

Audit and Governance Committee

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 25 July 2018 at 6.00 pm

Present:

Councillor Dean Sabri (Chairman)

Councillors Sammy Choudhury, Penny di Cara, Paul Metcalfe, Margaret Robinson, Barry Taylor and Colin Swansborough (Reserve) (as substitute for Troy Tester)

Officers in attendance:

Alan Osbourne, Deputy Chief Executive
Pauline Adams, Head of Finance
Jackie Humphrey, Audit Manager
Janine Combrinck, BDO

Also in attendance:

Katie Maxwell, Committee Officer

1 Minutes of the meeting held on 7 March 2018.

The minutes of the meeting held on 7 March 2018 were submitted and approved and the Chair was authorised to sign them as an accurate record.

2 Apologies for absence.

Apologies for absence were reported from Councillor Tester and Councillor Miah.

3 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.

There were none.

4 Internal Audit Report to 31 March 2018.

The Committee considered the report of the Internal Audit Manager regarding a summary of the activities of Internal Audit for the year 1 April 2017 to 31 March 2018. A list of all final audit reports issued in final the level of

assurance attained were detailed in the report. None of the reports had been given an assurance level of inadequate.

Audit work carried out to date against the audit plan to the end of March 2018 was set out in appendix A. Main points from the appendix were summarised in the report and related to "IT Contract and Change Controls".

Further information on reports issued in final during the year with an assurance level below "Performing Well" was set out in Appendix B, with any issues highlighted in the reviews which informed the assurance level given.

The Committee was reassured that this status was the assurance level given at the time the final report was issued and did not reflect recommendations that had been addressed.

Due to there being no outstanding actions relating to audits that were issued with an "inadequate assurance level" there was no appendix C.

The committee was advised that a new piece of software had been procured for audit which would allow for all audit work to be stored in one place and accessible to the teams across both sites.

Work undertaken by the Corporate Fraud team and East Sussex Counter Fraud Hub was also detailed in the report and at appendix D.

RESOLVED: (Unanimous) That the report be noted.

5 Risk Management.

The Committee considered the report of the Internal Audit Manager regarding an update of the Strategic Risk Register.

The Strategic Risk Register had been taken to Corporate Management Team (CMT) on 27 June 2018 for the regular quarterly review and the updated register was appended to the report.

Changes to risk SR-007 (Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act) and SR_009 Commercial Enterprises were detailed in the report.

RESOLVED:(Unanimous) That the amended Strategic Risk Register as appended to the report be agreed.

6 Annual Governance Statement.

The Committee considered the report of the Internal Audit Manager regarding the Annual Governance Statement, which detailed the key elements of the systems and processes of the Council's governance arrangements.

The Annual Governance Statement was a report produced at the end of the year on the control environment of the Council and was a statutory document that accompanied the statutory Statement of Accounts once adopted. The Statement provided a structure in which to consider the Council's governance arrangements and their effectiveness. This ensured that major control issues were identified and action would be taken to address those issues.

Appendix 1 of the report detailed the framework for gathering the assurances and how that affected the relationship with partners, stakeholders and the community. Following the framework should ensure that the Council met the six principles of corporate governance.

A timetable for the gathering of assurances to produce the Annual Governance Statement was set out in Appendix 2 of the report.

Appendix 3 showed the Manager's Assurance Statement which included coverage of the Bribery Act, Safeguarding, Regulation of Investigatory Powers Act 2000 (RIPA) and frauds over £10K. The statement was intended to cover the operational, project and partnership responsibilities of the Heads of Service. It could also be used to highlight any concerns and subsequent actions required to improve governance throughout the Council.

These statements had been completed by the Directors and Assistant Directors and passed through to the Chief Executive and Deputy Chief Executive. The comments made on the statements were considered for inclusion in the Annual Governance Statement.

The sources used to compile the governance issues and subsequent action plan were detailed in the report. The Internal Audit Manager advised that completed Managers' Assurance Statements had been returned from Directors and Assistant Director. Further details were contained in the report.

After discussions with Corporate Management Team (CMT) they considered that the risks associated with the JTP were being prioritised and work was ongoing to mitigate the risks. It would therefore appear in the body of the Statement and was not a separate significant governance issue.

A section on Managing the Risk of Fraud and Corruption was detailed in the report.

Once approved by the Committee, the Statement would be given to the Chief Executive and Leader of the Council to sign before it was published alongside the Statement of Accounts.

RESOLVED: (Unanimous) That the Annual Governance Statement for 2017/18 as appended to the report be approved.

The committee considered the report of the Head of Finance seeking agreement on the audited accounts for 2017/18 under powers delegated by the Council.

The committee was advised that the statutory deadline for local authorities to publish draft accounts and make them available to the auditor had been brought forward this year by one month, from 30 June to 31 May. The deadline for completion of the publication of the audited accounts had also been brought forward by two months, from 30 September to 31 July. The draft accounts had been submitted to BDO for audit on 31 May and had been available on the Council's website from that date.

Members noted that that there had been no major accounting changes to the Statement of Accounts for 2017/18. BDO, the Council's external auditor had now issued the draft ISA260 Annual Governance Report which was included as a separate report later in the agenda.

BDO had indicated that subject to satisfactory completion of the outstanding work it was anticipated that an unmodified audit opinion on both this Council's accounting statements and the group accounting statements would be issued. The opinion was expected to be given before the statutory deadline of 31 July 2018.

A full list of all the major corrected audit differences was detailed within the report and at appendix I of BDO's Audit Completion (ISA260) Report.

There were no significant deficiencies in the Control Environment for 2017/18. However BDO had identified two other deficiencies and full details of the observations, implications, recommendations and management responses were given at appendix II of BDO's report.

The Committee expressed its thanks to Officers for the work undertaken for the audit.

RESOLVED: (Unanimous) That that the final accounts for 2017/18 be approved.

2. That the unadjusted audit differences identified by External Audit be noted and,

3. That delegated authority be given to the Chief Finance Officer to make amendments to the Statement of Accounts as necessary.

8 Audit completion report.

The Committee considered the report of the external auditors BDO regarding the Annual Governance Report which detailed the key elements of the systems and processes of the Council's governance arrangements.

Ms Combrinck, from BDO was in attendance to present the report and respond to Members' questions.

The Committee was given an overview of the key findings from the audit of the financial statements, outstanding matters, control environment, Whole of Government Accounts (WGA) and use of resources. Further details were contained in the report.

Subject to the resolution of outstanding matters set out in the report, BDO anticipated issuing an unmodified opinion on the financial statements for the year ended 31 March 2018.

The Committee expressed its thanks to Ms Combrinck and BDO for the work undertaken for the audit.

RESOLVED: (Unanimous) That the Annual Governance Report for 2017/18 be noted.

The meeting ended at 6.38 pm

Councillor Dean Sabri (Chairman)