

Ref: GAC2024-3
Date: 2 February 2024

Andrew Gregory
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Dear Andrew,

Special Purpose Vehicle & Outstanding Internal Audit Recommendations Update

Thank you for attending the Governance and Audit Committee on 23rd January 2024 to present your Directorate Control Environment update. The Committee values the time and effort that clearly went into composing such a comprehensive and helpful paper.

I am grateful that you were able to attend personally and I was aware that you had another commitment following the committee and so had to leave promptly, I hope we released you in time. However, I did note that there were a couple of further areas I felt the Committee may be keen to explore had we had more time; hence this letter.

Special Purpose Vehicle

You may be aware that the Committee has had a particular focus on “partnership” arrangements during 2023/24. In paragraph 40 of your report note the “special purpose vehicle” (a company wholly owned by the Council) for the Heat Network project; which is perhaps one of the more unusual arrangements in place. I would be grateful if you could outline for the Committee:-

- a) How the risks to the Council arising from the formation of the “special purpose vehicle” have been identified, managed and reported on?
- b) How the company is held to account by the Council?
- c) Who has responsibility for the governance of the company and what arrangements are in place for them to gain an assurance on the adequacy of the company’s systems of internal control and risk management?

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I would therefore be grateful if you could arrange for a letter in response to the above questions, which can be included in our next agenda under our correspondence section on 26th March 2024; so there will not be a need to attend (unless you wish to do so).

Outstanding Internal Audit recommendations

Thank you for the summary update on the implementation of internal audit recommendations, it was pleasing to note the table on pages 23-24 of your report with 69 out of 84 recommendations reported as implemented. I also noted that of the 15 outstanding recommendations 10 were from 2021/22 and 5 from 2022/23, all with revised implementation dates from February 2024 to April 2024. I would therefore be grateful if you could arrange for a short paper updating the Committee on the progress in implementing these outstanding recommendations for our meeting on 9th July 2024; if full implementation is being reported I do not anticipate the need for you to present the report.

Again, thank you for presenting your control environment update report and please thank all those who contributed to it.

Yours sincerely,

Gavin McArthur,
Chair of the Governance and Audit Committee

*Cc: Members of the Governance and Audit Committee
Scrutiny Committee Chairpersons & Principal Scrutiny Officers
Chris Lee, Corporate Director Resources
Ian Allwood, Head of Finance
Gary Jones, Head of Democratic Services
Chris Pyke, Audit Manager*