

Unconfirmed



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 10 July 2023 at 6.30pm**

Members of the Committee present:

Councillor Edward Back, Councillor Tess Gandy, Councillor Owen Grey, Councillor George King, Councillor Geoff Lynch, Councillor Stephen Molyneux, Councillor Anthony Specca, Councillor Ed Thompson

Other Members present:

Councillor Paul Ashton, Councillor David Beavan, Councillor Vince Langdon-Morris

Officers present:

Chris Bing (Head of Legal and Democratic Services and Monitoring Officer), Heather Fisk (Head of Housing), Laura Fuller (Audit Manager), Martin Hone (Interim Deputy Chief Finance Officer) Andy Jarvis (Strategic Director), Siobhan Martin (Head of Internal Audit Services), Matt Makin (Democratic Services Officer (Regulatory)), Lily Maton (Assistant Auditor), Sheila Mills-James (Corporate Fraud Manager), Alli Stone (Democratic Services Officer (Governance)), Julian Sturman (Specialist Accountant – Capital and Treasury Management), Sarah Thacker (Information Governance Officer)

1 Minutes

On the proposition of Councillor Gandy, seconded by Councillor Back, it was

RESOLVED

That the minutes of the meeting of 13 March 2023 be agreed as a correct record and signed by the Chair.

2 Apologies for Absence and Substitutions

Apologies were received from Councillor Whitelock.

3 Declarations of Interest

There were no Declarations of Interest.

4 Draft Statement of Accounts 2022/23

The Committee received report **ES/1581** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report which summarised the Draft Statement of Accounts for 2022/23. The draft Statement of Accounts had been published on the Council's website ahead of the statutory deadline of the 31 May and would be available for public inspection until 12 July. It was noted that the audit of the Statement of Accounts would be delayed due to the volume of audits outstanding at East Suffolk Council and other authorities.

On the proposal of Councillor Thompson, seconded by Councillor Lynch it was by a unanimous vote

RESOLVED

That having reviewed the contents, the Audit and Governance Committee note the Draft Statement of Accounts for 2022/23

5 Annual Governance Statement 2022/23

The Committee received report **ES/1578** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report, the purpose of which was for the Committee to review and approve the draft Annual Governance Statement for 2022/23. It was noted that the draft Annual Governance Statement was subject to external audit review and could change. Any changes would be reported back to the Committee.

On the proposal of Councillor Thompson, seconded by Councillor Gandy it was

RESOLVED

That have reviewed the contents, the Committee approve the draft Annual Governance Statement for 2022/23 (1 April 2022 to 31 March 2023) prior to final sign-off with the audited Statement of Accounts.

6 Treasury Management 2022/23 Outturn & 2023/24 Quarter 1 Report

The Committee received report **ES/1583** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon-Morris stated that it was a requirement of the Treasury Management Policy statement that an annual outturn report and quarterly reports were produced and noted by Audit & Governance Committee. The purpose of these

reports was to review performance of the treasury management function of East Suffolk Council for the financial year 2022/23 and to look at the first quarter of 2023/24.

The Specialist Accountant highlighted the investments and loans for the 2022/23 year, and investments and interest received for the year to date.

Councillor Lynch asked how investments were expected to do going forward with changing rates. The Specialist Accountant confirmed that the Council would not be placing any investments for longer than six months due to the instability in rates.

Regarding the rates on loans made to East Suffolk Services Ltd, the charges were largely dictated by government and that the Council had been advised on the rates charged.

The Chair asked where and how income from investment was spent. Officers confirmed that anything above the planned strategy would be allocated to the general fund. Members were consulted as opportunities came up for reviewing where money from the general fund was best spent.

