

## 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 14 March 2016 at 10:00am**

**Present:**

Councillors M Chartier (Chair), N Enever, S Gauntlett and A Loraine

**Officers Present:**

M Frost, Committee Officer

D Heath, Head of Audit, Fraud and Procurement

S Jump, Head of Finance

**Also Present:**

Janine Combrinck, Public Sector Assurance, BDO

Minutes	Action
<p><b>39 Minutes</b></p> <p>The Minutes of the meeting held on 25 January 2016 were approved as a correct record and signed by the Chair.</p>	
<p><b>40 Apologies for Absence</b></p> <p>Apologies for absence had been received from Councillors I Linington, R Robertson and T Rowell.</p>	
<p><b>41 Treasury Management</b></p> <p>The Committee received Report No 45/16, which set out details of treasury transactions between 1 January 2016 and 29 February 2016.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• The table set out under paragraph 2.3 on page 4 of the Report listed fixed term deposits held at 29 February 2016 and identified the long</li> </ul>	

term credit rating for each counterparty at the date of investment.

- The table set out under paragraph 2.5 on page 5 of the Report set out the use of deposit accounts.
- The table under paragraph 2.8 summarised the Council's investment position over the reporting period. It showed the total sums invested each day as fixed term deposits, T-Bills and amounts held in deposit accounts or Money Market Funds.
- On page 7 of the Report, the Head of Finance explained that no temporary borrowing had been undertaken, but that the Council had utilised an overdraft facility on its current account with Lloyds Bank for a three day period from 23 to 25 January 2016. The average amount overdrawn was £75,000.

Resolved:

- 41.1** That it be confirmed to Cabinet that Treasury Management Activity between 1 January 2016 and 29 February 2016 had been in accordance with the approved Treasury Strategy for that period; and
- 41.2** That Report No 45/16 be noted.

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

The Committee received Report No 46/16, relating 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 ten 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 Internal Audit and the Council's external auditors BDO, including the Council's work on risk management. Within the first ten months of 2015/2016 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.

The Head of Audit, Fraud and Procurement advised the Committee that CIPFA (The Chartered Institute of Public Finance and Accountancy) had informed the Council that there would be changes to the PSIAS (Public Sector Internal Audit Standards) during 2016. The Committee would be advised further of these changes and their impact on Internal Audit at the

Council once they had been confirmed.

Paragraphs 4.1 to 4.13 starting on page 9 of the Report summarised the work undertaken by Internal Audit during the reporting period compared to the annual plan 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 4.1 of the Report which showed that a total of 509 audit days had been undertaken compared to the 556 planned.

The Head of Audit, Fraud and Procurement reminded 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.

The Head of Audit, Fraud and Procurement also reported that one of the Senior Auditors at Lewes District Council had taken retirement and left the Council on 19 November 2015. He advised the Committee that a new appointment had been made and that person had commenced employment at the Council on 1 March 2016.

Resolved:

- 42.1** That it be noted 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; and
- 42.2** That Report No 46/16 be noted.

**43 Lewes District Council – Code of Corporate Governance Update**

The Committee received Report No 47/16 which detailed an update of the Council's Code of Corporate Governance.

The Head of Audit, Fraud and Procurement explained that the Council recognised the importance of effective corporate governance so that local communities could place trust in the way that the Council carried out its duties.

The Council's Code of Corporate Governance was first approved by the Audit Committee on 17 March 2008 and was made available to the public on the Council's website. The Code brought together all the Council's corporate governance arrangements in one place and identified any issues that needed to be addressed. Each financial year the Head of Audit, Fraud and Procurement in consultation with key officers reviewed the Code to ensure that it remained robust and reflected the arrangements of the

Council.

Paragraph 3.2 of the Report on page 18 set out the core principles of the Code which included:

- Members and officers working together to achieve a common purpose with clearly defined functions and roles; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

Appendix A on page 20 of the Report was an extract from the Council's Code and Appendix B at page 21 highlighted progress that had been made against the issues addressed in the Code identified in December 2014.

Resolved:

**43.1** That Report No 47/16 be noted.

#### **44 Annual Audit Plan 2016/17**

The Committee received Report No 48/16 which set out the Annual Audit Plan for 2016/17.

The Internal Audit function at the Council operated in accordance with the auditing guidelines published by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA, along with the other governing bodies that set auditing standards for the public sector, had adopted a common set of Public Sector Internal Audit Standards (PSIAS) that had applied since 1 April 2013.

In preparing the Audit Plan, the Head of Audit, Fraud and Procurement had taken account of the adequacy and outcomes of the Council's risk management, corporate governance and other assurance processes. The Strategic Audit Plan had been drawn up on the basis of several strategic planning assumptions, as listed under Section 4 of the Report.

The Head of Audit, Fraud and Procurement explained that the main focus of the planning process was on the first year of the Audit Plan, which provided the Annual Audit Plan for 2016/17. This year, due to the impact of the joint transformation programme, only the Annual Audit Plan for 2016/17 would be presented to the Committee. The joint transformation programme meant that, as integration moved forward, Internal audit would not be able to prepare a meaningful programme of audits for the second and third years of the Strategic Audit Plan.

Paragraph 8 of the Report set out that two studies would be conducted jointly with Eastbourne Borough Council. One study would be an examination of each Council's response to the Government's national security strategy to counter terrorism. The other study would be to review both Council's relationships with its respective leisure trust.

Resolved:

- 44.1** That the Annual Audit Plan for 2014/15, as shown at Appendix 1 of Report No 48/16 be agreed;
- 44.2** That it be noted that only the Annual Audit Plan for 2016/17 was presented to the Audit and Standards Committee which was a change from the previous approach of presenting a three year Strategic Audit Plan; and
- 44.3** That Report No 48/16 be noted.

**45 Planning Report to the Audit and Standards Committee**

The Committee considered Report No 49/16 which set out the planning report from BDO, the Council's independent external auditors, for the year ended 31 March 2016.

The representative from BDO explained that the Report detailed the key issues relevant to the audit of the financial statements and use of resources at the Council for the year ending 31 March 2016. The planning report was a key communication strategy between BDO and the Council.

Resolved:

- 45.1** That Report No 49/16 be noted.

**46 Date of Next Meeting**

Resolved:

- 46.1** That the next scheduled meeting of the Audit and Standards Committee to be held on Monday 20 June at 10am in the Telscombe Room, Southover House, Lewes be noted.

The meeting ended at 10:45am

M Chartier

Chair