

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Audit & Governance Committee      **Date:** Thursday 27 February 2025

**Place:** Council Chamber - Civic Offices      **Time:** 7.00 - 8.05 pm

**Members Present:** Councillors J M Whitehouse (Chairman), S Heather and D Sunger

**Apologies:** S Heiberg, I Hadley and M Owen

**Officers Present:** C Hartgrove (Interim Director Finance / Deputy 151 Officer (Shared Services)), L Kirman (Democratic Services Officer), A Small (Acting Chief Executive), S Marsh (Head of Internal Audit - Internal Audit (Shared Services) / Corporate Fraud), M Crowe (Corporate Fraud Team Manager), S Linsley (Senior Auditor) and L Baker (Internal Communications Assistant)

**Officers Present (Virtually):** M Fuller (Senior Finance Business Partner (HCP)), S Adrian (Interim Senior Accountant) and M Picking (Democracy & Elections Apprentice)

**Also in Attendance:** Debbie Hanson, Ernst & Young (External Auditors)

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### [A RECORDING OF THIS MEETING IS AVAILABLE FOR REPEATED VIEWING](#)

#### **37. Webcasting Introduction**

The Chairman made 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.

#### **38. Declarations of Interest**

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

#### **39. Minutes**

**Resolved:**

That the minutes of the meeting held on 9 December 2024 be taken as read and signed by the Chairman as a correct record.

#### **40. Matters Arising**

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

#### **41. Audit & Governance Committee - Work Programme**

The Committee noted its Work Programme for 2024/25.

**42. Statement of Accounts 2023/24**

Andrew Small (Acting Chief Executive), introduced the report to the Committee. Debbie Hanson, External Auditor Ernst and Young, presented the completion report for the 2023/24 audit, highlighted the national context for audit and advised the Committee that whilst the council was one only a few Council's that had received an audit opinion for the years 2021//22 and 2022/23, on the 2 December 2024 and 12 December 2024 respectively, this had left insufficient time to complete the 2023/24 audit before the backstop position of 28 February 2025 and a disclaimed audit report would be issued. Details of the completion reported, including materiality levels, risk and Value for Money were as set out in the report. Pending the approval of the accounts and the letter of representation at the meeting, Ernst and Young advised it would issue the disclaimed opinion to allow the Council to meet the publication deadline.

Andrew Small provided the Committee with further detail and explanation on the national backlog of audit, many local authorities had unsigned accounts dating back several years and this had resulted in Government intervention, guidance and a backstop date.

Debbie Hanson advised the Committee that next year's account would have a fully disclaimed opinion as there would not be assurance on the opening balance, however, work would be carried out to gain assurance on specific areas. Andrew Small confirmed that the Committee would be appraised at future meetings.

The Committee were advised that Qualis made interest and principal payments on their loans. The Qualis Business Plan showed viability and monitoring reports showed progress made against that plan.

The Committee received confirmation that the detailed points on valuation raised last year, had been included in the detailed instruction passed to the valuers. A five-year programme was in place, high value assets were added into the programme, and investment properties, council dwellings and HRA assets were valued annually. Debbie Hanson advised the Committee that there would be an inherent risk associated with the valuation process, and at this stage Ernst Young did not have assurance about the valuation approach, but it was anticipated that this would drop to an inherent risk.

**Resolved:**

That the Committee:

1. Considered the Ernst & Young (EY) completion report, findings from their audit of the Statement of Accounts 2023/24 and audit opinion; and
2. Approved the audited Statement of Accounts 2023/24 in the context of the EY audit report for the year ended 31st March 2024.

**43. Treasury Management Quarter 3 Update 2024/25.**

The Council's Treasury Management report quarter 3 update 2024/25 was presented by C Hartgrove (Interim Chief Financial Officer). The borrowing and investment position on 31 December 2024 showed external borrowing had increased to £255.7m and investments had reduced to £24.2m. The total value of Service Investments was £72.6m and outstanding loans to Qualis had grown by £9.2m. The report also considered commercial property investment, which had an increased forecast position from the previous year. The commercial loan to Qualis, was a 10-year

maturity loan of £30m which would be repayable in September 2030. Confirmation was provided that the treasury management activities complied with the CIPFA Code of Practice.

**Resolved:**

The Committee commented and noted the Treasury Management Quarter 3, 2024/25 report.

#### 44. Risk Management

The Acting Chief Executive, A. Small, highlighted that the risk associated with waste service delivery, CONT001, had been closed, as the service had successfully transferred to TVS. The remaining risks had remained static. Risks had been reviewed to ensure controls remained effective and mitigating actions were appropriate.

The Committee were advised after questioning that:

- The mitigation actions for Council house building had reduced the residual risk, but there was some risk with any capital delivery programme,
- Business continuity would remain as a risk even with effective mitigation as the Council had an integral and important role in major incidents.
- There was an expectation that risks associated with Local Government Reorganisation would materialise in the future, when there was clarity on how this would progress.

**Resolved:**

The Committee reviewed and endorsed the risk register.

#### 45. 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, and advised the Committee two final reports had been issued: cyber security had received reasonable assurance, and budgetary control had received substantial assurance. The Committee were requested to approve the deferral of three audits: people strategy; Qualis Commercial; and the climate emergency action plan, as resources had been diverted to carry out a fundamental review of the sundry debtor and reconciliation process. Details of the audit tracker, annual governance statement progress and the corporate fraud team update were as detailed in the report. Martin Crowe, Corporate Fraud Team Manager, advised on the review and minor amendments to the Whistleblowing Policy.

The Committee:

- noted the importance of the sundry debtor review, and
- were advised that the whistleblowing report had been withdrawn, but the investigation continued, recommendations have been accepted by the management team and would be monitored through the recommendation tracker.

**Resolved:**

That the Committee

1. noted the summary of the work of Internal Audit and the Corporate Fraud Team for the period November 2024 to February 2025
2. noted the revised Whistleblowing Policy, and
3. approved the deferral of three audits from the 2024/25 Audit Plan

**46. Any Other Business**

No other business was raised for consideration by the Committee.

**CHAIRMAN**