



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
18 JULY 2024**

PRESENT

Chairperson	Councillor W Stamp, CC
Vice-Chairperson	Councillor N D Spenceley
Councillors	S J Burwood, J C Hughes, N R Miller, U C G Siddall-Norman, M E Thompson and S J N Morgan (Substitute for R G Pratt)
Independent Person	Mr D Smith

182. CHAIRPERSON'S NOTICES

The Chairperson welcomed everyone to the meeting and went through some general housekeeping arrangements for the meeting.

183. APOLOGIES FOR ABSENCE AND SUBSTITUTION NOTICE

Apologies for absence were received from Councillors M G Bassenger, R Pratt and J C Stilts. In accordance with notice duly given Councillor S N J Morgan was attending as a substitute for Councillor Pratt.

184. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 18 June 2024 be approved and confirmed.

185. MATTERS ARISING

The Chairperson took Members through the matters arising report and the following updates were provided:

- Annual Governance Statement Actions Update – The Director of Service Delivery reported that the Planning Policy Working Group was due to meet on 31 July and a poll would separately sent to all Members regarding dates for a Local Development Plan all Member briefing.

The Chairperson advised that the action regarding an update being sent to Parish and Town Councils would stay on the matters arising until the letter (as detailed in the update) had been seen by the Committee.

- Infrastructure Funding Statement – In respect of the request relating to Section 106 expiry dates, the Director of Service Delivery advised that Officers were unable to manipulate the database to present the information in the way required by Members. He had spoken to the Council's ICT Lead Specialist who

was going to review the database, including the resources required to produce the information. The Director was confident that the information could be provided.

Also under this item was the information to be provided to Councillor J Driver regarding the allotments at Handley Green. The Chairperson sought an update on this and in response the Director of Service Delivery advised that due to workload pressures the Officer had been unable to complete this, but he confirmed it would be done by the end of this month (July 2024). He would follow it up and ensure the information was also brought back to the Committee.

It was agreed that where previous meetings were referenced links would be provided to assist Members.

RESOLVED that the matters arising be noted.

186. DISCLOSURE OF INTEREST

There were none.

187. PUBLIC PARTICIPATION

No requests had been received.

188. EXTERNAL AUDIT PROGRESS REPORT

The Committee considered the report of the Interim Chief Finance Officer updating Members on the progress of the external audit and audit fees.

The report outlined a number of factors which resulted in an increase in Council's audit fees above those originally agreed up to the end of the 2022 / 23 appointment period. It was noted that the Council's new auditor from 2023 / 24 would be KPMG. The Chairperson advised that KPMG were unable to start work until the previous year's audits had been signed off or agreed.

The Interim Chief Finance Officer presented the report and took Members through the results of the Accounts Audit for:

- 2020 / 21 – now finalised and audited. The final schedule of fees was set out in the report.
- 2021 / 22 – The Council had published its draft accounts by the deadline. Audit work had commenced late, been paused in January 2024 and Deloitte had indicated it intended to finalise the audit on these accounts in July / August 2024. In accordance with the Accounts and Audit Regulation 2015 (AAR) the Council had published an explanation of why the accounts were unavailable at 30 November 2022.
- 2022 / 23 – The Council had published draft accounts by the required deadlines, but the audit was yet to commence due to the delay in the 2020 / 21 and 2021 / 22 audits. In accordance with AAR an explanation had been published on 30 September 2023. Deloitte had indicated it was not intending to carry out a full audit progress of these accounts as there would be insufficient time to complete this.

- 2023 / 24 – These accounts were in the process of being prepared for publication. Completion had been delayed due to the impact on the team in terms of preparation of the prior year's accounts.

The Chairperson thanked the Interim Chief Finance Officer for her comprehensive report and those Officers working to complete the outstanding audits. She advised how these issues were being faced by all Local Authorities, including Essex County Council.

In response to a number of questions raised, the following information was provided by Officers:

- Resource issues had impacted on the completion of audit work and the statement of account preparation. The Interim Chief Finance Officer outlined the measures implemented by the Council to address this, including additional resources to the team.
- There was general dissatisfaction with Audit firms across all local authorities. Pressure had been applied both directly and through the public sector appointments, and it was noted that this was a national problem. If audit work was not fully concluded, the audit firm would need to make an audit opinion in terms of value for money and the overall value of the Council.

The Chairperson moved the recommendation set out in the report. This was duly seconded and agreed.

RESOLVED that Members considered the report.

189. INTERNAL AUDIT REPORT

The Committee considered the report of the Chief Finance Officer and associated Internal Audit reports from BDO LLP, attached on the agenda as follows:

- 8a) Annual Report and Annual Statement of Assurance 2023 / 24
- 8b) Progress Report 2023 / 2024 and 2024 / 25
- 8c) Follow-Up of Recommendations Report – July 2024
- 8d) Main Financial Systems 2023 / 24 Final Report – June 2024
- 8e) CIPFA Financial Management Code 2023 / 24 Final Report – June 2024

a) Annual Report and Annual Statement of Assurance

Mr Aaron Winter (BDO LLP) presented his report to the Committee which summarised the work undertaken by Internal Audit for the Council and provided an overview of the effectiveness of the controls in place for the full year. Members noted the reports issued by BDO this financial year and the detailed opinions along with key findings were set out in the Internal Audit report. Members were reminded that reports around each of these had been presented to previous meetings of the Committee.

Mr Winter informed the Committee that the overall opinion issued was moderate, the second highest rating available. They had worked with the Council's officers to close a number of outstanding recommendations.

The Chairperson moved the recommendation set out in the report. This was duly seconded and agreed.

