



**MINUTES of  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
27 JULY 2023**

---

**PRESENT**

Chairperson	Councillor V J Bell
Vice-Chairperson	Councillor M E Thompson
Councillors	D O Bown, M G Bassenger, S J Burwood, N R Miller, R G Pratt, N G F Shaughnessy, N D Spenceley, W Stamp, CC and K M H Lagan

**183. CHAIRPERSON'S NOTICES**

The Chairperson welcomed all present and took the Committee through some housekeeping arrangements.

**184. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors M G Bassenger, R G Pratt, W Stamp and J C Stilts.

In accordance with notice duly given Councillor D O Bown was in attendance as a substitute for Councillor R G Pratt, Councillor K M H Lagan as a substitute for Councillor J C Stilts and Councillor L J Haywood as a substitute for Councillor W Stamp.

**185. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 15 June 2023, be approved and confirmed.

**186. MATTERS ARISING**

**RESOLVED** that the Matters Arising from the 15 June 2023 meeting be received and noted.

**187. DISCLOSURE OF INTEREST**

There were none.

**188. PUBLIC PARTICIPATION**

No requests had been received.

**189. EXTERNAL AUDIT UPDATE REPORT**

The Committee considered the report from the Interim Chief Finance Officer that provided an update on the progress of both the external audit and the audit fees.

The Chairperson introduced the report and deferred to the Interim Chief Finance Officer to present the detail. For the benefit of new Members on the Committee she drew attention to a previous audit update report considered by the Committee in January 2023 that provided further detail and then went on to summarise the current situation.

The Council had published its accounts by the deadline, however, audits for 2020/21 and 2021/22 were still ongoing. It was on track to complete the 2020/21 audit over the summer period and the 2021/22 audit in early autumn. The delays were due to a number of complex contributing factors, not least the challenges in the audit market nationally, which in turn had led to an increase in audit fees. The Public Sector Audit Appointments (PSAA) who set the audit fees had indicated a likely increase of 150% which will further pressure the budget. She advised the Committee that from 2022/23 the new Council auditors KPMG would take over from Deloitte LLP and in conclusion referenced a letter received, since publication of the report, from the Department for Housing and Local Government, that detailed work being undertaken with organisations to develop proposals to address the audit backlog and explore sustainable solutions for the future.

The Chairperson then moved the recommendation which was duly seconded and opened the discussion.

In response to issues raised Officers advised that whilst the original aspiration was to have the 2020/21 audit completed by March 2023, outstanding information around asset valuations and, as outlined in paragraph 4.3 of the 19 January Committee report, further material adjustments required to the published accounts e.g. Covid Grants (£28m) had extended the delays in completion. A link to the 19 January 2023 report would be circulated outside of the meeting and it was hoped that the statement of accounts for 2020/21 would be signed-off by August 2023.

There being no further discussion the Chairperson put the recommendation to the Committee and it was agreed by assent.

**RESOLVED** that Members considered the report.

## **190. INTERNAL AUDIT REPORT**

The Committee considered the report of the Interim Chief Finance Officer and associated Internal Audit reports from BDO LLP, attached on the agenda at 8a to 8g, *Annual Report and Annual Statement of Assurance- 2022/23; Progress Report; Follow-up of Recommendations; Budget and Performance Management Final Report; Main Financial Systems; Local Development Plan Final Report and HMRC Employment Status Final Report.*

The Chairperson introduced the reports and deferred to Mr Rubins, the Head of Internal Audit from BDO to present the detail. He commenced by advising that there would be a change to the Council's Head of Internal Audit role and that as of next year he would be handing over the role to his colleague, Mr Winter, who would also co-present the reports on the agenda. He drew Members' attention to the *Annual Report and Annual Statement of Assurance- 2022/23* which was a summary of the work completed in the year. The overall opinion level was moderate assurance, BDO's second highest level of assurance which reflected the majority of reports throughout the year. The *Progress Report* covered the remaining audits for 2022/23 together with progress made on the 2023/24 internal audit plan. The outstanding draft *Cyber Security* audit was with management for clearance. For 2023/24 good progress had been made on three audits; *Licensing, S106 Review and Sickness and Absence Management.* The

draft *Equality, Diversity and Inclusion (EDI)* report was also with management for clearance and scoping was underway on the *Fraud Review* report.

