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## **The notes of the Informal meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford on Monday 3 July 2023**

A [YouTube recording](#) of the meeting is to be found online.

### **Present:**

#### **Members of the Committee:**

Cllr Tony Hedley	Chairman
Cllr Susan Barker	
Cllr Aidan McGurran	
Cllr Luke Mackenzie (online)	
Cllr Mark Platt	
Cllr Laureen Shaw	
Cllr Chris Siddall	
Cllr Wendy Stamp (online)	
Mr Atta Ul-Haque (online)	Independent Member appointed to the Committee

#### **ECC Officers:**

Christine Golding	Chief Accountant
Stephanie Mitchener	Director, Finance
Paul Turner	Director, Legal and Assurance
Sophie Crane	Senior Democratic Services Officer (online)
Judith Dignum	Democratic Services Officer (online)

### **Also present:**

External Auditor:  
Mr David Eagles BDO LLP

### **Welcome and Introduction**

Cllr Tony Hedley, the Chairman of the Audit, Governance and Standards Committee, welcomed those in attendance.

## **1. Membership, Apologies, Substitutions and Declarations of Interest**

The report of Membership, Apologies and Declarations was received, and it was noted that:

- The Membership of the Audit, Governance and Standards Committee was as shown in the report.
- Apologies had been received from Cllr David King (however Cllr David King joined online at approximately 10.35am)
- No declarations of interests were made.

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Cllr Tony Hedley reminded Members that any interests must be declared during the meeting if the need to do so arose.

## **2. 2020/21 Statement of Accounts and Audit**

Christine Golding, Chief Accountant, introduced the report and reminded Members that this informal meeting replaced the formal Committee meeting which had been scheduled to receive the 2020/21 Audit Completion Report. Unfortunately, that report had not yet been completed by the external auditors.

The draft 2020/21 Audit Completion Report for Essex County Council and the Essex Pension Fund had been presented to the March 2022 Audit, Governance and Standards Committee meeting. Since then, three changes had been made relating to a) the infrastructure assets depreciation policy b) debtors and creditors and c) the re-classification of a capital grant. These changes were below the external auditor's threshold for materiality and did not impact on the council's financial standing.

Mr David Eagles of BDO LLP was invited to provide an update on the external auditor's work, it was noted that a written update from BDO had been circulated to Members of the Committee on 30 June 2023. Mr Eagles explained that, although progress had been made, the 2020/21 external audit report had not been completed as a result of competing demands on limited staff time. To complete the audit a key team member needed to spend one full week dedicated to concluding this report. BDO intended to bring the completed report to the September 2023 Committee meeting and were not awaiting any further information from Essex County Council (ECC) to enable this. Mr Eagles indicated that he could not absolutely guarantee that the work would be done for this meeting.

Mr Eagles informed Members that he would be retiring from BDO in November 2023 and handing over to a successor. Members requested that the new auditor met with the Committee, it was agreed that this could be online if they are not able to attend the September Committee meeting. Mr Eagles indicated that his successor would not have taken up their post by this time so this may be difficult but he would see what could be done.

Members expressed significant frustration that BDO had not completed the 2020/21 external audit report despite previous assurances that it would be concluded, most recently by July 2023. Members were concerned that they were therefore not able to assure Essex residents of the authority's financial position. This was of particular importance given well publicised financial issues at other local authorities. Members were also disappointed at the ongoing costs to ECC of a legacy finance system which it had been necessary to keep open until the closure of the 2020/21 audit. Members felt that given BDO had estimated that there was one week of work to be completed on this matter that the report should be finalised sooner than September 2023 and requested that BDO expedite it. Mr Eagles provided an explanation with regard to the scheduling of this work and why earlier consideration could not be guaranteed.

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Members considered the written update provided by BDO and concluded that it did not meet their expectations, in that it was not a concise statement explaining the reasons for the current position to the residents of Essex. It was agreed that this could be further considered outside the meeting.

Members explored the options for holding BDO to account for delivery against the external audit contract. It was clarified that the Public Sector Auditor Appointments Ltd (PSAA) appointed BDO as external auditors for ECC, this route was chosen because appointments via PSAA guarantee that an authority would not be left without an external auditor. Therefore, as the appointment was not made by ECC directly, the route to raise concerns was via the PSAA. Mr Eagles confirmed that BDO was registered with the Institute of Chartered Accountants in England and Wales and regulated by financial reporting council, who undertake quality reviews. Mr Eagles informed Members that the contract in its entirety (i.e. when also considering the demands of other authorities, not just ECC) had required more resource than expected and that quality standards had been enhanced in the period, this was a national issue and not specific to ECC.

Paul Turner, Director, Legal and Assurance informed Members the failure to publish the certified draft accounts on time had led to him issuing a Monitoring Officer Report to Full Council. This situation was a direct result of external audit delays in prior years. The Monitoring Officer Report would be published later the same day, on 3 July 2023, the report would make it clear that this situation had arisen due to external factors and not through any fault by ECC. Mr Eagles indicated that in his view it would have been unwise for the section 151 officer to certify the accounts pending completion of the audit by his firm.

### **3. Date of next Meeting**

It was noted that the next formal meeting of the Audit and Governance Committee had been scheduled for 25 September 2023.

Cllr Tony Hedley closed the meeting at 11am.