In response to a question regarding 'improving areas of licensing', it was noted that a specific report in relation to this had previously been considered by the Committee. The Council had a partnership agreement with Chelmsford City Council and improvements had been identified.

RESOLVED that the Committee considered, commented, and approved the Annual Report and Annual Statement of Assurance at Agenda Item 8a.

b) Progress Report

Mr Aaron Winter (BDO LLP) presented his report to the Committee which reported that the 2023 / 24 Internal Audit Plan had been completed, drawing Members' attention to the report which provided further detail in respect of the closure. Progress on delivery of the 2024 / 25 Internal Audit Plan was set out in the report along with a list of those reviews started.

RESOLVED that the Committee considered, commented and approved the Progress report at Agenda Item 8b.

c) Follow-Up of Recommendations

Mr Aaron Winter (BDO LLP) presented the report and advised that there were two recommendations outstanding for 2021 / 22 and this number had significantly dropped due to the work that been done to close a number of recommendations. Since publication of the report, he advised that Council had provided evidence in relation to the 2020 / 21 knowledge management recommendation and this would be closed as a result. The report noted that four recommendations had been completed and the remainder were not yet due for follow up.

In response to the recommendation '2021 / 22 Management of Property', the Assistant Director – Customer Services and Operations provided an update on the detailed work being carried out by the Council to complete this. Officers were delivering this using existing systems and therefore not incurring additional expense. Members were advised that a dedicated resource had been allocated and was available until the scheduled completion date of 31 March 2025. It was noted that future budget commitment would be required as maintaining the data would require resources.

The Chairperson moved the recommendation as set out in the Officers' report. This was duly seconded.

In response to a question regarding whether the Council should consider establishing an Internal Audit department either on its own or in conjunction with other Councils, the Interim Chief Finance Officer explained how there were different resourcing models for internal audit all of which had pros and cons. The key advantage of an external firm was the resilience it offered the Council along with the breadth of knowledge, experience, and specialists that the Council could access. As Section 151 Officer she was happy with the standard and level of work produced by BDO and that the Council was getting good Value for Money.

A further question regarding secondment of an Officer from BDO was raised and in response, Mr Winter explained how this often didn't result in Value for Money and could limit the knowledge and breadth of skills available to the Council.

The Chairperson moved the recommendation which was duly agreed.

RESOLVED that the Committee considered, commented and approved the Follow-Up of Recommendations report at Agenda Item 8c.

d) Main Financial Systems 2023 / 24

Mr Aaron Winter presented the report and advised that the review of the Council's main financial systems had been undertaken. The report set out the areas covered as part of the review and two areas of improvement which had been identified.

The Chairperson moved the recommendation as set out in the Officers' report. This was duly seconded.

It was noted that reference to Brentwood Borough Council under the key contacts section of the report should be amended to read Maldon District Council.

RESOLVED that the Committee considered, commented and subject to the above amendment approved the Main Financial Systems 2023 / 24 report at Agenda Item 8d.

e) CIPFA Financial Management Code 2023 / 24

Mr Aaron Winter presented the report and advised that this review had been undertaken at the request of the Interim Chief Finance Officer and to provide assurance that the Council had put in place appropriate arrangements to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code. He took Members through the findings, opinions given, and two recommendations raised.

The Chairperson moved the recommendation as set out in the Officers' report. This was duly seconded and agreed.

RESOLVED that the Committee considered, commented, and approved the CIPFA Financial Management Code 2023 / 24 report at Agenda Item 8e.

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

There were none.

191. EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act, and that this satisfies the public interest test.

192. INTERNAL AUDIT - STRATEGIC FRAUD RISK ASSESSMENT

The Committee considered the report of the Interim Chief Finance Officer and associated Internal Audit report – Strategic Fraud Risk Assessment from BDO LLP, attached on the agenda at Appendix 1.

The Chairperson proposed that the recommendation as set out in the report be agreed. This proposal was duly seconded.

Mr Aaron Winter (BDO LLP) informed the Committee of the reasons why this report was confidential in line with BDO's risk management and intellectual policy. This work

had been carried out in addition to the reviews scheduled, had been done by BDO forensic colleagues and assessed the Council's anti-fraud Strategy. He pointed out that although the report didn't constitute assurance, under the forensics framework it provided some Red, Amber, Green updates. All recommendations made had been discussed with the Council's management team.

The Interim Chief Finance Officer outlined the request for this Audit and how as a result of the recommendations from the review a detailed action plan would be developed to follow-up and implement throughout the year. It was noted that this Committee would receive an annual update on this matter.

Members debated the report and in response to questions raised Officers provided further information including the stakeholders involved in the assessment and whistleblowing.

Following further debate, Councillor W Stamp referred to the importance of training for Members and proposed that Members online training was recorded and reported upon in the same manner as it is for staff and that Members are offered the same support and assistance as staff enabling them to access online material. This proposal was duly seconded. It was noted that this would be a recommendation to the Council and information relating to it would be reported back to this Committee.

The Chairperson then moved the above motion, and this was duly agreed by assent. She then moved the recommendation as set out in the report and this was duly agreed.

RESOLVED

- (i) That the Committee considered and approved the Strategic Fraud Risk Assessment Report – April 2024, attached as Appendix 1 to the report.

RECOMMENDED

- (ii) That Members online training be recorded and reported upon in the same manner as it is for staff (reporting via the Performance, Governance and Audit Committee);
- (iii) That Members are offered the same level of support and assistance as staff enabling them access to online material in respect of online training.

There being no other items of business the Chairperson closed the meeting at 8.35 pm.

W STAMP, CC
CHAIRPERSON