

The Minutes of the meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford on Monday 27 March 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 McKenzie	
Cllr Anthony McQuiggan	
Cllr Mark Platt	
Cllr Laureen Shaw	
Cllr Chris Siddall	
Mr Atta Ul-Haque	Independent Member appointed to the Committee

ECC Officers:

Christine Golding	Chief Accountant
Stephanie Mitchener	Director, Finance
Paula Clowes	Head of Assurance
Paul Turner	Director, Legal and Assurance
Sophie Crane	Senior Democratic Services Officer
Judith Dignum	Democratic Services Officer

Also present:

External Auditors:
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 from Cllr David King had been received.
- No declarations of interests were made.

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

2. Minutes and Matters Arising

The minutes of the meeting held on Monday 30 January 2023 were approved as a correct record. It was noted that officers had not taken the option to contact the Financial Reporting Council, Public Sector Auditor Appointments Ltd (PSAA) or the regional Head of BDO regarding the performance of BDO. However, ECC had responded to a PSAA survey and the matter had been escalated to the Leader of the Council.

3. Disaster Recovery Audit Progress Update

Melanie Hogger, Director Technology Services updated the Committee on the progress which had been made. The Cloud migration of ECC-hosted and 3rd party applications and services had provided much improved resilience. Work remained ongoing with another audit planned during 2023/23.

Resolved

That the Committee noted the progress in relation to the implementation of the recommendations from the ECC Disaster Recover Audit.

4. Closure of Accounts 2022/23

Christine Golding, Chief Accountant, introduced the report (AGS/09/23) highlighting that there was some risk to the publication date for the 2022/23 accounts. The deadline of 31 May 2023 was two months earlier than in recent years. ECC had successfully worked to the earlier timetable in the past, however in 2023 there was a significant additional pressure on the finance team from work relating to the two open audits from 2021/21 and 2021/22. There was some possibility of the deadline being extended by government and ECC had responded to a consultation on this topic with the strong view that the May deadline was very challenging. With two prior years audits still open there was a risk that the Section 151 Officer may be unable to certify the accounts and therefore although they could still be published ECC would be unable to formally commence the period of public inspection. It was clarified that although this was a breach of ECC's statutory an immediate sanction would be highly unlikely in this event.

Committee members formally thanked members of the ECC finance team working under these difficult circumstances.

Resolved

That the Committee noted the current arrangements for closure of the Council's Accounts for the 2022/23 financial year, and the present uncertainties and challenges that may impact on our ability to publish the draft Accounts in line with the statutory deadline for doing so.

5. Update on the 2020/21 and 2021/22 external audits of the Council and Essex Pension Fund

Christine Golding, Chief Accountant, introduced the report (AGS/10/23) and Mr David Eagles of BDO updated the Committee on the progress made in relation to the two audits.

The 2020/21 audit was still held up by the issue regarding accounting for infrastructure assets, however the information relating to this was now in place and it was hoped that the matter could be concluded before or during May 2023. It was noted that only two infrastructure holding authorities had signed off their 202/21 accounts.

Mr Eagles confirmed that ECC's was the only 2021/22 audits that BDO had started work on. Fieldwork was ongoing on these audits however an emerging issue was noted relating to the Pension Fund tri-annual valuation, which was due to be published within the week. This would provide better information than that which was available at the time of the preparation of the 2021/22 financial statements which would mean that the estimates in respect of Pension Fund liability would need to be revisited. It would potentially follow that the Actuary would need to re-run the IS19 reports which were used for the basis of accounts preparation for all Pension Fund participating bodies. Given that most infrastructure holding authorities would also be Pension Fund administering bodies this was a national issue. Furthermore, the activity could impact the 2022/23 accounts work by creating additional demand on the Actuary's resources.

It was clarified that the authority was required to re-run this information despite the fact that in previous years the accounts would have already been finalised.

The Committee asked BDO to consider issuing a statement to mitigate the reputational damage this issue may cause for ECC.

Resolved

That the Committee noted the update provided.

6. Audit, Governance and Standards Committee Effectiveness Review Proposals 2023

Paul Turner, Director, Legal and Assurance introduced the report (AGS/11/23) which summarised the outcomes of the review which had been conducted by Members earlier in March 2023.

Resolved

That the Committee approved the list of actions appended to this report and noted the progress already made.

That the Committee noted the outcome of the effectiveness review on Standards as set out in paragraph 3.4 of the report.

7. Internal Audit and Counter Fraud Progress Report

Paula Clowes, Head of Assurance introduced the report (AGS/13/23) which covered January to February 2023 and noted the following points:

- No audits received No Assurance
- One follow up audit remains at Limited Assurance (Country Parks) and one audit received Limited Assurance (S106 Agreements)
- Four audits received a Good Assurance rating.
- Two audits have received a 'Satisfactory Assurance' rating
- As at 28 February there were 14 Major and 69 Moderate recommendations open. There are no open Critical recommendations.
- During this period the work of the Counter Fraud team has resulted in the recovery of £25,560 with a further £34,376 in recovery.

There had been a decrease in outstanding audit recommendations in the period as a result of the audit team individually following up with recommendation owners. It was clarified that these updates should generally be provided directly into a self-service system by recommendation owners and an auditor checked that the evidence supplied was satisfactory before an issue could be closed. It was also noted that target dates could be amended by recommendation owners via the same process, if appropriate.

Resolved

That the Committee noted the progress in audit and counter fraud activity.

8. Assurance on procurement and contract management

Paul Turner, Director, Legal and Assurance introduced the report (AGS/12/23) which provided Members with various options for seeking assurance on procurement and contract management. This had been requested as part of the effectiveness review (AGS/11/23). Paul Turner agreed to confirm to members which ECC policies dealt with contract performance management.

Resolved

That the Committee agreed to proceed with option two as detailed in the report: invite relevant officers to attend a meeting of the committee to explain the control environment.

9. Internal Audit and Counter Fraud Plan 2023-24

Paula Clowes introduced the report (AGS/14/23) and noted that the plan was produced using a risk-based approach.

It was clarified that GDPR had been audited in the past and Paula Clowes agreed to confirm the date and scope of that audit to members.

Members requested that the outcome of the report on separated migrant children be brought to the committee when concluded.

Resolved

That the Committee approved the draft Internal Audit and Counter Fraud Plan for 2023/24 in the form appended to the report.

10. Internal Audit Charter

Paula Clowes introduced the report (AGS/15/23) and noted that changes were very minor, given the Charter underwent a full refresh in the previous financial year.

Resolved

That the Committee approved the Charter in the form presented at appendix 1.

11. Regulation of Investigatory Powers Act 2000: review of activity March 23

Paul Turner, Director, Legal and Assurance introduced the report (AGS/16/23) and noted that although there was no activity to report ECC was required to bring this matter to the committee on an annual basis.

Resolved

That the Committee noted that no applications for directed surveillance or the use of a CHIS had been made by anyone at ECC since the last report in March 2022.

12. Policy and procedures on covert surveillance and use of covert human intelligence sources

Paul Turner introduced the report (AGS/17/23) and noted that there had been very minor updates to the policy and procedures.

Resolved

That the Committee approved the Policy and Procedures on Covert Surveillance and the Covert Human Intelligence Sources 2023 in the form appended to the report.

13. Work Programme

Paul Turner introduced the report (AGS/18/23)

The Work Programme was noted.

14. Date of next Meeting

As noted in the agenda the next meeting was scheduled for 5 June 2023.

**Chairman
5 June 2023**