The *Follow-up of Recommendations* report covered sign-off of seven outstanding recommendations, including two relating to flood management. Those still outstanding were being acted on and progress was being made, however, some were still outstanding response from managers. As a result of this work was ongoing with management to ensure timeframes were realistic. The *Budget and Performance Management Final Report* attained an opinion of moderate assurance on both design and effectiveness of controls. A lot of good practice was in evidence, the only finding was ensuring budgets and service plans were properly aligned and work was ongoing to address this. The *Main Financial Systems Report* attained substantial assurance for design and moderate assurance for effectiveness of controls, confirming strong arrangements were in place around invoicing and write-offs. The only finding was ensuring debts were chased on a timely basis to ensure best practice going forward.

The *Local Development Plan Final Report* had a positive outcome with a substantial opinion level on both design and effectiveness of controls with very good processes and structures in place ensuring strong Member engagement. The *HMRC Employment Status Final Report* had been requested by management and was advisory in nature so there was no opinion attributed to it because of the specific nature of the work. However it outlined the positive culture around how the Council managed payroll arrangements. The only comment was to ensure that the training currently being rolled out was attended by all.

The Chairperson then moved the recommendations which were duly seconded and opened the discussion.

In response to issues raised Officers provided the following information:

- That in order to address the cause of delays or lack of response from Managers to Auditors on outstanding recommendations the Director of Service Delivery would review the detail/individual instances and provide a response outside of the meeting.
- That the Local Development Plan budget had been reported to both Strategy & Resources Committee and Council which included a full plan of commitments against the budget allocation. A link to the report would be circulated outside of the meeting.
- That Officers were looking at asset management to determine the best option going forward. The Council may need to look at seeking external support to develop a strategy or additional internal funding and resources to manage this area.
- That in respect of flood risk management the Operational Group, consisting of Anglian Water, Essex County Council, Environment Agency and Council Officers, was scheduled to meet mid-August to review the Action Plan. The outcome would be reported to the Maldon Flood Coastal Group meeting in September 2023. Position statements had been sought from the Environment Agency on a number of areas of concern including modelling of watercourses and deposits of green waste on the bank side. A business case was currently being prepared by the Environment Agency to access additional funding for the North Heybridge Flood Alleviation Scheme and outcomes from the aforementioned meetings would be reported back.

- That in respect of Safeguarding a contractor and volunteers list had been completed, supported by the procurement officer and published on the performance website. Work was also in train with the Maldon & District Community Voluntary Service (CVS) on volunteer policy as they were skilled experts in that field.

Councillor K M H Lagan wished it noted that he did not assent to *Recommendation 2 (iii) Follow-Up of Recommendations Report – July 2023 – at 8c* as they were too many areas showing as overdue, however, he was content to assent to the remaining six recommendations.

There being no further discussion the Chairperson put the recommendations to the Committee and they were agreed by assent.

**RESOLVED** that the Committee considered, commented, and approved the following:

- (i) Annual Report and Annual Statement of Assurance – 22/23 at 8a;
- (ii) Progress Report – July 2023 – at 8b;
- (iii) Follow-Up of Recommendations Report – July 2023 – at 8c
- (iv) Budget and Performance Management Final Report – May 2023 –at 8d;
- (v) Main Financial Systems Final Report – June 2023 – at 8e;
- (vi) Local Development Plan (LDP) Final Report – July 2023 at 8j;
- (vii) HMRC Employment Status Final Report – June 2023 at 8g.

## **191. ANNUAL GOVERNANCE STATEMENT REPORT - 2022/23**

The Committee considered the report of the Director of Strategy and Resources together with the Annual Governance Statement (AGS) attached at appendix 1 for review and adoption by the Committee.

