleblowing Policy as part of the monitoring arrangements. The Authority has not received any Whistleblowing notifications since the adoption of its policy in July 2023.

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 (March 2025) – General

Appendix B – Table of Outstanding Issues (March 2025) – Update against 2023/24 Annual Governance Statement Actions

Appendix C – Table of Outstanding Issue (March 2025) – External Audit Recommendations

Appendix D – Spendells House Capital Scheme Review

Appendix E – Draft Independent Person specification

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