



## Audit and Standards Committee

**Minutes of meeting held in Telscombe Room - Southover House, Lewes on 19 November 2018 at 10.00 am**

**Present:**

Councillor Chartier (Chair)

Councillors Stephen Catlin, Johnny Denis, Vic lent, Julian Peterson and Jim Sheppard

**Officers in attendance:**

Pauline Adams (Head of Finance), Oliver Dixon (Deputy Monitoring Officer), David Heath (Head of Audit and Counter Fraud), Catherine Knight (Monitoring Officer) and Jazmin Victory (Committee Officer)

**Also in attendance:**

Councillor Robbie Robertson, Janine Combrink (Engagement Lead, BDO), Chris Gape (Director, Cobb PR), Vic Kempner (Independent Person) and Huw Oxburgh (Sussex Express)

**26 Minutes**

The minutes of the meeting held on 24 September 2018 were submitted and approved, and the Chair was authorised to sign them as a correct record.

**27 Apologies for absence/declaration of substitute members**

Apologies for absence had been received from Councillors N Enever and S Gauntlett.

Councillor J Shephard declared that he was acting as substitute for Councillor N Enever for the duration of the meeting.

Councillor V lent declared that he was acting as substitute for Councillor S Gauntlett for the duration of the meeting.

**28 Declarations of interest**

There were none.

**29 Urgent items**

There were none.

**30 Written questions from councillors**

There were none.

**31 Outcome of Code of Conduct Investigation at Peacehaven Town Council**

The committee considered the report which sought endorsement of a proposed resolution for alleged failures to comply with Peacehaven Town Council's Code of Conduct for Members.

The Monitoring Officer explained to the committee that, following consultation with the Independent Person (Vic Kempner), it was recommended that the most effective resolution would not consist of a Standards Panel to determine whether each of the subject members breached their code of conduct, but an action plan adopted by the Town Council as set out in paragraph 4.1 of the report. Justification for this approach included taking into account that two of the three councillors complained of had since resigned, as well as the very limited range of sanctions that a Standards Panel could impose on individual members found to have breached the Code of Conduct.

Vic Kempner commented that based on his professional opinion, the recommendations in the report were fair, balanced and that he endorsed them entirely. The committee thanked Vic Kempner for his help throughout this investigation.

**Resolved:**

- 1) That the committee endorse the Monitoring Officer's proposed informal resolution, set out in paragraph 4.1, of the complainants' code of conduct allegations; and
- 2) That the committee seek updates after 3 and 6 months from the Peacehaven Town Manager as specified in paragraph 5.2, by way of a follow-up report by the Monitoring Officer at the relevant time.

**Reason:**

To ensure that the investigation outcome of the alleged failures to comply with Peacehaven Town Council's Code of Conduct for Members is dealt with in the most effective manner.

**32 Interim Report on the Council's Systems of Internal Control 2018/19**

The committee received the report which informed councillors on the adequacy and effectiveness of the Council's systems of internal control during the first seven months of 2018/2019, and which summarised the work on which that opinion was based.

The Head of Audit and Counter Fraud (HACF) informed members that he would be leading the peer review for Arun District Council.

Members were pleased to note that five properties had been returned to stock after joint action by officers in Housing, Legal Services and Counter Fraud to address cases of abandonment or anti-social behaviour. Members requested that at a future meeting a report be presented to the committee which summarised how many properties had been regained during the last four years.

Members questioned why the Internal Audit service complying with 43% of the statements of good practice was viewed as satisfactory and were informed that the remainder complied with the PSIAS requirements in all material respects. The HACF confirmed that this percentage was broadly consistent with the results from other local authorities in Sussex.

**Resolved:**

That it be noted that the overall standards of internal control during the first seven months of 2018/2019 were generally satisfactory.

**Reason:**

The remit of the Audit and Standards Committee includes the duties to agree an Annual Audit Plan and keep it under review, and to keep under review the probity and effectiveness of internal controls, both financial and operational, including the Council's arrangements for identifying and managing risk.

**33 Internal Audit Key Performance Indicators (KPIs)**

The committee considered the report which informed members of the results of research into performance indicators for internal audit functions, and included proposals for a revised set of indicators for the shared internal audit service for both Councils. Members noted that the KPIs would cover the shared service in total, and that there would not be separate results for staff working at Eastbourne and Lewes.

The HCAF explained to the committee that, although a lot of Council's do not have KPIs for internal auditors (including Eastbourne before the shared service); the Council felt that they were an important tool for measuring and making comparisons.

**Resolved:**

- 1) That members noted the results of the research and the proposals for change; and
- 2) That members approved the proposed set of performance indicators, noting that they included some of the previous set of indicators at LDC and selected items from the annual benchmarking exercise with other internal audit services at local authorities in East Sussex.

**Reason:**

The remit of the Audit and Standards Committee includes a duty to review whether the Audit and Counter Fraud service is adequately resourced and is able to discharge its functions effectively.

**34 Lewes District Council Grants Report 2016/17**

The committee considered the report which summarised the main issues arising from the Council's certification of grant claims and returns for the financial year ended 31 March 2017, following audit by the Council's external auditors, BDO.

Following this item, the Chair explained to the BDO representative that the committee were dismayed at the delay regarding the Statement of Accounts report. The committee were informed that there had been some changes in the valuations which required an explanation before BDO could sign off the report and that they were continuing to chase for this information. Members commented that such a delay was damaging to the Council and its residents, and requested that this message be passed on to further emphasise the urgency of receiving this information.

**Resolved:**

That the report be noted.

**Reason:**

It is essential that the Council's external auditors engage with the Audit and Standards Committee on the results of audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

**35 Treasury Management**

The committee considered the report which presented details of recent Treasury Management activity between 1 September 2018 and 31 October 2018.

Members questioned why the interest rates lent to Eastbourne Borough Council were lower than the other Councils, and if there was any restriction regarding the lending between joint authorities. The Head of Finance responded that there was no restriction, and that interest rates were set by the Council based using the standard at that day as a benchmark. Members requested that an explanation is included in future reports, to reiterate what the Head of Finance had explained regarding interest rates.

Members questioned the Council's use of Santander considering that European banks were in a vulnerable state. Officers responded that although Santander was a Spanish bank, it had UK credit ratings and many local authorities used Santander. However, the Head of Finance assured members that they would check and report back at the next meeting.

**Resolved:**

That the committee confirm to Cabinet that Treasury Management activity between 1 September and 31 October 2018 has been in accordance with the approved Treasury Strategy for the period.

**Reason:**

The Council's approved Treasury Strategy Statement requires the Audit and Standards Committee to review details of Treasury Strategy transactions against the criteria set out in the Strategy and make observations to Cabinet as appropriate.

**36 Date of next meeting**

Resolved that that the next meeting of the Audit and Standards Committee is scheduled to be held on Monday, 21 January 2019 in the Ditchling Room, Southover House, Southover Road, Lewes, BN7 1AB, commencing at 10:00am.

The meeting ended at 11.00 am

Councillor Chartier