

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee:	Audit & Governance Committee	Date:	Thursday 19 September 2024
Place:	Council Chamber - Civic Offices	Time:	7.30 - 9.15 pm
Members Present:	Councillors J M Whitehouse (Chairman), M Owen and S Heather		
Members Present (Virtually):	Councillors D Sunger		
Co-opted Members:	S Heiberg (Vice-Chairman), and H Marway.		
Apologies:	Councillor I Hadley		
Officers Present:	C Hartgrove (Interim Director Finance / Deputy 151 Officer (Shared Services)), L Kirman (Democratic Services Officer), A Small (Strategic Director, Corporate and Section 151 Officer), S Marsh (Head of Internal Audit - Internal Audit (Shared Services) / Corporate Fraud), J Berry (Principal Accountant) and S Mitchell (PR Website Editor)		
Officers Present (Virtually):	T Larsen (Democratic Services Officer)		

1. Webcasting Introduction

A short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

2. ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Resolved:

- (1) That Cllr Jon Whitehouse be elected Chairman of the Audit & Governance Committee for the 2024/25 municipal year; and
- (2) That S Heiberg be elected Vice-Chairman of the Audit & Governance Committee for the 2024/25 municipal year.

3. Declarations of Interest

There were no declarations of interest made pursuant to the Council's Members' Code of Conduct.

4. Minutes

Resolved:

That the minutes of the meeting held on 28 March 2024 be taken as read and signed by the Chairman as a correct record.

5. Matters Arising

There were no matters arising from the minutes of the previous meetings which warranted further discussion.

6. Audit & Governance Committee - Work Programme

Resolved:

The Committee requested that the newly appointed external auditors, Ernst and Young, update the Committee at a future meeting, and noted the work programme.

7. External Audit Update (Deloitte) Internal Audit Progress Report

M Ramzen, External Auditor Deloitte advised the Committee that specific progress as detailed in ISA 260 Report 2021/22 had been made, this was on the agenda. Liaison with the new auditors Ernst and Young would take place in due course.

8. ISA 260 Report 2021/22

Mo Ramzan, External Audit, Deloitte, gave a brief update on the progress on the 2021/22 audit and the ISO 260 report, and highlighted an outstanding point in relation the land disposal as detailed in the key messages of the report. He advised the Committee that it was anticipated that an unmodified audit opinion would be issued.

Resolved:

The Committee noted the ISO 260 report

9. Audited Statement of Accounts 2021/22

Andrew Small, Strategic Director and Section 151 Officer, provided some context for the consideration of 2021/22 accounts, and highlighted the national issue of delayed external audit of public sector accounts, and the proposed legislation that all outstanding accounts to 2022/23 must be concluded by the 'backstop date' of 13 December 2024.

A summary of the report was presented to the Committee, and it was noted that recommendation 2 of the report had been superseded to read that the Audit and Governance Committee adopt the Statement of Accounts for 2021/22. This was in line the responsibility of the Committee as detailed in Article 11 section 3r of Epping Forest District Council's Constitution.

The Committee sought clarification on the outstanding issue in relation to the sale of North Weald land, and were advised that this was linked to the classification of asset, and if this was an operational asset or an asset held for sale, evidence would be provided to the external auditor. The classification and which group the sale of the fixed asset on the balance sheet would then be confirmed. It was noted that this did not affect the valuation of the asset. The Committee were advised that treasury

management advisors were commissioned annually to consider the provision of credit losses.

Resolved

That subject to the resolution of any outstanding issue on land sale, the statutory Statement of Accounts for 2021/22 be adopted.

10. Audit Planning Report 2022/23.

Mo Ramzan, External Auditor, Deloitte outlined the draft audit planning report for 2022/23, which set out the scope of work and significant risks. Work was in progress and there was regular liaison with the finance team to ensure work would be completed and an opinion provided before the 'backstop provision' date of 13 December 2024.

The Committee sought clarity on the repercussions of not meeting the backstop date and were advised that this could result in a partial disclaimer on the areas of work not completed with a modified opinion being issued.

The Committee challenged how the materiality had been judged as appropriate by Deloitte and were advised that this was a standard approach across the sector, and no adjustment had been warranted for the Council.

Resolved:

The Committee noted the draft audit planning report and requested an update on progress at the next meeting.

11. Treasury Management Outturn Report 2023/24

Chris Hartgrove, Interim Director of Finance and Deputy Section 151 Officer, presented the Treasury Management Outturn 2023/24 report and highlighted the borrowing position had decreased by £28.5 million, from £281.6 million to £253.1 million, during the period April 2023 to March 2024; and the Investment position had increased from £14.1 million to £43.9 million during the same period. The commercial property, balance sheet value was £156.224 million on 31st March 2024.

