

Committee:	Governance, Audit and Performance Committee	Date:	Wednesday, 31 August 2022
Title:	Audit and sign-off of the 2019/20 accounts		
Report Author:	Adrian Webb, Director - Finance and Corporate Services awebb@uttlesford.gov.uk Tel: 01799 510421		

Summary

1. This report sets out the current position with regards to the delay to earlier sign off of 2019/20 accounts, impact of a protracted police investigation into an alleged offence, and learning lessons therefrom.

Recommendations

2. That the Committee notes the report.

Financial Implications

3. None

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Situation

5. During the audit of the 2019/20 accounts, Officers made the external auditors (BDO) aware that there was a live police investigation into matters that in theory could impact on the Annual Governance statement (AGS), which forms part of the accounts.
6. BDO concluded that it would be important to wait to see what, if anything, ultimately came out of this police investigation before they felt able to complete their audit of the AGS. This meant that the 2019/20 audit has remained incomplete and unsigned.
7. In November 2020, the Director of Finance and Corporate Services updated the Committee that the failure to sign-off the accounts was not related to any financial issues, but solely due to the investigation and the AGS.
8. This indefinite delay in the 2019/20 audit therefore leads inescapably to a delay in completing the 2020/21 and 2021/22 annual audits – and will continue to knock on to future years until the matter is resolved, and outstanding audits are caught up with sequentially.

9. The signing off of the audits of Annual Governance Statements and Annual Accounts overall is not merely a statutory requirement for local authorities, it is a genuinely useful tool in enabling each authority to focus in on any areas requiring attention.
10. As of July 2022, the police have indicated, after extensive consideration of the product of their investigation by the Crown Prosecution Service (CPS), that no charges were to be laid.
11. It is important to understand that council officers' involvement in the actual police investigation was as a witness of fact and was not privy to details of the investigation generally. Nor now that the council has been formally and directly advised by the police that their investigation is over will the Council have the legal right to the investigatory file, witness statements, or the like. This means therefore that council officers were aware of the general nature and some (but likely not all) specifics of allegations or instances that led to the now-ended police investigation, which they considered sufficient to be able to identify and review relevant policies and procedures.
12. In anticipation that at some point in time a decision would be reached by the CPS, officers therefore duly identified a number of council policies and procedures which could be usefully reviewed in light of what they knew of the circumstances behind the matter that resulted in a police investigation. It should be noted that all of these policies and procedures form part of a standard suite of documents by which all local authorities manage their good governance. These Policies are listed at appendix one.
13. In order to provide Good Governance assurance to the External Auditor and the Council now the Investigation has concluded officers have, in addition to this internal review, commissioned an independent expert review and quality assurance from a well-established law firm with respected experience in local authority governance. The outcome of this piece of work is expected inside the next few weeks. The results will be reported to Members in due course.
14. With regard specifically to the audit of the 2019/20 accounts, there are a number of further actions that could see the process delayed once again. These include but are not restricted to:
 - a. A further code of conduct on the matter that raised allegations of a criminal nature.
 - b. If the police received any further information regarding criminal allegations and had to consider another investigation.
 - c. As the CPS are not laying charges, the person(s) who the allegations were made against may make a code of conduct complaint against those who initially complained to the Police.
 - d. As the CPS are not laying charges, the person(s) who the allegations were made against may decide to take other action against those who initially complained to the Police.
 - e. If anyone exercised a right to review the decision of the CPS or challenged the decision of the CPS this can be done under the Victim

Right to Review or a decision can be challenged in some circumstances by judicial review.

15. As at the time of writing this report at least one of the possible options set out in paragraph 14 above has been initiated.
16. Whilst the external auditor has not yet confirmed their position, it is likely that the 2019/20 audit will once again be on hold.
17. A verbal update will be given at the meeting should this position change.

Appendix One

Ref	Policy/procedure
1	Counter Fraud and Corruption Strategy 2022-24 (supported by an action plan for delivery)
2	Whistleblowing Policy
3	Fraud Response Plan
4	Inherent Fraud Risk Assessment
5	Gifts and Hospitality Guidance for Members
6	Code of Good Practice - Probity in Planning
7	Councillors' Code of Conduct
8	Member/Officer Protocol
9	Procedure for considering a complaint under the Code of Conduct for Councillors
10	Fraud and Integrity Strategy