

# Minutes

## Governance and Audit Scrutiny Committee

3rd November 2022 at 7.15pm



### Present

Councillors	Present	Councillors	Present
P Euesden (Vice-Chairman)	Yes	T Walsh	Apologies
D Hume	No	Mrs L Walters	Apologies
D Mann	Yes	D White	Apologies
S Rehman	Apologies	J Wrench (Chairman)	Yes
Miss V Santomauro	No		

In attendance:

Mark Jarvis – Financial Services Manager  
Angie Mitchell – Audit, Insurance and Fraud Manager  
Phil Myers – Head of Finance  
Alison Webb – Governance and Members Officer

Sebastian Evans – BDO External Auditor

### 22 **DECLARATIONS OF INTEREST**

**INFORMATION:** There were no interests declared.

### 23 **MINUTES**

**DECISION:** That the Minutes of the meeting of the Governance and Audit Scrutiny Committee held on 21st July 2022 be approved as a correct record and signed by the Chairman.

### 24 **PUBLIC QUESTION TIME**

**INFORMATION:** There were no questions asked, or statements made.

### 25 **KEY FINANCIAL INDICATORS AS AT 30TH SEPTEMBER 2022**

**INFORMATION:** Consideration was given to a report on the Council's key financial indicators for the period 1st April 2022 to 30th September 2022. The schedule of key financial indicators was attached at Appendix A to the report.

Members of the Governance and Audit Scrutiny Committee were advised that the General Fund revenue budget for the year was £16.2m and that net expenditure at the end of September 2022 was £6.7m, which was £78k below profile.

The total budget for salaries for the year was £20.8m, which included an efficiency factor of £300k. Expenditure on salaries to the end of September 2022 was £9.9m and, taking account of £150k of the efficiency factor, spend was under profile by £134k. However, this excluded the National Employers proposed pay offer of £1,925 for staff on all pay scale points from April 2022, which had recently been accepted by the unions.

The budget for commercial rents for the year was £3.0m and the amount invoiced to the end of September 2022 was £2.1m representing a shortfall against the profiled budget of £73k. A total of 221 commercial units were available for let and 202 of these were currently occupied. Action was being taken to market the vacant units and to mitigate a reduction in service charge income from space at Causeway House, Braintree, which was available for let. Other controllable income budgets totalled £20.4m and at the end of September 2022 there was an over achievement of £490k against profile. Controllable expenditure budgets totalled £19.3m and at the end of September 2022 these were overspent by £473k. The expected level of spend on the capital programme for the year was £12.0m and actual expenditure to the end of September 2022 was £4.7m. The amount of capital receipts achieved to the end of September 2022 was £5.3m.

The total Council Tax collectable debit for the year was £109m and the collection rate at the end of September 2022 was 57.4%, which amounted to £62.6m. The total Business Rates collectable debit for the year was £43.3m and the collection rate at the end of September 2022 was 56.9%, which amounted to £24.6m. A total of 444 write-offs of Council Tax, with a value of £169k and a total of 28 write-offs of Business Rates, with a net value of £53k had been authorised in the year to date. These related to the current financial year and to previous financial years.

Sundry debts owed to the Council amounted to £3.3m of which £1.5m was in respect of Housing Benefit overpayments. The proportion of supplier payments made within 30 days was 97.7% against a target of 97%.

Up to the end of September 2022, the average amount held by the Council in short-term investments was £48.0m on which interest of £275k had been secured. The amount invested in pooled funds was £19m and dividend income of £464k had been received at the end of September 2022. The value of the Council's fund holdings in total was £19.8m, which represented an unrealised gain of £0.8m. Details of the Council's investment of surplus funds totalling £66.2m at 30th September 2022 were set out in the Treasury Management statement attached at Appendix B to the report.

The financial position and projected out-turn at the end of the first quarter of the current financial year was an overspend of £721k after allowing for the staff pay offer. In order to mitigate this financial position, senior managers had been requested to review budgets for their service areas. This review had identified reduced costs from savings and deferred expenditure and additional income opportunities, which together would off-set a significant portion of the projected overspend.

