

Audit & Governance Committee – 3 September 2024

Minutes of the meeting of the Audit Committee held on **3 September 2024** when there were present:-

Chairman: Cllr R Milne
Vice-Chairman: Cllr S A Wilson

Cllr N J Booth	Cllr S J Page
Cllr Miss A D Marriott	Cllr Mrs V A Wilson
Cllr M O'Leary	Cllr S E Wootton

This meeting is available for repeated viewing at: [Audit & Governance Committee \(youtube.com\)](#)

332 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs R Lambourne, Mrs S J Page and S A Wilson.

333 SUBSTITUTE MEMBERS

Cllr R C D Linden - for Cllr Mrs S J Page
Cllr M Hoy - for Cllr S A Wilson

334 NON-MEMBERS ATTENDING

Cllr J Newport and Cllr Mrs L Shaw.

335 OFFICERS PRESENT

P Burkinshaw - Strategic Director
N Mann - Acting Joint Director, People & Governance
T Willis - Interim Director, Resources
C Cox - Corporate Manager, Finance & Accounting
M Porter - Audit & Counter Fraud Manager
W Szyszka - Democratic Services Officer

336 OTHERS PRESENT

J Hoeckx - Independent Person
D Hanson - EY, External Audit

337 MINUTES

The Minutes of the meeting held on 2 July were approved as a correct record and signed by the Chairman.

338 DECLARATIONS OF INTEREST

None were declared.

339 PUBLIC QUESTIONS ON NOTICE

Pursuant to Council Procedure Rule 10, the following public question on notice was received:-

- (1) From Ms J Waight to the Chairman of the Audit & Governance Committee, Cllr R Milne:-

“The Ernst & Young Audit report on the Asset Delivery Programme identified a significant weakness in governance of the Council for municipal year 2022/23.

Specifically, they confirmed the failure to hold a public consultation in advance of the procurement of a partner ultimately resulted in additional spend and material financial loss to the Council, and the failure to provide evidence to the EY that due diligence was completed when paying £622k abortive costs to remove the Mill Arts & Events Centre from the ADP.

Please can you reassure residents that the Council, under the new Administration will implement all recommendation from Ernst & Young?”

The Chairman, Cllr R Milne responded as follows:-

“Thank you for your question, Ms Waight. You are correct in your statement that the Council’s external auditor, EY, has concluded in their interim Value For Money Report that there was a significant governance weakness in 2022/23.

It is worth pointing out that as part of her Value For Money Report, Ms Hanson has concluded that there was no significant weaknesses in financial sustainability or economy, efficiency and effectiveness in either 2021 – 2022 and 2022 – 2023. Following her investigations into the original decision to embark upon the Asset Delivery Programme and partner with GB Partnership as part of the 2021 – 2022 VFM checks, and bearing in mind the independent investigation this Committee commissioned in 2023, she also concluded that there was no significant weakness in governance for 2021-22.

Finally, as part of her 2022-23 VFM checks, Ms Hanson states that she was satisfied that Members were provided with all relevant information before they made their decision to remove Mill Hall from the ADP.

However, there have been governance weaknesses identified in 2022-23, which has led to two of the recommendations in the report. These relate to two matters:-

- i. That appropriate due diligence is undertaken on any compensation payments and that evidence of such processes is retained.
- ii. The recommendations from the review of the contract award to GB Partnerships, reported in October 2023, are implemented.

As Chair of this Committee, I can assure Ms Waight that I fully support these recommendations. Furthermore, this Committee is still expecting the publication of the exempt report by the independent consultants into the original decision to award the ADP partnership contract to GB Partnerships. The Audit Committee of 27 September 2023 considered and approved all recommendations from that report. The delay in publication is as a result of ongoing commercial considerations and as soon as they are resolved, the report will be published,

However, what I can state publicly is that the weaknesses identified are being, or have been addressed. Specifically, these include:-

- The retention of relevant documents to ensure any retrospective review of decision is fully informed.
- Appropriate due diligence of compensation payments is carried out, and recorded.
- The Council's Contract Procedure Rules and Financial Regulations are to be updated.
- And an assessment of the viability of the ADP and the partnership arrangements to deliver it.

