

## Audit and Standards Committee

**Minutes** of a meeting of the **Audit and Standards Committee** held in the **Ditchling Room, Southover House, Southover Road, Lewes** on **Monday, 25 September 2017** at 10.00am

*The meeting was followed by a refresher training session led by the Head of Audit and Counter Fraud for Members of the Audit and Standards Committee.*

**Present:**

Councillor M Chartier (Chair)

Councillors S Catlin, N Enever, S Gauntlett and R O'Keeffe MBE

**Officers Present:**

O Dixon, Lawyer and Data Protection Officer (Minutes 15 to 17)

Z Downton, Committee Officer

D Heath, Head of Audit and Counter Fraud

S Jump, Deputy Head of Finance

J Norman, Committee Officer (Minutes 15 to 18)

A Osborne, Deputy Chief Executive (Minutes 21 to 25)

**Also Present:**

J Combrinck, Engagement Lead, BDO

**In Attendance:**

B Bird, Principal Accountant

Minutes		Action
<b>15</b>	<b>Minutes</b>  The Minutes of the meeting held on 19 June 2017 were approved as a correct record and signed by the Chair.	
<b>16</b>	<b>Apologies for Absence</b>  Apologies for absence had been received from Councillors A Loraine and T Rowell.	
<b>17</b>	<b>Preparation for Changes to Data Protection Legislation</b>  The Committee received Report No 134/17 which made councillors aware of imminent changes to UK data protection legislation and how the Council	

was preparing for the higher standards of data privacy set by the new legal regime.

Members' discussion included:

- Matters of compliance and the appropriate way for a councillor to handle personal and sensitive data, for example when in communication with ward constituents.
- Whether training would be offered to all councillors on the changes in legislation.

Officers responded that:

- The Lawyer and Data Protection Officer advised that it was good practice for a councillor to always gain an individual's express permission before disclosing or passing on their personal data such as name or address, adding that such good practice would become law under the new legislation.
- Training for members in their personal capacity as data controllers when corresponding with ward constituents would be offered.

Resolved:

- 17.1** That the key features of the General Data Protection Regulation and the proposed Data Protection Bill, be noted;
- 17.2** That the measures that Lewes District Council is taking to achieve compliance with the new legislation within the necessary timescale, be noted; and
- 17.3** That it be noted that the Audit and Standards Committee requests that the training session for all councillors on the changes to data protection legislation and compliance be held before the new laws come into force, and preferably as a session held immediately prior to a meeting of Full Council.

Lawyer  
(OD) /  
(Ctees  
Lead)

Reasons:

To fulfil its role in providing assurance of the adequacy of the Council's risk management arrangements, the Audit and Standards Committee should satisfy itself that the Council is taking adequate steps to comply with the new data protection regime coming into force next year.

Non-compliance could expose the Council to significant financial penalties and reputational damage.

## **18 Annual Report on the Establishment and Maintenance of a Register of Interests 2016/2017**

The Committee received Report No 135/17 which confirmed that the Register of Interests was being maintained in accordance with the law and Council's Constitution, and which set out the number of standards

complaints about councillor conduct received and considered by the Council's Monitoring Officer in the municipal year 2016/2017 (as shown in Appendix 1 of the Report).

Resolved:

**18.1** That Report No 135/17, be noted.

Reason:

The remit of the Audit and Standards Committee included a requirement to consider the Monitoring Officer's Annual Report on the establishment and maintenance of a Register of Interests of Members and Co-opted Members of the Council. The Monitoring Officer had requested that the Annual Report submitted to the Committee also outlined the number and nature of Standards Complaints received in the municipal year 2016/2017.

**19 Interim Report on the Council's Systems of Internal Control 2017/18**

The Committee received Report No 136/17 which informed councillors on the adequacy and effectiveness of the Council's systems of internal control during the first five months of 2017/18, and which summarised the work on which that opinion was based.

Members' discussion included:

- Clarification of when the audit of Estates Management, which had been put on hold, would recommence.
- Their attention being brought to the changes to future external audit arrangements, as detailed under section 12 of the Report, which would see Deloitte LLP as the Council's appointed external auditor for the period of five years from 2018/2019. Deloitte LLP would also be the external auditors for Eastbourne Borough Council. BDO would continue to act as the Council's external auditors up until the handover with Deloitte LLP.

Officers responded that:

- The Head of Audit and Counter Fraud confirmed that the audit of Estates Management would recommence imminently, adding that substantial preliminary work had already been completed.
- A shared external auditor across both Lewes District and Eastbourne Borough Councils would mean efficiencies in terms of workload for the shared finance team.

Resolved:

**19.1** That it be noted that the overall standards of internal control were satisfactory during the first five months of 2017/18, as shown in Section 3 of the Interim Report No 136/17.

