
The Minutes of the meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford on Monday 25 September 2023

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

Present:

Members of the Committee:

Cllr Anthony McQuiggan	Vice Chairman (in the Chair)
Cllr Chris Siddall	
Cllr Susan Barker	
Cllr David King	(present other than for the conclusion of item 6)
Cllr Aidan McGurran	
Cllr Luke Mackenzie	
Cllr Lewis Barber	
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

Also present:

External Auditors:
Mr David Eagles BDO LLP
Mr Geraint Jones BDO LLP

Welcome and Introduction

Cllr Anthony McQuiggan, who chaired the meeting in the absence of Cllr Tony Hedley, 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 Anthony Hedley (Chairman), Cllr Mark Platt, Cllr Wendy Stamp and Cllr Laureen Shaw. Cllr Lewis Barber substituted for Cllr Laureen Shaw. Cllr Stamp joined the meeting online from 10.30am.
- No declarations of interests were made.

Cllr Anthony McQuiggan 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 5 June 2023 were approved as a correct record. The notes of the informal meeting held on Monday 3 July were approved as a correct record.

3. 2020/21 Statement of Accounts and Audit

Members received the report (AGS/27/23) from Christine Golding, Chief Accountant and invited representatives from BDO to explain the reasons for the further delay to the completion of the 2020/21 audit of the Council, in the light of their previous assertions that the final audit completion report would be completed for presentation to the current meeting. Mr David Eagles and Mr Geraint Jones of BDO gave an explanation regarding the scheduling of the work and sought to assure members that measures had been put in place to ensure the resourcing and prioritisation of the 2020/21 audit before Mr Eagles retired from BDO. BDO anticipated providing the 2020/21 audit completion report to ECC by 13 November 2023.

Members expressed significant frustration at the continued delays and sought clarification regarding the audit fees that ECC would be charged. Members wished to explore if and how ECC could be compensated for the additional costs arising from the situation, given the delays were not caused by ECC.

Mr Eagles confirmed that ECC would only be charged for the hours of work that had been undertaken, however the volume of work involved had not been anticipated at the start of the contract period and was due to national factors. The Public Sector Audit Appointments (PSAA) appointed BDO to the contract and would oversee the final fees.

Members indicated that it was important that lessons were learned from the situation to avoid it being repeated in future audit contracts.

Members asked to be kept informed of progress towards the mid-November target date.

Resolved

That the report was noted.

4. Proposals to clear the backlog of local audits and embed timely audits

Christine Golding, Chief Accountant introduced the report (AGS/28/23) which summarised recent proposals from the Minister for Local Government Lee Rowley.

The main focus of the proposals was an intention to introduce a series of statutory backstop dates for accounts preparers and auditors to clear the backlog of delayed audits. It was possible that the backstop dates indicated in the initial proposals would change depending on the time taken to finalise these arrangements.

Members discussed the national risks associated with the proposed arrangements and the possible unintended consequences of changing the standards. It was noted that the intention was to bring focus to current issues and that there was not sufficient capacity in the external audit market to deal with everything in the national backlog.

Resolved

That the report was noted.

5. Risk Management Update and Strategic Risk Register

Paula Clowes, Head of Assurance introduced the report (AGS/29/23) it was the second time the Committee had received the report in this format. Members discussed the risks identified in the report and requested that Paula Clowes seek the following information from the responsible officers, to be circulated to the Committee by email:

- Further detail regarding the recruitment and retention risk and, where possible, data comparing ECC with similar organisations.
- An update on the CMA referred to in the narrative of the recruitment and retention risk.
- An analysis to confirm if there was any correlation between working from home and employee sickness absence.
- An explanation of the reported increase in compliance and governance risks.
- Feedback on the risk rating for the Highways Network, it was agreed this element would be provided after the Corporate Leadership Meeting on 31 October 2023.

It was clarified that any internal audits undertaken in a service area for which the Head of Assurance was also responsible were sponsored by another senior manager to ensure there were no conflicts of interest.

Resolved

That the report was noted.

6. Internal Audit and Counter Fraud progress reports

Paula Clowes, Head of Assurance introduced the report (AGS/30/23) and noted the following points in particular covering the period April – August 2023:

- One audit received a No Assurance opinion (Downham School)

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- One audit received a Limited Assurance opinion (Absence Management)
 - Four audits received a Good Assurance opinion
 - Seven audits received a Satisfactory Assurance (or equivalent) opinion
 - As at 31 August 2023 there were 13 Major and 60 Moderate recommendations open. There were no open Critical recommendations
 - During this period the work of the Counter Fraud team had resulted in the recovery of £43,685.84 with a further £92,424.32 in recovery.

It was noted that the Internal Audit Team would carry out a follow up audit of the Downham School in early 2024. Members agreed to await the outcome of this work before inviting the ECC schools finance team to address the Committee regarding the report.

Resolved

That progress in audit and counter fraud activity was noted.

That the recommended changes to the Internal Audit and Counter Fraud Plan (as outlined in Appendix A) were approved.

That the responsible officer for Absence Management should address the Committee regarding the Limited Assurance opinion internal audit report.

7. Assurance on Procurement and Contract Management

Paul Turner, Director, Legal and Assurance introduced the report (AGS/31/23) which outlined options for seeking additional assurance on procurement and contract management processes at ECC. This had been produced at the request of the Committee at the effectiveness review held earlier in 2023. Members considered which areas they wished to focus on and how they would ensure that the assurance work would be distinct from the work of the Scrutiny function.

Resolved

(1) That the Committee would receive a detailed briefing to seek assurance on the following aspects of the highway contract:

- a. How the council ensures value for money in the highway maintenance service
- b. How task orders are written and designed to ensure value for money is obtained, generally and with respect to schemes promoted by Local Highways Panels
- c. What processes the council has to ensure that the Council is not being charged for repeat works if repairs have failed.
 1. What internal controls and checks are in place to ensure that the contractor is charging for agreed work at agreed rates within the task orders issued to the contractor
- d. What learning from the current contract will be taken forward into the procurement of a new service.

(2) That the Committee agreed the proposed approach set out in paragraph 3.4 of the report (AGS/31/23).

8. Work Programme

Paul Turner, Director, Legal and Assurance, introduced the work programme (AGS/32/23) and explained that it had been prepared in a new format. In part one items which ECC was responsible for were scheduled against particular Committee dates. Part two listed the unscheduled items which were due from the external auditor, BDO. Members discussed the assertion from BDO that the 2020/21 accounts audit completion report could be provided by mid-November 2023 and therefore potentially reported to Committee on 27 November 2023 if an additional meeting was scheduled.

Resolved

That the Work Programme (AGS/32/23) was noted.

That an additional Committee meeting would be scheduled for Monday 27 November 2023.

9. Date of next Meeting

It was noted that the next meetings had been scheduled for 18 December 2023, 25 March 2024, 10 June 2024, 30 September 2024 and 16 December 2024.

**Chairman
2023**