

**MINUTES OF THE
AUDIT AND RISK COMMITTEE**
held on 13 December 2023 at 7pm

Present:

Councillor N. Walsh (Chair)

Councillors, D. Clark, N. Dudley, K. Franks, J. Jeapes, J. Raven, A. Sosin, and A. Thorpe-Apps

Also in attendance –

Independent Persons –

Mr C Groves

Miss J Hoeckx

1. Attendance and Apologies for Absence

Apologies for absence were received from Councillors N. Bugbee, I. Grundy and R. Whitehead. The substitutes were Councillors J. Jeapes and A. Thorpe-Apps respectively.

2. Minutes

The minutes of the meeting on 27 September 2023 would need amending to include Cllr J. Raven in attendance. Subject to this amendment, the minutes were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

The Chair welcomed the new Audit & Risk Committee Independent Person, Miss Hoeckx.

6. External Audit Update (verbal update)

The Committee heard an update regarding the Council's external auditors. Members were advised of the continuing delays regarding external audits with only 1% of the audits for 2022/23 being completed nationally. It was reiterated that the reasons given by external auditors for not meeting the deadlines were audit-firms problems with resourcing and capacity. It was intended for BDO to join the meeting and provide an update, however the Council's BDO partner retired in Autumn which impeded them coming.

Members were also advised that the new external auditors for the next financial year would be EY who have worked with the Council before. It was advised that EY would be attending the March 2024 meeting.

It was also advised that there are ongoing discussions in Government to provide a complete reset of the whole system nationally. It was perceived that the accounts from the previous years could be disregarded, effectively enabling some years accounts never to be audited.

RESOLVED that the External Audit Update be noted.

(7.04pm to 7.15pm)

7. CIPFA Financial Management Code Assessment

The Committee received a report regarding an update of the CIPFA Financial Management Code (FM Code) and the Council's self-assessment since September 2022. It was found that the Council was compliant with the FM Code and that the improvement process would remain continuous. Members were also informed of the underlying principles of the code including accountability and transparency. They were also reminded of the areas covered by the standards. Members heard that there would always be room to improve financial management and there were three reassessment points to be considered which were the capital projects; counter-fraud work; and the capital revenue processes.

RESOLVED that the report on CIPFA Financial Management Code Assessment be considered.

(7.05pm to 7.09pm)

8. Internal Audit Interim Report 2023/24

The Committee received a report regarding internal audit activity from April to November 2023 which included details on the high risk and priority issues which could impact the effectiveness of the internal control environment, risk management, and governance arrangements across the Council. It was also reported that Internal Audit was on track to complete the audit plan by the end of March 2024. However, Members also heard that the team might need to accommodate higher priority work and, if so, the Committee would be updated accordingly.

In response to a query regarding work against the deadline, officers advised that several elements should be completed by the end of the year.

RESOLVED that the Internal Audit Interim Report be noted.

(7.09pm to 7.13pm)

9. Annual Procurement Report

The Committee received the annual procurement report summarising the procurement & sourcing activities as a scheduled report on the delivery of procurement services in line with the work programme. The report also provided an overview of the changes on the new Procurement Bill that would have on procurement activity. Members were asked to note the contents of the report.

The Committee heard that the Procurement Bill had received the Royal Assent on 26th October 2023, becoming the Procurement Act 2023, and was the biggest reform to the public procurement regime following UK's exit from the EU. The Act, which would come into effect in October 2024, introduced a new supplier selection regime, based on existing principles of non-discrimination, fair treatment, value for money, and transparency and integrity. It would also require the public sector buyers to take a broad view and take account of the national strategy priorities.

Members were informed of the key changes in the Act, and on the secondary legislation, which included having a single regime; an enhanced strategy regime which included publishing a pipeline of contracts in advance; opportunities to be advertised on Find a tender Service; publication of KPI's and supplier performance; requirement for notices to contract changes for contracts over £2 million; and, discretionary grounds for exclusion based on supplied poor performance. It was also advised that all procurement would be facilitated in the UK as there were no EU suppliers anymore for the Council.

Members were advised that it was expected that procurement activity would stay the same for the Council and the new regime should not have a fundamental impact. They were also advised of the Council's contract rules which outlined the limits of spends and delegations. It was advised that there were higher threshold limits and further controls on higher spends.

Members also heard that the staff vacancies had impacted delivery of objectives. The Procurement Team successfully recruited a CIPS Procurement Trainee in August. With regards to procurement activity by the team, members were advised that the team continued to provide procurement services to Uttlesford District Council which was working well. Member were also informed of the 39 requirements for formal procurement in which 7 were over the threshold value. Staff would also be fully trained on the new procurement regime and a contract management framework was also in the process of being designed and implemented.

In response to the questions and comments from members, it was advised that;

- It was advised that the biggest areas in increase of prices were generally building works however they would not hit the limit of £5 million.
- It was admitted that the delivery of procurement was delayed due to recruitment issues however it was advised that the team was agile, and all requirements were met. Members were advised that the new graduate would hopefully start by January 2024.
- It was advised that the case management system from the legal team was not linked with the contract management framework.
- It was also advised that there would be a website for all prior notice of future procurement where suppliers would have one place to look. Procurement would also be published on the Council website.

RESOLVED that the annual procurement report be noted.

(7.13pm to 7.36pm)

10. ARC Work Programme

The Committee were updated on the rolling work programme of future reports and work for the next series of meetings. The Committee was also updated regarding agreed actions from the June 2023 meeting. It was advised that the Committee was meeting the recommendations made by CIPFA in their Statement on Audit Committees.

Members heard that the Risk Management Report would be moved to the March 2024 meeting. They also heard of the successful interview and recruitment of the second Independent Person for Audit & Risk Committee. It was also advised that a training needs assessment had been circulated to Committee members to identify training requirements. Members were reminded that these would need to be completed by the end of the year. There would also be a wider self-assessment to be undertaken to evaluate the impact of the Committee and identify further areas of improvement. Findings would be reported at the annual report of the Committee in June 2024.

RESOLVED that the ARC Work Programme to be noted and agreed.

(7.36pm to 7.39pm)

Exclusion of the Public

Resolved that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for Item 11 on the grounds that it involved the likely disclosure of exempt information falling within paragraph 7 of Part 1 of Schedule 12A to the Act.

11. Audit Investigation

The Committee received a detailed report regarding a confidential Audit Investigation. Members also heard the next steps to be taken.

RESOLVED that the report be noted.

(7.39pm to 8.03pm)

12. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 8.03 pm.

Chair