

**Unconfirmed**



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 11 September 2023 at 6:30 PM**

**Members of the Committee present:**

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

**Other Members present:**

Councillor Vince Langdon-Morris

**Officers present:** Chris Bing (Head of Legal and Democratic Services), Lorraine Fitch (Democratic Services Manager), Laura Fuller (Audit Manager), Matt Makin (Democratic Services Officer), Siobhan Martin (Head of Internal Audit), Marie McKissock (Financial Manager, Compliance), Agnes Ogundrian (Conservative Political Group Support Officer), Philip Ridley (Head of Planning and Coastal Management), Lorraine Rogers (Interim Chief Finance Officer), Julian Sturman (Specialist Accountant)

**Others present:** Debbie Hanson (Ernst & Young)

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**1 Apologies for Absence and Substitutions**

There were no apologies for absence or substitutions.

**2 Declarations of Interest**

Councillor Whitelock declared a non-registerable interest in item 11 as Assistant Cabinet Member for Energy.

Councillor Molyneux declared a non-registerable interest in item 11 as Assistant Cabinet Member for Planning and Coastal Management.

**3 Minutes**

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

## **RESOLVED**

That the minutes of the meeting of 10 July 2023 be agreed as a correct record and signed by the Chair.

### **4 Updated Audit Results Report 2020/21 and updated Statement of Accounts 2020/21**

The Committee received report **ES/1643** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon Morris introduced the report which presented an update to the provisional Audit Results Report which had been presented to the committee in March 2022. Since March 2022 a material adjustment has been made to the 2020/21 Accounts in the form of a HRA Provision for Rents and Service charges and therefore the accounts were being re-presented.

Debbie Hanson of Ernst and Young highlighted that there had been no changes to the scope of the work. The only changes in the accounts were due to the rent overcharge issue for which the Council had referred itself to the regulator. Ms Hanson stated that East Suffolk Council had managed this issue well by reporting itself to the regulator.

In terms of audit work, Ms Hanson stated that this was largely complete. The going concern assessment still needed to be completed and this would be finalised when the rent issue had been resolved.

Ms Hanson confirmed that the audit report would be modified in relation to the rent issue. There had been a failing in governance as the rent issue had not been picked up, and there had been a significant period of time before this was reported. Ms Hanson did note that this was during 2021 when the Council was having to focus elsewhere.

The Chair invited questions.

Following a question from Councillor Lynch on interest payable on rent refunds, the Interim Chief Finance Officer stated that there was no interest included in these charges and further detail on this would be sent to the Committee.

Councillor Gandy asked whether the repayments would impact any universal credit payments. The Strategic Director stated that a report had been received by Cabinet and Full Council on the various permutations for repayment. Repayments had been thoroughly checked, and some of the money owing was to the Department for Work and Pensions. It was unclear how the Department for Work and Pensions would receive this money and this issue needed to be resolved with them. The Council would hold this money until it could be paid back. The Strategic Director confirmed that individuals who were owed large amounts of money were having individual conversations with officers to ensure they could manage this.

The Chair asked that there be an update at the next meeting on the final Audit Results Report and Statement of Accounts so that the committee could comment on the final documents.

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

**RESOLVED**

That the Committee:

1. Notes the external auditors' findings within the updated Audit Results Report 2020/21 (Appendix A).
2. Notes the updated Statement of Accounts for 2020/21 (Appendix B).
3. Subject to no further material errors being found, approves delegation for final sign-off and publication of the 2020/21 audited statement of accounts to the Chairman of the Audit & Governance Committee, Councillor Owen Grey, and the Chief Finance Officer and S151 Officer, Lorraine Rogers.
4. Allows for the Auditor's Annual Report including the Value for Money commentary to be circulated to the Committee via email between formal meetings to enable EY to issue the audit certificate to conclude the audit.

**5 Treasury Management 2023/24 Quarter 2 Report (Mid Year)**

The Committee received report ES/1638 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money.

Councillor Langdon Morris introduced the report which reviewed the performance of the treasury management function for the first half of 2023/24.

