

**AUDIT AND STANDARDS COMMITTEE held at COUNCIL CHAMBER -  
COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on  
TUESDAY, 10 DECEMBER 2024 at 7.00 pm**

Present: Councillor E Oliver (Chair)

Councillors A Armstrong, H Asker, S Barker, G Driscoll, M Foley,  
S Luck and R Silcock

Officers in attendance: P Holt (Chief Executive), N Katevu (Monitoring Officer), J  
Procter (Democratic Services Officer), G Robinson (Interim  
Director of Finance, Revenues and Benefits) and A Webb  
(Strategic Director of Finance, Commercialisation and Corporate  
Services)

Also present: Councillors A Dean and N Hargreaves, and C McLaughlin  
(External Auditor)

**AS25 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors Gregory, Fiddy and from  
the Independent Persons Georgina Butcher and David Pearl. There were no  
declarations of interest.

**AS26 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were approved as an accurate record.

**AS27 ANNUAL GOVERNANCE STATEMENT 2023/2024**

The Monitoring Officer presented the Annual Governance Statement.

RESOLVED to approve the Local Code of Corporate Governance 2024  
and the Draft Annual Governance Statement 2023/24 for publication with  
the Statement of Accounts.

Councillor Dean announced to the committee his intention to issue a letter  
outlining concerns over a housing matter that he felt to be relevant to the Audit  
and Standards Committee.

*Councillor Dean left the meeting at 19.05.*

**AS28 ACCOUNTS SIGN OFF AND DISCLAIMER OPINIONS FOR 2019/20  
THROUGH 2022/23**

The Chair announced his intention to take items 4, 5, 6, 7 and the supplementary report on the Accounts Sign Off and Disclaimer Opinions for 2019/20 through 2022/23 concurrently, since they all related to the audit reports of successive years. There were no objections.

The Interim Director of Finance, Revenues and Benefits presented the Accounts Sign Off and Disclaimer Opinions for 2019/20 through 2022/23 report, during which he referred to the Audit Completion reports. He spoke to the specific contents of the audit reports but noted that the most significant factor they had in common was that they had not been successfully audited and would have therefore been disclaimed. He said that despite this, the Council's accounts for the years in question were in good order.

He noted that the audit process that was to go forward with company KPMG and the new auditors would want to examine the reports for 2022/2023 and 2023/2024 in order to have a point of comparison going forward. He therefore went into greater detail over these accounts and confirmed all account balances contained in these reports had been checked with third-party data.

The External Auditor was welcomed by Chair and offered his apologies regarding the incomplete audits. He stated that the issues surrounding the disclamation of the audit and planning reports should not be read as any criticism on the local authority.

In response to questions, the Interim Director of Finance, Revenues and Benefits said:

- Recommendations from the external auditor had been received only within the previous week, and so had not yet received responses from managers.
- As clarification, the misclassification of Money Market Funds had been a presentational issue which in practical terms was less significant considering the account would not be audited. He further said the issue had since been fixed for subsequent years from 2021/22.
- The audit market at the time of the meeting caused issues for most councils in the country. Only 5-6 councils had their accounts from 2023/24 successfully audited.
- A positive outcome in his view was that the council had been forced to internally validate all assets where possible meaning the council would in future be able to train staff to avoid past issues and produce accounts more efficiently.

In response to questions, the Strategic Director of Finance, Commercialisation and Corporate Services said:

- The contract with the new external auditor provided penalties for failure to carry out the agreed work and included provisions for client-side monitoring.
- In his opinion, there was little the council could have done to avoid the failed audit completions. A third-party investigation paused the audit process for 2019/2020 which took several years to resolve. By that time, BDO was struggling with resources and eventually pulled out of the local council market.

- Although the disclamation of the accounts was a negative outcome, the sign-off of the accounts would allow the council to move forward.

In response to questions, the External Auditor said:

- The audit reports were new but contained corrections that had already been addressed to provide a full picture of the years in question.
- There was positive news in that the government was exploring new ways to make the audit process more effective by focusing on areas of risk important to members of the council and public as opposed to technical accounting issues such as land and property value and pension fund liabilities.
- Item 8 was in draft form and would be completed once responses from managers had been received.
- The risk management issues raised in the report were deemed insignificant as there was evidence of sufficient risk management in other areas within the organisation.

Councillor Asker expressed concern and disappointment over negative sentiments directed towards members regarding the incomplete audits and suggested the investigation which paused proceedings in 2019/20 was not sufficient reason to excuse BDO from having failed to carry out their responsibilities to the council.

Members expressed interest in a press announcement.

The Chief Executive stated that councils around the country had audit backlogs due to the state of the audit market, however Uttlesford's backlog was longer due to the police investigation over a member's conduct that paused the audit proceedings in 2019/20. He said that for this reason members and officers had reason to reflect on the factors leading to the disclaimed accounts.

Councillor Hargreaves spoke as Portfolio Holder for Finance and the Economy and noted his experience as a chartered accountant. He thanked the External Audit Manager for his attendance and verbal apology to which he asked if one in writing could be included in the reports. He further requested that the reports' concerns over breaches concerning the declaration of members' interests could be checked, as it was his understanding that there had only been a single instance of this, and the report's wording suggested there had been multiple. He also suggested that the misclassification of MMF was misrepresented as a material error and asked for this to be reviewed.

He spoke critically of the failure to audit and said that in his view disciplinary action should have been taken.

Members and Officers agreed that the structure of council accounts was too complex and needed simplifying and expressed the view that as the audits would not be done the council needed to focus on the future and moving forward.

Members suggested efforts be taken to ease the public understanding of the audit process and the council's financial affairs.

In response to a request for clarification from Councillor Barker, the Interim Director of Finance, Revenues and Benefits said the reports for 2019/20, 2020/21 and 2021/22 were recommended to be signed off by the Chair since they had passed their 30 day inspection periods. The report for 2022/23 would be brought back to next Audit and Standards Committee in January 2025 since at the time of the meeting it had not yet passed its 30 day inspection period. The 2022/23 report would also be examined in more detail as it would serve as the prior year comparison for 2023/24.

The Chair moved to approve the recommendations and was seconded by Councillor Foley.

RESOLVED to:

- I. delegate the approval to sign off to the Chair of the Audit and Standards Committee.
- II. To bring back the 2022/23 Accounts to explain the Accounts in great details to the January Audit and Standards Committee.

AS29 **AUDITOR'S ANNUAL REPORT FOR YEARS ENDED 31/3/20, 31/3/21, 31/3/22 AND 31/3/23**

The External Auditor presented the Auditor's Annual Report for Years Ended 31/3/20, 31/3/21, 31/3/22 and 31/3/23.

RESOLVED to note the Auditor's Annual Report for Years Ended 31/3/20, 31/3/21, 31/3/22 and 31/3/23.

*The meeting finished at 19.50*