

## **Audit and Governance Committee**

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 11 March 2024 at 6.00 pm.**

### **Present:**

Councillors Ali Dehdashty (Deputy-Chair, In the Chair), Kathy Ballard, Andy Collins, Hugh Parker, David Small and Stephen Gilbert (Audit Independent Member).

### **Officers in attendance:**

Steven Houchin (Deputy Chief Finance Officer (Corporate Finance)), Jackie Humphrey (Chief Internal Auditor), Ross Sutton (Head of Financial Reporting) and Elaine Roberts (Committee Officer).

### **Also in attendance:**

Ben Sheriff, Deloitte, External Auditor (attended until completion of Agenda Item: External Audit update).

### **1 Minutes**

The minutes of the meeting held on 28<sup>th</sup> November 2023 were confirmed as an accurate record.

### **2 Declarations of Disclosable Pecuniary Interests (DPIs) by officers as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.**

There were none

### **3 Apologies for absence/declaration of substitute members**

Apologies were received from Councillors Ewbank, Butcher and Shore and from Homira Javadi (Chief Finance Officer).

Councillor Penny Di Cara attended as substitute for Councillor Shore.

Councillor Dehdashty (Deputy Chair) took the Chair for the meeting.

### **4 Questions by members of the public.**

Officers confirmed that no questions had been received.

### **5 Urgent items of business.**

The Chair confirmed there were no urgent items.

**6 Right to address the meeting/order of business.**

There were no requests to address the meeting.

**7 External Audit update**

Steven Houchin, Deputy Chief Finance Officer (DCFO), provided a verbal update on the status of the remaining outstanding items of the audit for 2020-21, which included on substantive item regarding RAAC inspections and a number of minor queries, and noted that an extra-ordinary meeting of the Committee would be called as and when the final accounts for 2020-21 were ready to present before the next scheduled meeting later in the summer.

The DCFO provided an outline of the Government's proposed process for tackling the backlog of local government audits nationwide, currently under consultation, for which any outstanding audits would be subject. The proposals included a schedule of deadlines for returning accounts for years 2020/21 through to 2024/25.

The Chair thanked the DCFO and invited comment from Ben Sheriff, representative of the Council's External Auditors, Deloitte, who joined the meeting remotely. Mr. Sheriff explained how resolution of two of the outstanding audit items, regarding RAAC and Pensions, relied on outside parties and noted Deloitte's plans to reschedule staff resources. Mr. Sheriff said that Deloitte would make efforts to meet any deadlines that were introduced by the Government to address the backlog, but this would be dependent on the local authority having published draft accounts.

Officers confirmed that draft accounts for 2022 had been published and 2023 accounts were due to be published.

At the request of Members, the DCFO provided additional details regarding the outstanding RAAC and Pension items for the 2020/21 audit and Mr. Sheriff outlined the expected timescales for completing the RAAC issue.

Mr. Sheriff confirmed that, on resolution of the outstanding items, Deloitte would produce its Statement of Accounts, the 1SA260 Report, for the Council's Finance Team to review and agree before presentation to the Committee.

Members expressed disappointment and frustration of the delays in delivering the outstanding audits and listed the series of missed promised delivery dates, from Committee meeting minutes dating back to 2022.

While Members recognised the impact of the late arising RAAC issue, and the problems being experienced nationwide, there was unanimous dissatisfaction with the situation, and calls were made for lessons to be learnt.

Members enquired about the expected fees from Deloitte and raised concerns over potential increases incurred by the delays. Officers outlined the process with the PSAA around managing any additional fee charging.

**Resolved (Unanimously)**

To note the update.

**8 Treasury Management Quarterly Update**

Ross Sutton, Head of Financial Reporting (HFR), presented the Treasury Management update for Quarter 3, and the Committee considered the report.

Following questions and comments from Members, Officers confirmed that figures presented in Table 6 were down mainly due to the deferral of schemes rather than underspend and that reductions in the capital programme budget may be considered going forward.

Officers explained that more detailed information regarding performance of capital projects was reported to Cabinet and agreed to provide the information to Committee Members for background.

**Resolved (unanimously)**

To note the report.

**9 Draft Internal Audit Plan for 2024/25**

Jackie Humphrey, Chief Internal Auditor (CIA) introduced the report and explained the rationale of the approach adopted by the Internal Audit Team to ensure an appropriate and timely internal audit function, with focus areas that aligned to those of the Council's Corporate Plan.

The CIA highlighted a particular challenge presented by number of pending organisational changes, including in Theatres and Sovereign Centre, but noted that the Internal Audit Plan was designed to be flexible to accommodate changing circumstances mid-way in any one year.

The CIA reported that the Internal Audit Team was now at full complement, which provided robust assurance for delivering the Plan as well as a number of proactive projects, listed at the end of Appendix B.

The Chair thanked the Internal Audit Team for its work and Members congratulated the CIA on achieving a full team and its project proposals.

Following questions, the CIA further clarified the area selection process, noting the key considerations that helped inform the decision making, and confirmed that departmental requests and time between audits for any one department were included as considerations.

Members highlighted the importance of the issue of temporary accommodation and the CIA confirmed that a section to update the Committee on audit actions around this topic, including the date of the last audit, would be included in the Quarterly update report for the next meeting.

The CIA clarified the nature of the projects work and the approach the Team would be taking.

**Resolved (unanimously)**

To approve the draft Internal Audit Plan for 2024/2025.

**10 Internal Audit and Counter Fraud Report - Quarter 3**

Jackie Humphrey, Chief Internal Auditor (CIA), provided a summary of the activities of Internal Audit and Counter Fraud for the three quarters of the financial year, from 1st April 2023 to 31st December 2023.

Highlights noted by the CIA included:

- Trials of a new approach for working with Finance to address outstanding recommendations
- That the number of follow-ups was down overall
- The positive results from the Counter Fraud team, in particular its work around tenancies
- That business continuity plans (BCPs) were now mostly complete, including for Events (verbal update), and plans were in place to progress outstanding areas; and
- A summary of the revised audit charter being brought to the Committee for approval (Appendix E).

Following questions from Members, the CIA provided more details and an update of the issues noted under Complaints in Appendix C. The CIA also clarified a number of points around the management of housing application lists and enquiries and agreed to provide background information regarding figures in the next report.

**Resolved (unanimously)**

1. To note the information in the report; and
2. To approve the Audit Charter.

**11 Data Analytics Strategy for Internal Audit**

Jackie Humphrey, Chief Internal Auditor (CIA) explained that the report was being presented to ensure the Committee's awareness of how data analytics was being used by Internal Audit.

In her summary, the CIA described the current and proposed Internal Auditing testing approaches and explained the rationale for the Data Analytics Strategy being adopted and the choices of software for the initial stages.

The Committee considered the report.

Speaking on behalf of the Committee, the Chair welcomed the well-illustrated report and commended the approach taken by the Team, which promised significant benefits at low cost.

**Resolved (unanimously)**

To note the report.

**12 Date of next meeting**

The date of the next meeting was confirmed as Wednesday 26<sup>th</sup> June 2024 at 6pm.

The meeting ended at 7.21 pm

Councillor Ewbank.