The Chairperson introduced the report and deferred to the Director of Strategy and Resources to present the detail. He advised that the AGS attached at appendix 1 followed the 2020/21 template to reflect the Chartered Institute of Public Finance and Accountancy (CIPFA) best practice advice. It was provided as a separate item to the statement of accounts to highlight the importance of governance and Maldon District Council's (MDC) analysis of its governance arrangements over the 2022/23 financial year. It was noted that the report commented on MDC's position against the seven principles of good governance identified by CIPFA and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) in 2016.

The first page of the appendix highlighted the achievements of the 2022/23 financial year in terms of governance arrangements. Overall, the Council performed well against the criteria for good governance, which was also highlighted by the internal audit statement from BDO. A 2023/24 action plan was included in the report to address those areas of challenge identified in the BDO report.

The Chairperson then moved the recommendations which were duly seconded and opened the discussion. In response to a query on the review period for the Whistleblowing Policy the Director of Strategy and Resources said it was normally a five year cycle but would confirm outside of the meeting.

There being no further discussion the Chairperson put the recommendations to the Committee and they were agreed by assent.

### **RESOLVED**

- (i) The approval of the Annual Governance Statement appendix A and that this be appended to the statement of accounts.
- (ii) That the Performance, Governance and Audit committee (PGA) monitored the progress of the action plan.
- (iii) That a quarterly report of Annual Governance actions be provided for Performance, Governance and Audit committee review.

## **192. INFRASTRUCTURE FUNDING STATEMENT AND SECTION 106 SIX MONTHLY UPDATE**

The Committee considered the report of the Director of Strategy and Resources that provided Members with an update on Section 106 infrastructure projects. The report also presented the Maldon District Council Infrastructure Funding Statement (IFS) for the financial year 2022 – 2023 to be published on the Council's website.

The Chairperson introduced the report and deferred to the Head of Service-Planning, Policy and Implementation to present the detail. She advised the Committee that the Infrastructure Funding Statement (IFS) was an annual statement the Council was required to publish on its website by December of each year and the Council had decided to coincide publication with the end of the financial year. The IFS set out the progress on section 106 projects delivery by Maldon District Council (MDC), NHS England and Essex County Council (ECC) detailing how much money has been received and how much allocated to funding projects. Last year monies received was £1.1million and this related to the following funding streams: Affordable Housing; Youth Facilities; Monitoring and Health Services. A project group will be set up to deliver the project spend. The funds already spent of approximately £415k related to projects around Affordable Housing; Youth Facilities; Open Spaces and Health.

The Chairperson then moved the recommendations which were duly seconded and opened the discussion.

Councillor K M H Lagan congratulated the Officer on her excellent report and this was echoed by the Chairperson. Councillor Lagan, referring to the aforementioned project group, requested that where possible internal expertise be used to project manage the funds in question as opposed to consultants.

There being no further discussion the Chairperson put the recommendations to the Committee and they were agreed by assent.

### **RESOLVED**

- (iv) That the Committee considered the update on Section 106 planning obligations.
- (v) That the Committee approved the Maldon District Council Infrastructure Funding Statement for the financial year 2022 - 2023 for publication as set out in appendix 1.

**193. APPOINTMENT OF REPRESENTATIVES TO OUTSIDE BODIES**

The Chairperson drew Members' attention to the outstanding vacancy on the Maldon Museum in the Park Liaison Committee deferred at the Committee on 15 June 2023, (Minute 98 referred).

The Chairperson introduced this item and their being no nominations from the floor offered to nominate herself to the vacancy. This was agreed by assent.

**RESOLVED** that Councillor V J Bell be appointed to the remaining vacancy on the Museum in the Park Liaison Committee.

**194. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRPERSON OF THE COMMITTEE DECIDES ARE URGENT**

There being no other items of business the Chairperson closed the meeting at 9.00 pm.

V J BELL  
CHAIRPERSON