

MINUTES

of the

AUDIT COMMITTEE

held on 18 December 2019 at 7pm

Present:

Councillor D. Clark (Chair)

Councillors

P. Clark, N. Dudley, M. Goldman, J. Raven, E. Sampson, M. Sismey, N. Walsh and M. Watson

1. **Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Lardge. Councillor Lardge had appointed Councillor M Goldman as her substitute.

2. **Election of Vice Chair**

Councillor P. Clark nominated Councillor Watson to be elected as Vice Chair. The Committee agreed with the nomination.

RESOLVED that Councillor M. Watson be elected as Vice Chair.

3. **Minutes**

The minutes of the meeting held on 25 September 2019 were agreed as a correct record and signed by the Chair.

4. **Declaration of Interests**

All Members were reminded to declare any Disclosable Pecuniary interests or other registerable interests where appropriate in any items of business on the meeting's agenda. None were made.

5. **Public Question Time**

No questions were asked or statements made.

6. **Announcements**

No announcements were made.

7. **External Auditors Progress Report**

The Committee received a short update from BDO, the Councils external auditors, regarding the significant ongoing delays to the completion of the 2018/19 audit. The Committee were informed that since they were last updated in September, the audit had still not been completed due to ongoing resource restraints. Members were informed that all detailed testing had now been completed to date and nothing material had been found, therefore an unqualified opinion was expected. The Committee were assured that the resourcing issue would not be an issue for next years audit, which would include a named senior auditor working on the duration of the audit. The Committee heard that a meeting with officers would

be taking place early in the new year ahead of signing the audit using the delegation granted to the Chair.

Members of the Committee expressed their strong disappointment, that the Audit due in July had still not been completed and agreed that it was completely unacceptable, to be delayed by nearly six months. The Committee had significant concerns across a number of areas and questioned the external auditors on the following issues;

- Why despite several dates when the audit was due to be complete, had these not been met?
- Why had it proved impossible to set an accurate deadline over the last six months?
- The issue of a lack of resources was not an acceptable answer for a significant delay such as this.
- When did the key resources leave BDO and why were they not replaced?
- Why were members and officers told at various points in the last six months, that the audit was a few days from completion, yet now in December it was still not completed?
- How was Essex County Council's audit completed on time, and were Chelmsford really that far down BDO's pecking order?
- What guarantees could BDO make that this would not happen next year?
- Were BDO requesting significantly different information to the previous auditors and was this a reason for the delay?
- Was it not obvious earlier in the year that there were going to be delays?
- How would BDO be compensating the Council for the delay, considering that the Committee or Council did not have the power to seek a different auditor for 2020/21.
- The delays were unprecedented, and the resourcing excuses provided were just not acceptable.
- Would Chelmsford's audit be fully resourced by BDO next year and would there be extra staff available if required?

In response to the major concerns and questions raised by the Committee, the external auditors stated that;

- Key members of staff had left in April 2019 and they had been unable to replace them before the start of the audit.
- A final set of findings had been sent to the Finance team last week, but they would need time to look at these.
- Regular meetings had taken place and it had been expected that the audit would be completed by October. Other work such as the housing benefit claim had to be started recently as well though.
- Different teams were in place for different Councils and the one allocated to ECC did not have the same resourcing issues.
- BDO had not been disingenuous and had worked long weekend hours, in an effort to complete the audit as soon as possible, but the lack of resources had made this difficult.
- Chelmsford's audit had not been set as a lower priority than others.
- Once everything was finalised the delegation to the Chair could be used, to prevent a further delay in waiting for the next Committee meeting in March 2020.
- BDO could not explicitly guarantee that there would not be resourcing issues next year, but they would do everything they can to prioritise resources and deliver an on time audit as agreed.
- BDO wished to convey their apologies to the Council and further resilience would be added for next years audit, but compensation would not be possible, due to the very low audit fees set by the PSAA.

Officers from the finance team also commented on the issues that had caused the delays. They stated that the large sample sizes requested by BDO had been different to the previous auditors and it was unclear what information was required. It was also stated that there had been a lack of continuity of BDO staff, little referencing of issues and the communication from BDO was insufficient. Officers felt that the lack of resources and continuity were the main issues in causing the delays.

RESOLVED that;

1. the update be noted and;
2. the major disappointment at the extended delays be noted and;
3. officers express the views of the Committee when meeting with the Chair of the PSAA at the Essex Finance Officers meeting on 13th January 2020.

(7pm to 7.38pm)

8. **Internal Audit Interim Report 2019/20**

The Committee received a report which summarised the work that Internal Audit had undertaken from April to October 2019. Members were informed that Internal Audit were on track to complete the audit plan as agreed by the end of March 2020.

Members were informed that the report detailed the progression implementing recommendations, service summaries and a review of the effectiveness of Internal Audit. Members were informed that there had been a good rate of implementation over the year. In response to a question regarding the new framework for agency staff, it was confirmed that payments were made on a per use basis.

RESOLVED that the report be noted.

(7.39pm to 7.48pm)

9. **Fraud Investigations Annual Report**

The Committee received a report which provided an update on the work of the Investigation Team in 2019. The Committee was informed about the work of the Council's Senior Financial Investigation Officer and provided with a summary of his role. The Committee heard that the report highlighted the past year of work and detailed the collaborative work with other local authorities that had been taking place. The Committee was informed that various costs had been received due to the work of the team and that percentages of funds claimed back for other authorities was received by the Council.

The Committee also received a presentation from officers on the work of the team. The presentation detailed areas including, what fraud is, who the fraud team are, what they do, an overview of POCA cases and some Chelmsford specific cases.

RESOLVED that the report be noted.

(7.49pm to 8.18pm)

10. **Audit and Risk Committee Work Programme**

The Committee considered a report on its updated proposed rolling programme of work for 2019/20. The Committee was informed that a rolling training programme was included, with sessions for members to be held either before or during scheduled Committee meetings.

It was agreed after a suggestion from the Committee that an update be provided at the March meeting, regarding the Essex Finance officers meeting on 13th January 2020.

RESOLVED that

1. the work programme be approved and;
2. an item be added to the March 2020 meeting regarding the Essex Finance officers meeting.

(8.18pm to 8.19pm)

11. **Urgent Business**

There were no matters of urgent business brought before the Committee.

The meeting closed at 8.19pm.

Chair