**DECISION:** That the report on key financial indicators for the financial year to 30th September 2022 be noted.

**REASON FOR DECISION:** To consider the key financial indicators for the Council's performance in the current financial year to 30th September 2022 and to provide evidence that the Council adopts good practice in actively monitoring its financial performance and managing issues as and when they may arise.

**EXTERNAL AUDIT UPDATE REPORT 2019/20, 2020/21 AND 2021/22**

**INFORMATION:** Consideration was given to an update report on the work of the Council's External Auditor BDO LLP for the years 2019/20, 2020/21 and 2021/22. The update provided information on the audit of the Council's financial statements for 2019/20 and 2020/21; the timing of the audit of the financial statement for 2021/22; the status of the housing benefit assurance process 'agreed upon procedures' for 2020/21; and progress on the 'accounting for infrastructure assets' matter 2020/21.

With regard to the 2019/20 audit, Members of the Governance and Audit Scrutiny Committee were reminded that initial results had been reported to the Committee in October 2021, but national financial reporting issues relating to 'accounting for infrastructure assets' had put finalising the audit on hold. This was a national issue, which had not yet been resolved. However, the External Auditor had advised, that whilst some changes would be required to the Council's financial statement for 2019/20 it was not anticipated that there would be significant changes to their overall findings and they did not anticipate the need for a revised audit completion report.

In respect of the 2020/21 audit, work was close to completion and the senior review process was underway. Outstanding areas related primarily to property, plant and equipment and increased testing as a result of a change to the Council's appointed valuer and the resultant amendment to the methodology applied. Work carried out so far had not identified any material misstatements or significant control deficiencies, and value for money work had not identified any significant weaknesses in the Council's arrangements. The External Auditor anticipated that final audit findings would be reported in advance of the Committee's meeting on 12th January 2023.

It was reported that the External Auditor would focus on the completion of the outstanding audits for 2019/20 and 2020/21 before starting work on the audit for 2021/22. The timetable for this audit would be made available as soon as possible.

The External Auditor had carried out 'agreed upon procedures' in respect of the Council's claim under the housing benefit assurance process. This work was in progress and it was anticipated that it would be completed by the deadline of 31st December 2022. The results would be reported to the Committee on 12th January 2023.

It was reported that the recruitment and retention of audit staff with suitable public sector experience had become more challenging and that the increased scope of audit work, the complexity of public sector accounts and extensive regulatory requirements had led to added pressure. Reference was made to the recent announcement by the Public Sector Audit Appointments Ltd (the PSAA) regarding anticipated increases in audit fees with effect from the 2023/24 financial year.

**DECISION:** That the External Audit Update Report 2019/20, 2020/21 and 2021/22 be noted.

**REASON FOR DECISION:** To receive an update report on the work of the Council's External Auditor BDO LLP.

27 **INTERNAL AUDIT UPDATE AND PROGRESS AGAINST INTERNAL AUDIT PLAN 2022/23**

**INFORMATION:** In accordance with the Public Sector Internal Audit Standards (PSIAS), the Governance and Audit Scrutiny Committee considered an update report on the activities of the Internal Audit Service and the progress made towards implementing the Internal Audit Plan for 2022/23. The report included information about other matters affecting the Internal Audit Service and details of applications made by the Authority in accordance with the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA). It was noted that the Internal Audit Plan 2022/23 had been approved by the Governance and Audit Scrutiny Committee on 21st July 2022. Information regarding progress on the Internal Audit Plan was set out in Appendix 1 to the report and information about the outcome of recent audits was set out in Appendix 2.

It was reported that the Council had not submitted any applications in accordance with the Regulation of Investigatory Powers Act, or the Investigatory Powers Act recently.

**DECISION:** That the progress and performance of the Council in respect of the Internal Audit Plan 2022/23 be noted.

**REASON FOR DECISION:** The Public Sector Internal Audit Standards (PSIAS) require the Council's Internal Audit Service to report to the Governance and Audit Scrutiny Committee on the adequacy of the Council's risk management framework and associated internal controls. The report also provides an update on applications made by the Council in accordance with the Regulation of Investigatory Powers Act and the Investigatory Powers Act.