On the proposal of Councillor Gandy, seconded by Councillor Thompson, it was

RESOLVED

1. That having commented on the 2022/23 Outturn Report incorporating the 2023/24 Quarter 1 Report on the Council's Treasury Management activity, the Audit and Governance Committee note its contents.
2. That the revised Treasury Management Investment Strategy in Appendix B be approved

7 Annual Internal Audit Opinion 2022/23

The Committee received report **ES/1584** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money, the purpose of which was to provide the Committee with the annual internal audit opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control during 2022/23.

The Head of Internal Audit stated that the overall opinion for the year was 'reasonable' and drew the Committee's attention to the variety of reports which had been issued and the results for each report. Although the opinions were generally reasonable, there were still areas for improvement.

Councillors commented on the reports for Commercial Rents where a 'limited' opinion had been given. The Head of Internal Audit stated that this would be further covered in the exempt report on the Internal Audit Status of Actions, but that there was a timeline and action plan in place to cover weaknesses. The Committee asked that details of these actions be received at the next Committee meeting.

Councillor Lynch referred to the report on Council Tax Billing and Overpayment, where there were a number of outstanding actions. The Head of Internal Audit stated that this area was covered by arrangements with Anglia Revenues Partnership (ARP) actions sometimes took longer to clear as they had to be received at the ARP Board. The Head of Internal Audit confirmed these issues had been raised with the ARP Board and that she would keep the Committee updated.

On the proposal of Councillor Lynch, seconded by Councillor King, it was

RESOLVED

That having considered the Head of Internal Audit's Annual Opinion Report for 2022/23, the Committee notes its contents.

8 Corporate Fraud Annual Report 2022/23

The Committee received report **ES/1585** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money, the purpose of which was to provide a summary of the work of the Corporate Fraud Service for the period 1 April 2022 to 31 March 2023.

The Head of Internal Audit highlighted the areas the team had covered in the last year, and noted that their work had saved the Council £3,855,337. The Corporate Fraud Service was connected to all other areas of the Council and was also connected to other services such as the Police and central government. The Head of Internal Audit stated that housing was the area where the service had the most impact and this included issues around right to buy.

Councillor Specca asked if more context could be provided as a background to the money saved, for example what did these represent as a percentage of income and how did this compare to previous years. The Head of Internal Audit confirmed this could be provided to the Committee.

Councillor Lynch thanked the Corporate Fraud Service for their work and asked what the main causes of fraud in the finance area were. The Head of Internal Audit confirmed she would report back to the Committee with this information.

Councillor Back asked if the work of the team was publicised as a way of deterring people from defrauding the Council. The Chair seconded this statement as people often believed Councils were easy to defraud and that this information could have a deterrent effect.

On the proposal of Councillor Gandy, seconded by Councillor Back, it was

RESOLVED

That having commented on the activity of the Corporate Fraud Service for the year 2022/23, the Audit and Governance Committee notes the contents of the Corporate Fraud Annual Report.

9 Data Protection Status Update

The Committee received report **ES/1586** of Councillor Paul Ashton, Cabinet Member with Responsibility for Corporate Services - Digital, Customer Services, HR and Assets, the purpose of which was to provide the Committee with an overview of the work undertaken from April 2022 to March 2023 by the Data Protection team on all Data Protection activities.

There being no questions, on the proposal of Councillor Thompson, seconded by Councillor Back it was

RESOLVED

That having considered the information in the report, the Audit and Governance Committee notes its contents.

10 Internal Audit Reports Recently Issued

The Committee received report **ES/1587** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

The Head of Internal Audit summarised the reports that had been issued. Each report had received an overall assurance opinion of 'Effective'.

On the proposal of Councillor Gandy, seconded by Councillor King, it was

RESOLVED

That having commented upon their contents, the Audit and Governance Committee notes the internal audit reports:

- Biodiversity Net Gain Grant Certification 2022-23
- Budgetary Control 2022-23
- Home Improvement Agency Governance 2022-23
- Key Financial Controls 2022-23

11 Housing Governance Review

The Committee received report **ES/1593** of Councillor David Beavan, Deputy Leader and Cabinet Member with Responsibility for Housing.

