

Audit and Standards Committee

Minutes of a meeting of the **Audit and Standards Committee** held in the **Telscombe Room, Southover House, Southover Road, Lewes** on **Monday 30 November 2015** at 10:30am

Present:

Councillor M Chartier (Chair) Councillors N Enever, S Gauntlett and R Robertson

Officers Present:

M Frost, Committee Officer

C Knight, Assistant Director of Corporate Resources

D Heath, Head of Audit, Fraud and Procurement

S Jump, Head of Finance

Also Present:

J Etherington, Audit Manager, Public Sector Assurance, BDO

	Minutes	Action
24	<p>Minutes</p> <p>The Minutes of the meeting held on 28 September 2015 were approved as a correct record and signed by the Chair.</p>	
25	<p>Apologies for Absence</p> <p>Apologies for absence were received from Councillors I Linington, A Loraine and T Rowell.</p>	
26	<p>Urgent Items</p> <p>The Chair had agreed, in accordance with Section 100B(4)(b) of the Local Government Act 1972 that the BDO's Annual Audit Letter for 2014/15 Report to the Audit and Standards Committee be considered as a matter of urgency in order that the Committee could make its decision based on the most recent information which was available.</p>	

27 Change of Membership of the Audit and Standards Committee

The Committee noted that Councillor S Gauntlett had replaced Councillor B Giles on the Audit and Standards Committee for the remainder of the municipal year 2015/16.

28 Interim Report on the Council's Systems of Internal Control 2015/2016

The Committee received Report No 160/15, which related to the Internal Audit Work of the Audit, Fraud and Procurement Service, on the adequacy and effectiveness of the Council's systems of internal control during the first seven months of 2015/2016 and to summarise the work on which that opinion was based.

The Internal Audit function at the Council operated in accordance with the common set of Public Sector Internal Audit Standards (PSIAS) that applied from 1 April 2013.

The Head of Audit, Fraud and Procurement's satisfactory opinion on the overall standards of internal control for 2014/2015 was based on the work of the Internal Audit and the Council's external auditors BDO, including the Council's work on risk management. Within the first seven months of 2015 there had been no event which caused a change in that opinion and there had been no instances of internal control issues which had created significant risks for Council activities or services.

Paragraphs 4.1 to 4.13 of the Report summarised the work undertaken by Internal Audit during the reporting period compared to the annual period that had been agreed by the Audit and Standards Committee at its meeting in March 2015. The Head of Audit, Fraud and Procurement highlighted table 1 under paragraph 4.2 of the Report which showed that a total of 392 audit days had been undertaken compared to the 393 planned.

The Head of Audit, Fraud and Procurement reported that Internal Audit had been co-ordinating the Council's response to the 2014/15 National Fraud Initiative (NFI) data matching exercise. The Committee noted that there were 1,567 matches detailed across 56 reports. 777 matches had been actions and no instances of fraud had been found.

The Head of Audit, Fraud and Procurement informed the Committee that the Principal Audit Manager had taken flexible retirement. This meant that his working days were reduced from five days a week to three days a week. This led to a reduction of 20 planned audit days for the period up to the end of March 2016. He also confirmed that the Internal Audit Manager at Eastbourne Borough Council had agreed to work one day a week at Lewes District Council. It had been estimated that this would generate a saving of approximately £8,000 per annum. The joint working would deliver progress on shared services between the two Councils. The Head of Audit, Fraud and Procurement advised the Committee that, during 2015/16, the team's work on countering tenancy fraud had focused on developing the case referral arrangements with officers in Housing Services. The Committee

noted that three abandoned properties had been returned to the housing stock as a result of successful investigations. One further case of abandonment was proven, but the tenant declared an intention to return and was allowed to keep the property. Nine cases had been closed with the team proving that there had not been any subletting or abandonment. It was also noted that eight further cases were to be investigated.

The Head of Audit, Fraud and Procurement advised the Committee that he had facilitated six training sessions across the Council in relation to risk management. The training had been well received.

The Head of Audit, Fraud and Procurement highlighted points within Appendix A of the Report which were a statement of Internal audit work and key issues undertaken in housing management and sheltered housing. The audit had been planned in two parts with a detailed desk exercise to assess the Quality Assessment Framework that had been compiled to both monitor service standards on sheltered Housing and to prepare the service for an external monitoring review by the Supporting People team at East Sussex County Council. Also, a series of scheduled visits to sheltered housing schemes had been undertaken to determine the extent of compliance with the Quality Assessment Framework.

