
The Minutes of the meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford on Monday 5 June 2023

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

Present:

Members of the Committee:

Cllr Tony Hedley	Chairman
Cllr Jane Fleming	
Cllr Aidan McGurran	
Cllr Luke McKenzie	
Cllr Anthony McQuiggan	
Cllr Mark Platt	
Cllr Laureen Shaw	
Cllr Wendy Stamp	
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

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 updated as shown in the report.
- Apologies had been received from Cllr Susan Barker, Cllr David King and Cllr Chris Siddall. Cllr Jane Fleming substituted for Cllr Susan Barker and Cllr Jude Deakin substituted for Cllr David King.
- 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 27 March 2023 were approved as a correct record.

3. Appointment of Vice-Chairman

It having been moved by Cllr Tony Hedley and there being no other nominations, it was

Resolved:

That Cllrs Chris Siddall and Anthony McQuiggan be appointed as Vice-Chairmen of the Committee for the 2023/24 municipal year.

4. The draft Statement of Accounts and draft Annual Governance Statement for the 2022-23 financial year

Christine Golding, Chief Accountant, introduced the report (AGS/19/23) and confirmed that the statutory deadline for the production of 2022-23 accounts was 31 May 2023. This was two months earlier than the previous year, which had presented a significant challenge for the finance team when combined with the work associated with the delay in the prior two years audits.

The draft accounts had nevertheless been produced to that deadline and were, in the view of the finance team, a true and fair view of the Council's financial position.

As a result of the delays to the previous two years external audits the draft accounts had not been certified by the Section 151 Officer. There were two outstanding issues from these audits which had been raised by the external auditors which could potentially be material: the outstanding national concern over accounting for infrastructure assets and the impact of triennial valuation of the pension fund published in March 2023. ECC was waiting for the external auditors to validate its work on both matters.

For transparency the draft accounts had still been published on ECC's website, however it was not possible for the public inspection period to formally commence prior to Section 151 certification. It was clarified that while this meant ECC was in breach of a statutory duty there was no immediate sanction and the authority could continue to operate.

It was noted that BDO had informally reported that their activity was on track to bring the final 2020-21 external audit report to the July Committee meeting.

Members thanked members of the ECC finance team for their work to complete the accounts by the 31 May 2023.

Members recalled that at the last meeting of the Audit, Standards and Governance Committee BDO had been asked to consider issuing a statement which would mitigate the potential reputational damage that the external audit issues may cause for ECC. No statement had yet been issued and Members therefore asked Officers to pursue this with BDO.

Paul Turner, Director, Legal and Assurance, introduced the Annual Governance Statement section of the draft accounts document, highlighting new sections regarding Thurrock Borough Council, the use of unregulated placements, the capital programme and findings of fault or maladministration from the Local Government and Social Care Ombudsman (LGSCO). Members asked for LGSCO benchmarking data, comparing ECC to similar authorities, and it was agreed that this would be collated and circulated by email.

Members asked that awards nominations listed in the Annual Governance statement be updated with the outcome when this became available.

Resolved

That the Committee noted:

- In line with statutory requirements, the draft Statement of Accounts was published on the Council's website on or before 31 May 2023.
- As a direct consequence of delays to completion of the external audits for the 2020-21 and 2021-22 financial years:
 - The Section 151 Officer had decided that she is currently unable to sign a statement to confirm that she is satisfied that the draft statement of accounts presents a true and fair view of the financial position of the authority at the end of the 2022-23 financial year.
 - It was not therefore lawfully possible to commence the public inspection period for the 2022-23 Statement of Accounts in line with statutory timescales.
 - A notice must be published on the Council's website to explain the reasons for the delay to commencement of the public inspection period. This notice does not excuse the non-compliance.
 - This may lead to a duty for the monitoring officer to issue a statutory report for the Council to consider.
- The Section 151 Officer would certify the draft Statement of Accounts for the 2022-23 financial year, and commence the public inspection period for 2022-23, upon conclusion of the external audits for the 2020-21 and 2021-22 financial years. The statements presented to the committee may need to change based on any matter which comes to light during the audit. Whilst the Council was not aware of any reason why anything will come to light, the whole purpose of the audit was to provide assurance that the accounts were correct.

5. Internal Audit and Counter Fraud Annual Report

Paula Clowes, Head of Assurance, introduced the report (AGS/20/23) and reported that, as the Council's Chief Audit Executive, she was required to produce an annual report outlining the work of Internal Audit and to form an opinion on the council's control environment and related risk management activities. For 2022-23 the opinion was 'satisfactory', which meant that although there were some weaknesses which may have put individual systems or processes at risk, there was an overall satisfactory system of internal control, appropriately designed to meet the Council's objectives, and controls had generally been applied consistently.

This opinion indicated a stable environment and Internal Audit and Counter Fraud findings were consistent with the previous three years. Paula Clowes confirmed that Internal Audit activity had provided sufficient coverage to form the opinion and that the activity was free from interference, therefore it was an unqualified opinion.

Resolved

That the Committee noted both the Internal Audit and Counter Fraud Annual Report and the opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

6. Annual Report of the Audit, Governance and Standards Committee

Paul Turner, Director, Legal and Assurance, introduced the annual report (AGS/21/23) which outlined the Audit, Governance and Standards committee's purpose, role and the activities that it had undertaken throughout the preceding financial year to support good governance and strong public financial management.

Resolved

That the Committee approved the draft Annual Report of the Audit, Governance and Standards Committee in the form appended to report AGS/21/23.

That the Committee agreed that the report would be presented to Full Council at its July 2023 meeting.

7. Code of Conduct Complaints 2022-23

Paul Turner, Director, Legal and Assurance introduced the report (AGS/22/23) which summarised complaints received under the Members Code of Conduct during 2022-23. This was the first time an annual report had been presented to the Audit, Governance and Standards Committee and it was produced as a result of recommendations arising from the Committee effectiveness review in March 2023.

Resolved

That the Committee noted the report.

8. Annual Review of Members Gifts and Hospitality Register 2022-23

Paul Turner, Director, Legal and Assurance, introduced the report (AGS/23/23), the 2022-23 report was the first report since the Council's adoption of the LGA Code of Conduct in June 2022. It was noted that it therefore included declined offers of gifts or hospitality and that the threshold for registration of gifts and hospitality had increased from £25 to £50.

Resolved

That the Committee noted the report.

9. Foreign Travel and Higher Cost Member Travel Annual Report 2022-23

Paul Turner, Director, Legal and Assurance introduced the report (AGS/24/23), it was noted that this was the first time the Audit, Governance and Standards Committee had received this information, which was previously reported in a different format at the *Committee to consider applications to undertake certain duties by Members and foreign travel by Officers*. In July 2022 Full Council had agreed to dissolve that Committee and replace it with an Officer approval process which was less cumbersome to operate. In order to be transparent all approvals for the 2022-23 had been reported to this committee.

Members requested that a short summary of the benefit of each activity listed in the appendix to the report be provided.

Resolved

That the Committee noted the report.

10. Assurance on Procurement and Contract Management

Cllr Tony Hedley proposed that the report (AGS/25/23) be deferred until a later date, pending further background work on the matter.

Resolved

That the Committee would consider assurance on procurement and contract management at a later date.

11. Work Programme

The Work Programme (AGS/26/23) was noted.

12. Date of next Meeting

It was noted that the next meeting had been scheduled for 3 July 2023.

**Chairman
2023**