Councillor Beavan stated that in February 2022 East Suffolk Council had referred itself to the Regulator of Social Housing (RSH) because it had acted, or may have acted, in breach of two relevant standards set by the Regulator; the "Rent Standard" and the "Home Consumer Standard". Having investigated, the Regulator confirmed the reported breaches of Housing Regulations and published a Regulatory Notice in May 2022. Following this notice, East Suffolk Council had completed an independent governance review. The review concluded that human error had contributed to the issues, but no malice had been found. Officers had accepted all 10 recommendations in the review and a series of actions had been agreed and reported to Full Council. A

further report would also be received by Cabinet setting out progress that had been made since the first issue had been raised.

Councillor Lynch stated that a lot of the issues in this area were historic and asked if any of the recommendations were already underway or if there would now be a large amount of change. The Head of Housing confirmed that some changes had already been made or were underway, including changes in the management team and corporate governance to provide further oversight. A number of groups had been set up to oversee parts of the housing service and additional staff had been employed.

Councillor Gandy asked how affordable rents being managed in light of issues in housing market. The Head of Housing confirmed a formula was set in terms of social housing and the amount that could be charged. In relation to affordable rents, these were capped at the local housing allowance to ensure that housing was affordable across the district. By capping rents at a lower amount it was hoped people could put more money towards other cost of living increases and would not have to make up rent elsewhere.

The Chair referred to rents in the private sector, and asked if the Council had any powers over this. The Head of Housing confirmed that the Council did speak with private landlords and would intervene on tenants behalf or help them access additional benefits or different housing. A paper would be received by Cabinet on how access to the private rented sector could be improved.

The Chair referred to overcharging in relation to heating servicing and asked whether refunds had been completed or were still in progress. The Head of Housing confirmed that the data on who was due refunds was being uploaded. This was a more complicated process than had been expected and would take six to nine months to process.

Councillor Gandy asked what the response had been from individuals who were due a refund, and what was the uptake for refunds. The Head of Housing confirmed that at present only standard letters had been sent out informing people of the process. The next step was contacting people individually and this would include home visits in certain situations. Corporate fraud were being engaged on this to ensure that the proper processes were followed. The Head of Housing also confirmed that refunds would be credit against any outstanding debts on accounts.

The Chair noted that a new team had been created to determine the status of housing assets, and asked why was this work programme going to take until 2024 to completed. The Head of Housing commented that there was around four thousand houses to check and this would take time. The Chair commented that he would like to see this prioritised due to health risks associated with some of the issues in housing.

On the proposal of Councillor Thompson, seconded by Councillor Back, it was

RESOLVED

That the Audit and Governance Committee:

1. Note and accept the findings of the independent governance review report.
2. Endorse the ten recommendations, and the linked officer actions in response, as set out in this report

12 Forward Work Programme

The Committee considered the Forward Work Programme.

The Chair asked that Ernst & Young were present at the next meeting to provide an update on the status of audits.

Councillor Speca noted that there was a review of the Constitution underway, and that reports would be received by the Committee in due course.

Councillor Speca referred to the increase in large infrastructure projects in the area, and asked if it would be possible for a review of the governance arrangements for the receipt of large amounts of money for these applications and whether there were any concerns with conflict of interests in this area as these funds were used to increase capacity in the Planning Department, and that all due diligence was being carried out. The Chair agreed that although there were processes in place for the receipt of money for planning applications, it was appropriate to review these regularly to ensure they were fit for purpose. The Chair asked that a briefing note be brought to the Committee inform discussion on this matter.

13 Exempt/Confidential Items

On the proposal of Councillor Lynch, seconded by Councillor Gandy, it was

RESOLVED

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

14 Exempt Minutes

- Information relating to any individual.
- Information that is likely to reveal the identity of an individual.
- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

15 Internal Audit Status of Actions

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

16 Internal Audit Reports Recently Issued

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 8.34pm.

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Chair