

5th May 2022

Rt. Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
Department for Levelling Up, Housing and Communities
4th Floor, Fry Building
2 Marsham Street
LONDON
SW1P 4DF

By email:- michael.gove@communities.gov.uk

Dear Secretary of State

Concerns over the timeliness of external audit investigations and reporting through the PSAA contract

I am writing to you on behalf of North Norfolk District council, following a recommendation of the Council's Governance, Risk and Audit Committee of 26th April 2022.

North Norfolk District Council is part of the collective procurement of local authority external audit services through PSAA. Under the current five-year contract North Norfolk's external audit provider is Ernst and Young (EY).

The District Council recognises that the COVID pandemic has created exceptional pressures on many organisations and does not have any criticism of the performance of EY in the provision of external audit services to the authority as a whole. Indeed, we value the relationship we have with the EY team and particularly our principal contact Mark Hodgson, Associate Partner, Audit – Government and Public Sector.

However, in early 2020 the Council was the subject of a Public Interest Disclosure Act (1998) (PIDA) referral to both Norfolk Constabulary and EY regarding issues relating to the procurement of consultants to undertake a Capability Review in the summer of 2019. Notwithstanding that the Council was informed that the police investigation undertaken by Cambridgeshire Constabulary concluded in March 2021 (with no criminality being established), and understanding that the EY investigating team interviewed key people involved in the procurement process in September 2020; the EY report outlining its conclusions and recommendations was not presented to the District Council until February of this year. A copy of the public part of the report is attached for your information.

The District Council accepts all of the findings and recommendations made within the EY Annual Audit Results Report and Value for Money statement, which have been discussed formally on two occasions by the authority's Governance, Risk and Audit Committee – 30th March and 26th April 2022.

I can also advise that the Council has addressed all of the recommendations made by EY as per the management response also attached for your information. In this respect, I believe that the Council's governance framework and control environment is significantly stronger now compared to that which existed in 2019 and that this position is recognised by both the Council's internal and external audit advisors.

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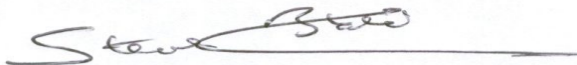
However, in discussing both the EY Value for Money conclusions into the PIDA referral and the Council's response, members of the Governance, Risk and Audit Committee were concerned at the length of time the EY investigation had taken and did not understand why reporting of the investigation into the PIDA complaint had to be part of the annual audit of the 2019/20 accounts.

The delay in the reporting of this matter has created significant issues for the authority in managing local political and public interest in this issue over an extended period of time, which in itself has involved the Council in quite significant additional costs in responding to related Freedom of Information Act requests, referral of complaints to the Information Commissioners Office review of its internal processes and internal meetings and discussions when the Council has otherwise needed to respond to the COVID pandemic and deliver core services and projects and priorities outlined in the Council's Corporate Plan.

The Governance, Risk and Audit Committee therefore asked that I raise with you its concerns over the length of time such investigations by external audit bodies appear to take, which it does not see as being in the public interest or indeed in the interests of any of those involved in such matters. In seeking to raise such matters with you, the Council is keen to state it is not in any way questioning the investigatory processes involved in the consideration of PIDA complaints, only whether such matters could be investigated and concluded in a more timely manner.

The District Council would therefore ask whether the Government believes the objectives of the PIDA Whistleblowing process are effective and sufficient in allowing the proper reporting and investigation of matters of public concern such that any malpractice concerns or risks can be highlighted and addressed in good time. Further, that there can be public confidence in the process – on the part of complainants, corporate learning of organisations subject of such complaints and, as appropriate, natural justice for all those involved in such processes.

Yours sincerely



**Steve Blatch - BA (Hons), DipTP, MRTPI, DMS
CHIEF EXECUTIVE**

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Our Ref: Gove 05 05 22

Enc:- EY Annual Audit Results Report and Value for Money Statement 2019/20
NNDC Management Response to issues raised in the above report

CC:- Duncan Baker, MP for the North Norfolk Parliamentary Constituency
Jerome Mayhew, MP for the Broadland Parliamentary Constituency
Cllr Tim Adams, Leader of North Norfolk District Council
Cllr John Rest, Chairman of the Governance, Risk and Audit Committee
Mark Hodgson, Associate Partner – Audit, Government and Public Sector