The Deputy Section 151 Officer, provided assurance to the Committee that that the 2023/24 fully complied with CIPFA's Treasury Management Code and the Treasury Management Strategy for 2023/24, including prudential and other adopted indicators.

The Committee received clarity that PWLB loans could be taken for regeneration purposes.

The Committee noted the reduction in debt as a result of the capital receipt for the sale of land.

Resolved:

The Committee noted and commented on the report.

12. Draft Statement of Accounts 2023/24

Andrew Small, Executive Director and Section 151 Officer, introduced the draft statement of accounts for 2023/24 which published on 28 May 2024, and advised these accounts would be audited by Ernst and Young.

It was noted that the audited statement of accounts for 2023/24 would be presented to the Committee for adoption at a future meeting.

The Committee commended the finance service for the production of the statement of accounts in such a timely manner.

Resolved:

The Committee noted the report.

13. Treasury Management Quarter 1 Update 2024/25

Chris Hartgrove, Interim Director of Finance and Deputy Section 151 Officer, presented the Treasury Management quarter 1 update for 2024/25 and advised the Committee that at 30th June 2024, external borrowing had reduced to £252.4 million, and investments had reduced to £31.1 million. Loans to Qualis were as shown, in table 5 of the report, as service investments and amounted to £69 million. Assurance was given to the Committee that there was full compliance with CIPFA's Treasury Management Code and the prudential and other adopted indicators.

Resolved:

The Committee noted the report.

14. Annual Report of the Head of Internal Auditor 2023/24

The Head of Internal Audit, Sarah Marsh, advised the Committee that this report fed into the Annual Governance Statement, and based upon the results of work undertaken during the year it was her overall opinion that the Council has adequate and effective governance, risk management arrangements and control processes. Where there had been significant issues these had been accepted by Management and promptly corrected.

The Committee were advised that guidance from CIPFA would address the new global standards and codes of practices for audit.

Resolved:

The Committee noted the report and agreed that for the 12 months ended 31 March 2024, the Council had operated adequate and effective governance, risk management arrangements and control processes.

15. Draft Annual Governance Statement 2023/24

The Head of Internal Audit, Sarah Marsh, presented the Council's Annual Governance Statement for 2023/24, and advised the Committee that there were sound governance arrangements in place. The areas that would be monitored during 2024/25, were as detailed in the report.

The Committee highlighted the complex and different governance arrangements with partners, and other organisations and asked internal audit to consider if all the governance arrangements were effective.

Resolved:

The Committee commented and noted the report

16. Audit and Governance Committee Annual Report for 2023/24

The Head of Internal Audit, Sarah Marsh, presented the Audit and Governance Committee 2023/24 report and highlighted that no changes were proposed to the terms of reference for the Committee. The Committee had carried out its own effectiveness review, the resulting action plan had been completed and it was proposed that the review process should be repeated.

The Committee were advised that a minimum of three members needed to be in attendance for the meeting to be quorate, this was detailed in the Council's Constitution.

Resolved:

The Committee noted its terms of reference, and agreed the Annual Report for the Audit and Governance Committee, 2023/24 should be referred to Council for approval.

17. Corporate Fraud Team Annual Summary 2023/24

Martin Crowe, Corporate Fraud Team Manager, outlined the Corporate Fraud Team Annual Summary for 2023/24, and the key areas of work for the year. There had been 32 new investigations, 23 had been closed, of which 52% had fraud proven. The internal investigation detailed in the report had been concluded.

The Committee queried the relationship between the control frameworks and the fraud investigation, and were advised when necessary, the control frameworks were amended.

The Committee were advised that it was dependant on the nature of the offence if the Council received fines imposed by the Courts.

The Committee were advised that an intelligence led risk-based approach was now taken when assessing fraud referrals.

Resolved:

The Committee noted the report.

18. Internal Audit Progress Report

The Senior Auditor, S Linsley, presented the Internal Audit Monitoring Report and updated the Committee on the work completed by internal audit since the previous meeting. Four final reports had been issued, and the recommendation tracker showed 9 overdue recommendations, one of which was high priority, this related to the service level agreement with Qualis Property Solutions. Other activities carried out by the service were as detailed in the report.

Resolved:

The Committee noted the Internal Audit update.

19. Risk Management

The Strategic Director Corporate and Section 151 Officer, A. Small, presented the reported and highlighted the high level risks associated with cyber security and the

quality of planning decisions. The Committee were advised that a risk appetite had not been incorporated into the risk management process.

Resolved:

The Committee reviewed and endorsed the risk register.

20. Any Other Business

No other business was raised for consideration by the Committee.

21. Exclusion of Public and Press

Resolved:

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

CHAIRMAN