



Minutes of the meeting of the Audit & Governance Committee held on 28 November 2024 when there were present:-

Chair: Cllr N Harvey

Cllr L Breading
Cllr M Dearson
Cllr A Edwards

Cllr A Harbinson
Cllr J Huntman
Cllr L Larman

SUBSTITUTE MEMBERS

Cllr D Silk - for Cllr N Benson

VISITING MEMBERS

Cllr S Brooke

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr N Benson and Cllr B Wimbledon.

OFFICERS PRESENT

A Hutchings	- Chief Executive
C Adlem	- Director, Corporate & Customer
L Wosko	- Assistant Director Finance & Procurement (S151)
A law	- Assistant Director Legal & Democratic Services (MO)
B Brook	- Assistant Director Policy, Performance & Customer
S Worthington	- Democratic Services Manager
A Barnes	- Head of Internal Audit (a shared service with Southend City Council)
D Hanson	- EY External Auditor (remote)

49 DECLARATIONS OF INTEREST

There were none.

50 MINUTES

The Minutes of the meeting held on 26 September 2024 were agreed as a correct record and signed by the Chair.

51 MOTION

The Chair moved a Motion, seconded by Cllr M Dearson, to move item 6 ahead of agenda items 4 and 5, and this was agreed unanimously.

52 MONITORING REPORT OF GOVERNANCE ARRANGEMENTS AS PRESENTED IN THE ANNUAL GOVERNANCE STATEMENT.

The Committee considered the report of the Assistant Director, Policy Performance & Customer which updated the Committee on governance arrangements and progress made against the action plan for the Annual Governance Statement (AGS) for the financial year 2023/24.

The Assistant Director, Policy, Performance & Customer informed the Committee that this report was the first of two progress reports on any deficiencies identified during that financial year. The second report was scheduled for Spring 2025, followed by the presentation of the 2024/25 Annual Governance Statement in July 2025.

As part of the preparation of the AGS, governance processes were reviewed, with contributions from individual officer leads at the Assistant Director level and internal governance. The report provided a general update and detailed progress against the action plan. Key points of interest from the main report were highlighted:

Consultation and Engagement

The Committee was reminded that tenant and leaseholder engagement had previously been flagged as providing partial assurance. An update was provided noting that the Regulator for Social Housing had identified tenant and leaseholder engagement as a key weakness, partly due to the timing of a tenant survey. These issues had triggered regulatory interest and a subsequent inspection, which began in November 2024.

The Council had since implemented a tenant satisfaction survey, which would run until the end of March 2025. Additionally, an 18-24 month improvement plan was being developed to address all areas of the housing service.

Health and Safety

Health and safety arrangements had been previously assessed as satisfactory. However, an external review conducted in August 2024 identified several areas for improvement.

In October 2024, the Council held a Health & Safety Awareness Month to promote awareness across the organisation. An action plan was being implemented, with high-priority actions targets for completion by the end of November 2024 and remaining actions scheduled for completion by February 2025.

Business Continuity

Business continuity arrangements were previously assessed as providing minimal assurance. An audit conducted in February 2024 identified several necessary actions. Since June 2024, an Emergency Planning and Business Continuity Lead has been in post, working on a programme to test the arrangements by financial year-end.

The next phase involved meeting all Assistant Directors to understand their areas of responsibility and review existing business continuity arrangements. This phase was expected to conclude by mid-November 2024. Once reviewed and established, a rigorous programme of testing plans would be initiated to ensure robustness and the ability to address business-critical activities.

Data Quality

Data quality within the housing sector, which had previously been assessed as satisfactory, was identified as requiring improvement. Issues arising from housing interventions were being addressed.

Information Governance

Information governance, previously assessed as partial reassurance, had shown progress. Actions related to the senior information risk policy were clarified, with responsibilities now clearly assigned. Cybersecurity improvements were ongoing, with positive progress noted in the action plan and scoring.

Complaints

The corporate complaints process, assessed as satisfactory, was revised in November 2024 to ensure compliance with the specific requirements of the Housing Ombudsman, the result of which has been to combine the housing complaints procedure with the corporate process and have one single complaints process for all.

Two appendices accompanied the report, both containing actions plans. The first outlined progress made on the action plans, while the second flagged outstanding issues to address and provided details on how to proceed.

Members thanked officers for the report and the progress being made. They asked how officers could be confident that the systems being put in place would achieve the desired outcome. Officers explained that the actions were deemed appropriate based on the information available at the time. They stated that implementing these actions would lead to progress and noted that further audits by the internal audit team would ensure the desired outcomes were being achieved.

Officers responded to member questions on the frequency and stringency of monitoring in various departments that monitoring depended on specific business processes. While some performance management systems reported quarterly, others reported more or less frequently, depending on the business process.

Members raised concerns around Health & Safety (H&S) and data quality, noting that both had initially appeared satisfactory but, after external scrutiny required additional work. Officers clarified that the initial assessments were based on the resources available at the time, with Assistant Directors now in place more detailed reviews could uncover additional issues. In housing, for example, further issues emerged following the consultation. Officers noted that they had flagged the matter with the Social Housing Regulator, demonstrating proactive engagement. The external inspection did not identify the issues initially; rather, the Council conducted more in-depth reviews after the concerns were flagged.

