
Minutes of the meeting of the Audit, Governance and Standards Committee, that was held remotely on Monday, 6 July 2020

[A recording of the meeting may be found on the ECC website.](#)

Present:

Members:

Councillor G Butland
Councillor P Channer
Councillor A Davies
Councillor A Hedley
Councillor A Jackson
Councillor M Maddocks (substitute for Councillor R Mitchell)
Councillor Dr R Moore
Councillor M Platt
Councillor K Smith
Councillor A Turrell

Also Present:

David Eagles	BDO LLP (external auditor)
Norman Hodson	Independent Person appointed to advise the Council about standards issues
Barry Pryke	BDO LLP (external auditor)
Councillor C Whitbread	Cabinet Member for Finance (observing)

ECC Officers:

Joanna Boaler	Head of Democracy and Transparency
Paula Clowes	Head of Assurance
Christine Golding	Chief Accountant
Andy Gribben	Senior Democratic Services Officer (clerk to the meeting)
Paul Turner	Director, Legal and Assurance (Monitoring Officer)
Nicole Wood	Executive Director, Finance and Technology (section 151 officer)

1. Welcome and Introduction

Councillor Hedley welcomed everyone to the first virtual meeting of the Audit, Governance and Standards Committee and in particular:

- Members of the committee and any substitutes also attending
- Representatives of the External Auditors BDO
- Independent Person, Mr Hodson and
- Officers.

He paid tribute to the previous chairman of the committee the late Councillor Terry Cutmore and invited those present to observe a minute's silence.

2. Remote working

Councillor Hedley reminded everyone that although members are attending the meeting remotely, they should remain engaged in the meeting, refrain from responding to emails and texts during the meeting and put all devices on silent mode.

Members were reminded to keep their microphone on mute for the duration of the meeting unless they wished to speak and to address all remarks through the Chairman.

Councillor Hedley reminded members that the raise hand function was to be used and asked members not to send messages to the Chairman, but instead to send them to the Head of Democratic Services, Joanna Boaler who was managing the Zoom meeting.

Councillor Hedley also reminded members that the meeting was to be broadcast live over the internet and will then be publicly available on the County Council's website after the meeting. Although ECC was only making an audio recording of this meeting, Members should be aware that anyone attending this meeting, either as a panellist or an attendee, could make a video recording of all or any part of the proceedings. More details were set out in the agenda.

3. Election of Chairman

Having been moved by Councillor Platt and seconded by Councillor Maddocks and there being no further nominations Councillor Hedley was elected Chairman.

4. Appointment of Vice-Chairman

Having been moved by the Chairman, Councillor Hedley and seconded by Councillor Channer and there being no further nominations Councillor Platt was appointed as Vice-Chairman.

5. Membership, Apologies, Substitutions and Declarations of Interest

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

1. The membership of the Audit, Governance and Standards Committee was as shown in the report.
2. Apologies for absence had been received from Councillor Mitchell who was substituted by Councillor Maddocks.
3. The following members declared interests:
 - Councillor Butland declared a Code Interest as a Director of South East Local Enterprise Partnership.

- Councillor Channer declared a Code interest in respect of agenda items 6, 8 and 9 as a Director of Essex Cares Ltd and a Code Interest in respect of agenda item 11 as she was named as a recipient of a gift she had declared.
- Councillors Davis, Hedley, Maddocks and Platt declared Code Interests as members of the Essex Pension Board.

The Chairman, Councillor Hedley reminded members that any interests must be declared during the meeting if the need to do so arose.

6. Minutes and Matters Arising

The minutes of the meeting held on Monday 20 January 2020 were approved as a correct record and signed by the Chairman.

7. Notes of discussion

The notes of the discussion that took place between the members of the Audit, Governance and Standards Committee, held online as a 'virtual conversation' on 23 March 2020 were received.

8. Internal Audit and Counter Fraud Annual Report for the year ended 31 March 2020

The report (AGS/69/20 and appendix), was presented by the Head of Assurance.

