

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, 27 November 2017** at 10.00am

Present:

Councillor M Chartier (Chair)
Councillors S Catlin, J Denis, S Gauntlett and R Robertson

Officers Present:

Z Downton, Committee Officer
D Heath, Head of Audit and Counter Fraud
S Jump, Deputy Head of Finance

Also Present:

L Kodjo, Audit Manager, BDO
J Combrinck, Engagement Lead, BDO

In Attendance:

B Bix, Committee Services Lead (Minute Nos 26 – 30)

Minutes

	Minutes	Action
26	<p>Committee Membership 2017/2018</p> <p>To note the appointment of Councillor J Denis on the Audit and Standards Committee membership for the remainder of the current municipal year.</p>	
27	<p>Minutes</p> <p>The Minutes of the meeting held on 25 September 2017 were approved as a correct record and signed by the Chair.</p>	
28	<p>Apologies for Absence/Declaration of Substitute Members</p> <p>Apologies for absence had been received from Councillors N Enever and R O’Keeffe. Councillor Robertson declared that he was substituting for Councillor O’Keeffe.</p>	
29	<p>Interim Report on the Council’s Systems of Internal Control 2017/18</p> <p>The Committee received Report No 167/17 which informed councillors on</p>	

the adequacy and effectiveness of the Council's systems of internal control during the first seven months of 2017/18, and which summarised the work on which that opinion was based.

Members' discussion included:

- Clarification on the role of the external consultants (Branch and Lee) in relation to the audit work of Internal Audit on the Council's Housing Benefit subsidy claim for 2016/2017.
- A query as to whether housing related fraud occurred only in certain parts of the Lewes District or across the whole of the area.
- Positive feedback on the work of the Council's Counter Fraud Team in countering housing tenancy fraud and abandonment, and preventing Right To Buy fraud.

Officers responded that:

- The Head of Audit and Counter Fraud explained that the external consultants (Branch and Lee) carried out data analysis of the Housing Benefit files. Any errors identified as a result of the testing were then addressed by the Council, thus reducing the number of errors identified by the external auditors.
- The Head of Audit and Counter Fraud explained that housing fraud could be anywhere across the District.

Resolved:

29.1 That it be noted that the overall standards of internal control were satisfactory during the first seven months of 2017/18, as shown in Section 3 of the Interim Report No 167/17.

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.

30 Treasury Management

The Committee considered Report No 168/17 which presented details of recent Treasury Management activity between 1 September 2017 and 31 October 2017, and which also presented the Mid-year Treasury Management Report 2017/2018 (as set out in the Appendix).

Members' discussion included:

- An observation that the Council would be borrowing/investing the least amount into new Council-owned homes, compared with other borrowing/investment commitments, as set out under paragraph 3.5

on page 3 of the Mid-year Treasury Management Report 2017/2018.

- How the Council evaluated the risk of investing in new companies with no trading history, such as Lewes Housing Investment Company and Aspiration Homes (a Limited Liability Partnership co-owned by the Council and Eastbourne Borough Council).

Officers responded that:

- The Deputy Head of Finance explained that the Council's ability to fund council-owned homes was restricted by a cap put upon local authorities by the Government. He added that the Government put no such cap on non-housing related borrowing.
- The Deputy Head of Finance explained that the Council would carry out a proper risk assessment when investing in newly established companies. The Head of Audit and Counter Fraud informed the Committee that Internal Audit would be undertaking a joint audit in respect of Lewes District Council and Eastbourne Borough Council on joint ventures and council owned companies.

Resolved:

- 30.1** That the Mid-year Treasury Management Report 2017/2018, as set out in the Appendix to Report No 168/17, be noted; and
- 30.2** That it be confirmed to Cabinet that Treasury Management activity between 1 September 2017 and 31 October 2017 had been in accordance with the approved Treasury Strategies for that period, as set out in Report No 168/17.

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 the Mid-year Treasury Management Report.

31 Annual Audit Letter – Audit for the year ended 31 March 2017

The Committee received Report No 169/17 which summarised the key issues arising from the audit work that BDO (the Council's external auditors) had carried out in respect of the financial year ended 31 March 2017.

Reasons:

It was the responsibility of the external auditors to plan and carry out an audit that met the requirements of the National Audit Office's Code of Audit Practice; and to review and report on the Council's financial statements and whether the Council had made proper arrangements for securing economy,

efficiency and effectiveness in its use of resources.

The external auditors were also required to report where it had exercised its statutory powers under the Local Audit and Accountability Act 2014 in any matter, and on its grant claims and returns certification work.

32 Date of Next Meeting

Resolved:

- 32.1** That the next scheduled meeting of the Audit and Standards Committee to be held on Monday, 22 January 2018 at 10.00am in the Ditchling Room, Southover House, Southover Road, Lewes be noted.

**All to
note**

The meeting ended at 10.45am.

M Chartier
Chair