Members also queried the progress of the phase involving meetings with Assistant Directors (ADs) to understand their areas of responsibility which was scheduled for completion by mid-November. Officers confirmed that all ADs had been met, and further details and actions arising from those meetings were being addressed.

Members raised concerns about areas of cyber-security risk management not being ready until 2025/26, and asked a question regarding system backups and testing reloads of those backups to ensure their reliability. Officers confirmed that daily backups were being conducted but would clarify the process for testing backups. It was further explained that cyber-security risk management issues primarily resolved around documenting, testing and practising application of policy and processes. While many processes were in place, they had not been adequately formalised or tested to ensure effectiveness.

In response to Members questions around internal standards and external reviewers, Officers confirmed that the Council's Health & Safety (H&S) Adviser followed national guidance, while the external audit utilised a model based on legislation. The external reviewers were a qualified and accredited H&S company, procured in line with Council procedures. Their range of qualifications and expertise ensured a robust assessment.

Members referenced the target completion date of March 2025 for the performance management work and asked whether the timeline was achievable. Officers expressed confidence, noting that local arrangements were already in place at the team level. The ongoing work aimed to establish an organisational approach, integrating it into the corporate plan, which would then cascade down to individual teams. Performance management was currently managed locally by team managers and aligned with existing policies and procedures and was reviewed quarterly; however, some service areas would be reviewed more frequently.

Resolved

To note the assurance provided by this report about the operation of the Council's governance framework as presented in the Annual Governance Statement.

53 EXTERNAL AUDITOR'S DRAFT AUDIT COMPLETION REPORT FOR 2021/22 AND 2022/23

The Committee considered the report of the Assistant Director, Finance & Procurement which drew the Committee's attention to the external auditor's draft

2021/22 and 2022/23 audit completion report. It was noted that the financial statements had been prepared following the July Committee meeting which approved the 2020/21 accounts.

The external auditor presented the draft audit completion report. She explained that the report was undergoing consultation on its wording but was not expected to undergo significant changes. She also highlighted that the issues raised were similar to those identified in the 2020/21 audit.

The external auditor advised that EY had been unable to conclude the audit of 2020/21 due to ongoing issues, which had been discussed in detail at previous meetings. These issues continued to impact on the 2021/22 and 2022/23 audits, particularly in respect of governance weaknesses, as the statutory officers responsible for those issues were still in place during the period covered by the 2021/22 and 2022/23 audits.

The external auditor confirmed that the basic checks on the financial statements had been completed. A disclosure checklist review found no issues. Assurances were obtained regarding adherence to regulations and laws. The external auditor was satisfied that the Annual Governance Statement was accurate.

It was noted that much of the content in the draft report was the same as that presented to the Committee in respect of the 2020/21 audit.

The Committee was informed that recommendations had been made to delegate authority to conclude the final report. EY planned to finalise the report before the statutory backstop date of December 13, 2024.

Members commented on the mixed tenses in parts of the draft report and the external auditor confirmed that amendments on the draft report wording would be made.

Cllr N Harvey moved a Motion, seconded by Cllr M Dearson, to approve the recommendation set out in paragraph 3.1 of the report and this was agreed unanimously on a show of hands.

Resolved

- (1) That the draft Audit Completion Report for the years ended 31 March 2022 and 31 March 2023 as set out in appendix A be noted.
- (2) That if there are significant changes to the draft report, the Section 151 Officer shall bring these to the attention of the Chair of the Committee and report these to the next available Committee meeting.

54 FINANCIAL STATEMENTS 2021/22 AND 2022/23

The Committee considered the report of the Assistant Director, Finance & Procurement, which presented the audited financial statements for 2021/22 and

2022/23 for approval.

It was clarified that The external auditor had presented their report, noting that they had largely completed their audit process for the financial statements.

The reports had been available on the website for several years, with updates and re-publication occurring recently to ensure they reflected current circumstances. Members were informed that the addendum to the Annual Governance Statement within the financial statements was consistent with the addendum for 2020/21, with further updates made following the October 2024 Council meeting. In addition, two other paragraphs within the statements had been revised. The first covers events occurring since the balance sheet date which had been amended to direct readers to the addendum to the Annual Governance Statement. The second amended paragraph was to clarify that Chris Mills was the Section 151 Officer at the time of the financial periods covered in the statements, as opposed to the current Section 151 Officer, Lance Wosko.

The Committee was informed that the published reports provided the public with opportunities to raise questions with the auditors, as well as the finance team. However, no questions had been received from the public regarding these reports.

Members commented that, as these financial statements covered periods from several years ago, predating the current administration, it was challenging to fully understand the context or question the details within the reports.

Cllr N Harvey moved a Motion, seconded by Cllr A Harbinson, to approve the recommendations set out in paragraph 3.1 of the report and this was agreed unanimously on a show of hands.

Resolved

- (1) That the financial statements be approved in substance by the Committee.
- (2) That the Chair, in consultation with the Section 151 Officer, is given delegated authority to sign the accounts for each year once EY have finalised the Completion Report for the two years and it is ready for issue.
- (3) That the Addendum to the Annual Governance Statement set out in the financial statements for each year be approved for signing by the Leader and Chief Executive.

The meeting closed at 7.33 pm.

Chair

Date

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