Members noted that, the Head of Assurance was required to form an opinion by the Public Sector Internal Audit Standards on the overall adequacy and effectiveness of the Council's control environment and she had concluded that the Council had achieved an overall 'satisfactory' assurance rating. She also asked members to note that the Internal Audit and Counter Fraud Annual Report (Appendix 1 to the report) provided oversight of Internal Audit and Counter Fraud activity for 2019/20.

She also asked Members to note that, this year, she had been required to determine if sufficient evidence had been collected by Auditors in order to form an opinion prior to 'lockdown'. She had concluded that sufficient Audit evidence had been achieved to allow her to reach an opinion.

She added that although the overall opinion remained at 'satisfactory' there was a perceivable positive direction of travel; less 'limited assurance'; and a lack of 'no assurance'. There had also been an improvement in the range of recommendations with no 'critical recommendations' being made this year and only eight 'major recommendations'.

She informed members of the committee that the council was compliant with Public Sector Audit Standards, the CIPFA Code on Management of Fraud, and all the work of the service had been carried out independently and free from interference.

There being no questions from members it was

Resolved

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

9. Prosecution and Sanction Policy (Fraud and Corruption)

The report (AGS/70/20 and appendix 1), deferred from the informal meeting on 23 March 2020, was presented by the Head of Assurance

Members noted that the report, other than the date shown on the front of the report, was exactly as had been presented to the informal meeting of the committee on 23 March and so, the discussion having taken place at that time it was

Resolved

That the Prosecution and Sanction Policy (Fraud and Corruption) be adopted in the form appended to the report.

10. Revised Internal Audit Plan for 2020/21

The report (AGS/71/20 and appendices a) and b) was presented by the Head of Assurance.

Members noted that the draft Internal Audit Plan for 2020/21 was originally presented an informal remote meeting of the members of the Audit, Governance and Standards committee in March 2020 and agreed in principle.

They also noted that since that time, with the impact of Covid-19, there have been significant changes to working practices and the risks have also changed, heightened or provided opportunities. Consequently, it was necessary to undertake a full review of the original plan and a revised plan was attached to the report at appendix 1 to the report and a detailed breakdown of all the proposed changes since the plan was considered by members of the Committee in March 2020 was attached at appendix 2.

It was noted that in future any changes to the Internal Audit Plan would be brought back to the Committee for approval.

In response to questions from Councillor Turrell it was agreed that a revision be made to Appendix 1 to ensure that, when the audit is undertaken on budgetary control, specific attention is placed upon what impact Covid-19 may have on commercial income over the next few years.

It was also suggested by Councillor Platt that the figure shown as being the Essex Pension Fund Assets of £4billion was incorrect. The Head of Assurance agreed to check the figure.

Councillor Smith declared an interest as he was an elected Member of Basildon Borough Council.

It was **Resolved**

That the 2020/21 Revised Internal Audit and Counter Fraud Plan be approved in the form at appendix 1 to the report subject to an amendment to the budgetary control audit including a reference to attention being required to the impact of Covid-19 upon Commercial Income.

11. To receive the Draft Statement of Accounts 2019/2020 and the Draft Annual Governance Statement

The report (AGS/72/20 and appendix 1) was presented by Christine Golding, Chief Accountant with additional information from the Executive Director, Finance and Technology. The Draft Annual Governance Statement was presented by the Director, Legal and Assurance

Members noted the report that presented a draft of the Statement of Accounts and the draft Annual Governance Statement for 2019/20 to the Committee for information and explained the committee's role with regard to approval of the Accounts and Annual Governance Statement in September.

Members noted the revised timetable for production and publication of the 2019/20 Statement of Accounts as detailed in the report and explained by the Chief Accountant. Members also noted that the external auditor planned to report the results of the audit work to the Committee on 28 September 2020, at which stage the Committee would be asked to approve the Statement of Accounts and Annual Governance Statement for publication.

In response to a request from members, the Executive Director, Finance and Technology explained that the financial impact of the Covid-19 pandemic was being monitored closely, and that quarterly updates would be reported to Cabinet. Financial risks include:

- Tax revenues which are at considerable risk, particularly council tax,
- Increased pressure in relation to Adults and Children's Social Care,
- Future waves of the pandemic.