## 28 REGULATION OF INVESTIGATORY POWERS ACT 2000 AND INVESTIGATORY POWERS ACT 2016 POLICY - CHANGE TO ROLES

**INFORMATION:** It was reported that the Governance and Audit Scrutiny Committee was responsible for monitoring the Council's counter fraud and corruption arrangements and consideration was given to a report on proposed amendments to the Council's policy relating to the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA). The policy had been amended to reflect the current Officers who were responsible for authorising and overseeing RIPA and IPA activity. No other changes had been made to the policy, which had been approved by the Corporate Governance Group in July 2020.

It was reported that if the Council wished to use covert surveillance techniques to obtain private information about a person subject to investigation, the law required that it should only seek information that was necessary and should do this in a manner which was proportionate and compatible with human rights. The process was governed by RIPA and applications to conduct covert surveillance were subject to internal approval by the Council and to judicial approval. Furthermore, the IPA made provision for the acquisition of communications data and for the interception of communications. IPA applications had to be submitted to the National Anti-Fraud Network for review before being passed to the Office for Communications Data Authorisations for approval.

It was reported that the Council had not submitted any applications in accordance with either the Regulation of Investigatory Powers Act, or the Investigatory Powers Act since 2012.

**DECISION:** That changes to personnel for roles identified in the Council's policy relating to the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016 be approved as follows:-

<b><u>Role</u></b>	<b><u>Role Holder</u></b>
<b>Senior Responsible Officer</b>	Suzanne Bennett
<b>RIPA Coordinating Officer</b>	Angela Mitchell

**Authorising Officers:**

Chief Executive	Dan Gascoyne
Corporate Director	Suzanne Bennett
Corporate Director	Cherie Root
Head of Environment Services	Josie Falco
Head of Operations	Paul Partridge
Audit Insurance & Fraud Manager	Angela Mitchell

**Directed Surveillance** Authorising Officer

**Covert Human Intelligence Source (adult)** Authorising Officer

**Covert Human Intelligence Source (child / vulnerable person)** Head of Paid Service, Dan Gascoyne (Deputy – Corporate Director)

**Surveillance Involving Confidential Information** Head of Paid Service, Dan Gascoyne (Deputy – Corporate Director)

**REASON FOR DECISION:** To approve changes to the authorised Officers referred to in the Council's policy relating to the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016.

29 **TREASURY MANAGEMENT MID-YEAR REPORT 2022/23**

**INFORMATION:** In accordance with the Code of Practice for Treasury Management in Public Services published by the Chartered Institute of Public Finance and Accountancy (CIPFA), consideration was given to the Treasury Management Mid-Year Report 2022/23. The report was attached as an Appendix to the Agenda report.

The Code required the Council to receive at least one mid-year report on its treasury management activities. The mid-year report would also be considered by Full Council on 12th December 2022. It was noted that the Treasury Management Strategy for 2022/23 had been approved by Full Council on 21st February 2022.

**DECISION:** That the Treasury Management Mid-Year Report 2022/23 be recommended for submission to Full Council.

**REASON FOR DECISION:** To receive, in accordance with the CIPFA Code of Practice for Treasury Management in Public Services, a mid-year report on the Council's treasury management activities prior to submission of the report to Full Council.

30 **GOVERNANCE AND AUDIT SCRUTINY COMMITTEE ANNUAL REPORT 2021/22**

**INFORMATION:** Consideration was given to the Governance and Audit Scrutiny Committee's Annual Report 2021/22. The Annual Report summarised the work undertaken by the Committee during the year to September 2022.

It was reported that the Terms of Reference of the Governance and Audit Scrutiny Committee required that a report be submitted to the Council on a regular basis on the Committee's performance in relation to its Terms of Reference and on the Committee's effectiveness in meeting its purpose; and to publish an Annual Report on the work of the Committee. The Annual Report would be presented to Full Council on 12th December 2022.

**DECISION:** That the Governance and Audit Scrutiny Committee's Annual Report 2021/22 be noted and submitted to Full Council on 12th December 2022.

**REASON FOR DECISION:** In accordance with its Terms of Reference, the Governance and Audit Scrutiny Committee is required to report to the Council on a regular basis on its performance and effectiveness and to publish an Annual Report on its work.

The meeting commenced at 7.15pm and closed at 8.39pm.

Councillor J Wrench  
(Chairman)