Reason:

The remit of the Audit and Standards Committee included 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.

**20 Lewes District Council – Draft Code of Corporate Governance**

The Committee considered Report No 137/17 which sought approval for the updated Lewes District Council Code of Corporate Governance (Code), as shown under Appendix A.

Members' discussion included:

- A query as to whether the Code would be publicly available.
- Some concern over a difficulty in understanding the Code due to the terminology used.

Officers responded that:

- The Head of Audit and Counter Fraud confirmed that the updated Code would be made available on the Council's website.
- The Head of Audit and Counter Fraud had included a glossary of terms at the end of the Code to explain some of the terms used in the principles and sub principles of the framework.

Resolved:

- 20.1** That the updated draft Code of Corporate Governance, as set out under Appendix A of Report No 137/17, be approved; and
- 20.2** That it be recommended to Full Council that the Code of Corporate Governance is included within the Constitutions for both Lewes District Council and Eastbourne Borough Council.

Head of  
Audit and  
Counter  
Fraud

Reasons:

To ensure the Council followed the best practice set out in the Delivering Good Governance in Local Government Framework, which was published in April 2016.

To standardise the approach of including the Code of Corporate Governance within the constitutions of both Lewes District Council and Eastbourne Borough Council.

**21 Lewes District Council – Grant Claims and Returns Certification – Audit for the year ended 31 March 2016**

The Committee considered Report No 138/17 which summarised the main

issues arising from the work of BDO (the Council's external auditors) in respect of the certification of grant claims and returns for the financial year ended 31 March 2016.

Resolved:

**21.1** That Report No 138/17 be noted.

Reason:

It was a requirement for BDO (the Council's external auditors) to report back to the Audit and Standards Committee on such matters as part of its audit work.

**22 Lewes District Council – Audit for the year ended 31 March 2017**

The Committee received Report No 139/17 which detailed the key findings arising from the audit work of BDO (the Council's external auditors), and which confirmed that BDO had substantially completed its audit work for the year ended 31 March 2017 and anticipated issuing unmodified opinions on the financial statements and use of resources.

Resolved:

**22.1** That Report No 139/17 be noted.

Reason:

It was a requirement for BDO (the Council's external auditors) to report back to the Audit and Standards Committee on significant audit risks as part of its audit work.

**23 Statement of Accounts 2016 /2017**

The Committee considered Report No 140/17 which presented the Statement of Accounts 2016/2017 for approval, following audit by the Council's external auditors, BDO.

Members' discussion included:

- A query on the accuracy of the graph showing the political composition of councillors on page 101 of the Agenda (page 6 of the Narrative Report as shown under Appendix 2 of Report No 140/17).

Officers responded that:

- The Deputy Head of Finance would check the political composition of councillors, as at 31 March 2017, and amend the graph on page 101 of the Agenda (page 6 of the Narrative Report as shown under Appendix 2 of Report No 140/17) as appropriate.

Resolved:

**23.1** That the Statement of Accounts 2016/2017, as set out in Report 140/17, be approved, with the Chair signing on behalf of the Audit

Deputy  
Head of  
Finance

and Standards Committee; and

- 23.2** That it be agreed to delegate authority to the Deputy Chief Executive to make technical and presentational amendments to the Statement of Accounts 2016/2017 ahead of signature by the Chair of the Audit and Standards Committee.

Reasons:

The Accounts and Audit Regulations 2015 required the Deputy Chief Executive and councillors to certify and approve an audited set of accounts for publication by no later than 30 September each year.

At the time of writing the report, the Council's appointed auditor (BDO LLP) was yet to complete the audit of the accounts. Some technical adjustments to the Statement of Accounts document, attached at Appendix 2 of Report No 140/17, might be required on completion of the audit.

**24 Treasury Management**

The Committee considered Report No 141/17 which presented details of recent Treasury Management activity between 1 June 2017 and 31 August 2017.

Resolved:

- 24.1** That it be confirmed to Cabinet that Treasury Management activity between 1 June 2017 and 31 August 2017 had been in accordance with the approved Treasury Strategies for that period, as set out in Report No 141/17.

Deputy  
Chief  
Executive

Reasons:

The Council's approved Treasury Strategy Statement required 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.

The Treasury Strategy Statement also required the Audit and Standards Committee to review a formal summary report after the year end before it is considered by Council, in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy.

**25 Date of Next Meeting**

Resolved:

- 25.1** That the next scheduled meeting of the Audit and Standards Committee to be held on Monday, 27 November 2017 at 10.00am in the Ditchling Room, Southover House, Southover Road, Lewes be noted.

**All to  
note**

The meeting ended at 11.25am.

M Chartier  
Chair