The Head of Audit, Fraud and Procurement advised the Committee that overall the systems of working within sheltered housing were working well and only two areas were highlighted for improvement. Fire safety needed improvement and an external fire safety consultant would be offering advice. The Committee noted that when residents were away for long periods of time, it was advisable for taps and pipes to be flushed through to avoid the risk of legionella.

The Committee also noted that the Report had been well received and the Chair congratulated all those who had taken part.

Resolved:

- 28.1** That the overall standards of Internal Control were deemed satisfactory, as set out in paragraph 3 of the Interim Report on the Council's Systems of Internal Control 2015/2016 (Report No. 160/15), be noted.

29 Treasury Management

The Committee received Report No 161/15 which set out details of treasury transactions between 1 September 2015 and 31 October 2015.

The Council's approved Treasury Strategy Statement required the Audit and Standards Committee to review details of treasury transactions and

make observations to Cabinet.

The Head of Finance highlighted the following points contained within the Report:

- The Audit and Standards Committee and Cabinet were required to review a formal mid-year summary report. Council would then consider the report in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy.
- The table set out under paragraph 2.1 of Appendix 1 listed the key elements of the Treasury Management Strategy and recorded actual performance in the first six months of the year against each one of them. The interest receipts from external investments were nearly at target and the Head of Finance suggested that this was mainly due to investment in Government. T Bills.
- The Investment Profile table set out under paragraph 4.9 of Appendix A set out the list of temporary deposits made in the year. No new deposits were made for periods in excess of one year. Arlingclose, the Council's Treasury Adviser had suggested that the Council should look to invest for longer periods of time as this would have the potential on increasing the receipts. The table under paragraph 4.11 of Appendix A showed the average rate of return from investments along with comparative benchmark information from the Arlingclose client base. The Head of Finance advised the Committee that the Finance Team would be investigating whether to place investments in accounts for longer periods.

Resolved

- 29.1** That the mid-year Treasury Management Report 2014/15 (Report No 161/15) be noted;
- 29.2** That it be confirmed to Cabinet that Treasury Management Activity between 1 September 2015 to 31 October 2015 had been in accordance with the approved Treasury Strategy for that period; and
- 29.3** That it be confirmed to Cabinet that the comments made by Arlingclose regarding the rate on interest rate returns are supported by the Audit and Standards Committee.

30 Annual Report on the establishment and Maintenance of a Register of Interests 2015/16

The Committee considered Report No 162/15 which confirmed that the Register of Interests was being maintained in accordance with the Council's Constitution.

Section 29 of the Localism Act 2011 required the Council's Monitoring Officer to establish and maintain a register of interests of members and any co-opted members of Lewes District Council. That section made clear that the Monitoring Officer must similarly establish and maintain a register of interests for each Town and Parish Council within the District. The Monitoring Officer was responsible for ensuring that the registers were available for public inspection and that they were published on the authority's website.

The Assistant Director of Corporate Services explained that the Annual Report would be used to confirm to Councillors that the systems in place were operating as they should, and to provide the opportunity to update the Committee on standards matters, such as complaints.

The Council had a responsibility to deal with standards matters for both Lewes District Council and Town and Parish Councils within the District. Information on the number of complaints received by the Council, the number of complaints progressed, Standards Panels held and the number of complaints per Council was set out under the Appendix to the Report.

The Assistant Director of Corporate Services reported that Oliver Dixon, Solicitor had been appointed as Deputy Monitoring Officer and together with the two Independent Persons would be facilitating training for Town and Parish Councils on standards matters.

The Assistant Director of Corporate Services also reported that the vast majority of complaints received were at a Town and Parish Council level, but that since the elections in May 2015 there had been an increase in the number of complaints received about District Councillors.

Resolved:

30.1 That Report No 162/15 be noted ;and

30.2 That the Audit and Standards Committee recognises the importance of Councillors acting in a professional manner at all times.

31 Annual Audit Letter for 2014/15

The Committee received a report from BDO which summarised the key

issues arising from work that had been carried out during the year.

Mr Etherington, BDO, ran through the Executive Summary of the Annual Audit Letter and reported that the Council met the Government's deadline for submitting its financial settlements to BDO. The BDO audit found a number of material and other misstatements involving fixed asset accounting which were corrected. Mr Etherington also reported that BDO had concluded the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

The Committee noted that the work on Housing Benefits subsidy claims for 2014/15 was ongoing and the findings would be reported to the next meeting of the Committee.

Resolved

31.1 That the Annual Audit Letter for 2014/15 be noted.

32 Date of the Next Meeting

Resolved:

32.1 That the next meeting of the Audit and Standards Committee to be held on Monday 25 January 2016 in the Telscombe Room, Southover House, Lewes at 10.30am be noted.

The meeting ended at 11:35am

Councillor M Chartier

Chair