I have shared this response with the Leader of the Council, who is fully supportive of everything I have said.”

Ms Waight asked a supplementary question:-

“The opposite of diligence is negligence.

A breakdown of the £622 of abortive costs is in the public domain.

The Assistant Director for Assets & Commercial at the time, Mr Harwood-White, confirmed that: “Following the Executive decision to remove the Mill site from the Asset Delivery Programme, the Council is now liable to pay costs totalling £43,915.”

However, the Council authorised an additional payment of £578k, despite the absence of any of any obligation or requirement to do so.

£578k – this was taxpayers' money. It could have been better spent on Council services such as improving our children's play areas or upgrading the rubbish bins in our open spaces.

Will the new Administration investigate whether any person is personally culpable or professionally negligent for the failures identified by the External Auditor?”

In response, the Interim Director, Resources advised that there was no investigation looking into the £622k; however, there had been an external auditor commissioned to carry out an investigation of the year in question.

Ms Hanson, from EY also added that the VFM did not cover 2021 which included the Mill Hall removal consultation. Consequential impacts of the decision were considered as well as any corresponding reports. Ms Hanson further added that she was comfortable with the £622k figure being transparent to Members; however, pointed out that the Council could have made it clearer. It was not the auditor's responsibility to form a view on any Council decision as Councils had elected Members and it was their responsibility.

340 INTERIM VALUE FOR MONEY OPINION

The Committee considered the report of EY, the Council's External Auditors, via the Interim Director, Resources presenting the interim Value For Money (VFM) opinion.

Resolved

That the Committee notes the report.

341 EXTERNAL AUDIT PLAN 2023/24

The Committee considered the report of EY via the Interim Director, Resources presenting the 2023/24 Audit Plan.

Resolved

That the Committee notes the report.

342 AUDIT PROGRESS REPORT 1 – 2024/25

The Committee considered the report of the Audit & Counter Fraud Manager providing an update on the work of the Internal Audit Team in terms of progress made against the Annual Audit Plan for 2024/25 and action take by Service Departments in implementing audit recommendations.

Resolved

That the update on delivering the 2024/25 Audit Plan and associated appendices be noted.

343 TREASURY MANAGEMENT ANNUAL REVIEW 2023/24

The Committee considered the report of the Interim Director, Resources setting out a summary of the Council's Treasury Management activity for the 2023/24 financial year.

Cllr R Milne moved a Motion, seconded by Cllr M Hoy that the recommendation be approved.

Resolved

To recommend the contents of this report to Full Council.

344 TREASURY MANAGEMENT QUARTERLY REVIEW (1) 2024/25

The Committee considered the report of the Interim Director, Resources providing an update of the Council's Treasury Management activity for the period 1 April 2024 to 30 June 2024 in accordance with the Council's Treasury Management Policy and good practice in treasury management.

Resolved

To note the contents of the report.

345 REVIEW OF INTERNAL AUDIT SERVICES

The Committee considered the report of the Interim Director, Resources setting out the plan and timetable for the internal audit services.

Resolved

To note the contents of the report.

346 ESTABLISHMENT OF THE STANDARDS SUB-COMMITTEE

The Committee considered the report of the Monitoring Officer seeking to appoint 3 Members of the Audit & Governance Committee to serve on the Standards Sub-Committee in accordance with the Committee's Terms of Reference.

The following Members were appointed to the Standards Sub-Committee:-

- Cllr R Milne (Chairman)
- Cllr S A Wilson
- Cllr Ms A Marriott

Resolved

- (1) That the Audit & Governance Committee appoints 3 of its Members to serve on the Standards Sub-Committee in accordance with the Committee's Terms of Reference and appoints a Chair and Vice-Chair of the Sub-Committee.
- (2) That the Committee notes the current position and next steps in connection with the appointment of Independent Persons as part of the Council's standards arrangements as set out in the report and endorses the proposal that 2 Independent Persons be appointed.

The meeting closed at 8:48pm.

Chairman

Date

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