Whilst the government has provided emergency funding to assist with the pandemic, it has yet to clarify the funding approach beyond their emergency funding.

The Draft Annual Governance Statement was presented by the Director, Legal and Assurance and explained that it was a legal requirement to produce it annually. He drew particular attention to the action plan. His opinion was that the Council's

governance was in general strong but there were particular areas that required noting such as;

- Remote working,
- The implementation of the AGS Effectiveness Review,
- A review of Health and Safety,
- Preparation for elections to be held in May 2021.

In response to questions from members it was advised that a Risk Awareness review concluded that managers were cognisant of the risks arising and there has been a positive response to risk training and actually improved engagement.

Members were also advised that although FOIs, EIRs and SARs were responded to 'satisfactorily' there was an issue relating to GDPR and the nationally identified increased amounts of SARs being received by all local authorities. This is being constantly monitored by Essex.

It was **Resolved** that

1. The Committee note the arrangements for approval and publication of the Council's Statement of Accounts for 2019/20 and
2. The Committee, having reviewed the draft Annual Governance Statement for 2019/20, as appended to the report, determined that no comments or changes were required.

12. Consultation on proposed Local Government Association Model Code of Member Conduct.

The report (AGS/73/20 and appendices 1. 2 and 3) was presented by the Director, Legal and Assurance who advised the members of the committee that the National Committee on Standards in Public Life had published in 2019 a report on standards in local government. They had made a number of recommendations to local authorities, to the LGA and to central government. The Council ECC had implemented the recommendations, insofar as it was thought appropriate

The key recommendation of the CSPL to the LGA was that it should produce a draft model code for local authorities to consider adopting. The Council had welcomed the introduction of a model national code but there would be limited advantage in adopting the national code unless a significant number of Essex local authorities also adopt it.

In March 2020 the LGA published a consultation draft of the code. ECC was originally asked to respond to the code by the end of May 2020 but the LGA then decided to republish the draft Code, with a revised closing date of 17 August 2020.

Both the current ECC code and the draft LGA code have their roots in the former mandatory national code of conduct created by the Local Government Act 2000. This means that broadly the codes are similar but, as would be expected, there

are a number of differences. The table appended to the report highlighted the differences between the current ECC code and compares it to the draft LGA Code, with a commentary.

In response to a question from the Chairman, Paul Turner explained the legislation concerning a member's employment or a potential pecuniary interest, what they should declare and the impact upon their ability to engage in decision-making.

The Chairman invited the Independent Person, Mr Hodson to comment on the report and having considered his views and those of members of the committee Paul Turner was requested to circulate to all Members, including Independent Persons, a draft of the proposed response for comment and encouraged them to respond to the consultation online directly. Alternatively, members could comment by email to the Chairman and these comments may be included in the Council's overall response to the consultation, in the name of the committee, which would be circulated to members of the committee before dispatch.

Resolved

That, subject to comments received from Members, and the review of the Chairman, the response be approved.

13. Review of Register of Gifts and Hospitality Register

The report (AGS/74/20 and appendix 1) was presented by the Director, Legal and Assurance and an opportunity for members of the committee to note the findings and raise any issues they may have.

Councillor Butland noted that there had been a change to a particular entry on the register since it had been circulated in draft and he sought an assurance that the Director, Legal and Assurance was now satisfied that the entry was currently correct. The Director, Legal and Assurance stated that the accuracy of the declaration was the responsibility of the member concerned but he believed that the declaration was now correct.

Members of the committee asked questions relating to specific entries and the process for declarations and they were urged to declare all potential interests, ownership of land, employment or gifts or hospitality received.

Resolved

The report was noted.

14. Work Programme

The report (AGS/75/20) was presented by the Director, Legal and Assurance. Members were reminded that the work programme was subject to regular revisions and change and noted that items arising from the recent Effectiveness Review had been added to the document since last it had been reviewed.

Resolved

The Work Programme was noted.

15. Date of the Next Meeting

Members noted that the next meeting of the committee would be held on Monday 28 September at 10.30am in Committee Room 1 or remotely (to be advised) and would be preceded by a private meeting for AGS members only.

Chairman.....

Date.....