The Specialist Accountant for Capital and Treasury Management stated that the report had been written at the end of August and in the last week there had been some press concerning financial issues suffered by other Councils including Birmingham City Council issuing a Section 114 notice. The Specialist Accountant stated that where the authority invested with authorities who had issued a Section 114, this was effectively underwritten by the government through PWLB borrowing. East Suffolk Council did not have any investments with Councils who had issued a Section 114. There were three local authorities the Council had loaned to who were reportedly in financial difficulty, but there was no indication they would be issuing a Section 114 notice before these loans were repaid.

Councillor Lynch asked if money that was coming back in from a low-rate long term investments would be re-lent or used elsewhere. Officers confirmed this was needed for cashflow purposes, with precept payments due to Suffolk County Council.

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

**RESOLVED**

That the quarter 2 (Mid Year) report on the Council's Treasury Management activity for 2023/24 be noted.

**6 Code of Corporate Governance**

The Committee received report **ES/1639** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money.

Councillor Langdon-Morris introduced the report which was an annual report received by the Committee to confirm that the Code of Corporate Governance was up to date, and to inform the Committee of any changes.

The Head of Internal Audit stated that this was a key document for the Council which guided how services were delivered. There had been very little change since last year, beyond the updating of references to other policies and updating some of language. The document was updated throughout the year.

Councillor Speca asked if there had been any changes following governance issues identified by Ernst and Young. The Head of Internal Audit stated this document summarised the principals of good governance, how service areas applied this would be detailed in other documents. The application of these principals influenced the corrective governance actions taken by the Council in relation to governance failings in Housing Services and a report had been received at the Committee's July meeting which summarised governance changes to housing services.

The Head of Internal Audit highlighted the sections in the Code of Corporate Governance which summarised the arrangements in place against each principal.

Councillor Lynch referred to the section for Principle G and asked whether it was correct that the Chief Finance Officer had responsibility for contracts and contract management. The Head of Internal Audit stated that they did not have sole responsibility, but rather supplementary responsibility alongside other Senior Officers and oversight through purchase orders.

The Head of Internal Audit confirmed that governance arrangements were in place for the Council's companies, which followed the principals set down in this code. Separate reports would be brought to the Committee on any specific governance arrangements or concerns.

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

#### **RESOLVED**

That having commented upon the refreshed Code of Corporate Governance, the Committee recommends to Full Council that it adopts the refreshed Code of Corporate Governance attached at Appendix A to this report.

## **7 Standards Matters, Declarations of Gifts and Hospitality and Review of Complaints**

The Committee received report **ES/1654** of Councillor Caroline Topping, Leader of the Council.

The Monitoring Officer introduced the report which was an annual update for the Committee summarising complaints received under the Suffolk Code of Conduct in the Municipal Year May 2022 to April 2023 and on the declaration of gifts and hospitality received by Members and Officers.

Councillor Gandy asked why the report also included complaints from parish councils. The Monitoring Officer confirmed that as Monitoring Officer he was responsible for receiving and determining complaints against town and parish councils in the district as well as East Suffolk Councillors. Complaints could be received at this Committee if it was felt appropriate.

The Monitoring Officer confirmed that of the forty eight complaints, twenty one were against East Suffolk Councillors and thirteen of these were in relation to one Councillor and one matter.

Councillor Lynch asked if in future reports there could be a line included stating which Council the complaints were against to help the Committee understand where complaints were coming from.

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

**RESOLVED**

That the Committee note the report and the contents of Appendix A.

**8 Forward Work Programme**

The Committee noted the forward work programme.

The Chair confirmed there would be an extraordinary meeting if necessary due to the number of papers currently shown on the work programme for December and March.

Councillor Speca stated that there would be a report from the Constitution Review Working Group coming to the Committee in due course.

**9 Exempt/Confidential Items**

On the proposal of Councillor King, seconded by Councillor Lynch 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.

**10 Exempt Minutes**

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

**11 Planning Performance Agreements for Nationally Significant Infrastructure Projects in East Suffolk**

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

**12 Internal Audit: Status of Actions**

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

**13 Internal Audit Reports Recently Issued (Exempt)**

- Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

The meeting concluded at 8:09 PM

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Chair