



Audit and Governance Committee

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 4 March 2020 at 6.00 pm

Present:

Councillors Robin Maxted (Deputy Chair, in the Chair) Sammy Choudhury, Paul Metcalfe and Barry Taylor and Candy Vaughan (as substitute for Md, Harun Miah)

Officers in attendance:

Oliver Dixon (Senior Lawyer and Data Protection Officer), Homira Javadi (Chief Finance Officer), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance)), Jackie Humphrey (Chief Internal Auditor) and Elaine Roberts (Committee Officer)

Also in attendance: Councillor Robert Smart (Shadow Cabinet Member)

22 Minutes

The minutes of the meeting held on 18 September 2019 were submitted and approved and the Chair was authorised to sign them as an accurate record.

23 Apologies for absence/declaration of substitute members

Apologies were received from Councillor Sabri, Chair; Councillor Burton, and Councillor Miah.

Deputy Chair, Councillor Maxted, acted as Chair for the meeting.
Councillor Vaughan attended as substitute for Councillor Miah.

24 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.

25 Questions by members of the public.

None received.

26 Urgent items of business.

There were none.

27 Right to address the meeting/order of business.

A request was received from Councillor Smart regarding Item 7 on the agenda. Following an invitation from the Chair to address the Committee, Councillor Smart spoke and voiced his concerns about the delay in the publishing of the External Audit of Accounts, and specifically, the lack of apparent progress, the potential for impact on next budget planning, and that there was no personal representation from the external auditors at the meeting.

The Chair thanked Councillor Smart for his comments and it was agreed to move to the next item on the agenda: an update report from the Chief Finance Officer regarding the External Audit.

28 External Audit of the 2018/19 Statement of Accounts

Homira Javadi, Chief Finance Officer, gave a verbal presentation, to provide background and context, and presented the main report, to update the Committee in respect of the delay in issuing the final and audited Statement of Accounts for the 2018/19 year and to explain the technical issues experienced.

Questions and comments from members followed. Points and topics discussed included:

- The role of the Public Sector Audit Appointments Ltd (PSAA) and its responsibilities were clarified, including its appointment of external auditors to every council on a five year contract and the setting of fees.
- That as the appointment of Deloitte as our external auditor had been made by the PSAA, there consequently was no direct contract between the Council and Deloitte.
- The Chief Finance Officer confirmed that the Council had provided all the information requested to the External Auditors, in appropriate formats, including the draft accounts for Investment Company Eastbourne (ICE).
- That Deloitte had stated it does not have the resources currently available to review the information provided by the Council.
- It was recognised that many councils have experienced similar issues in the processing of the external audit: 40% of councils had not published their accounts as at July 2019.
- That the Finance Team had made it clear on several occasions, to both Deloitte and PSAA, of the unacceptability of the situation.
- That the East Sussex Finance Officers Association (ESFOA) had called in the PSAA to collectively lodge their grievances.
- The Chief Finance Officer confirmed that, due to the Council's own internal auditing being up to date, there would be minimal risk of impact from the External Audit delay on financial planning activity. The Chief Finance Officer also confirmed that the 2019/20 timetable had already been shared with Deloitte with a request that they commit to the timetable to avoid future delays.

The Chair thanked the Chief Finance Officer for a comprehensive and enlightening presentation.

Resolved (unanimous): The Committee agreed that a letter should be sent from the Chair to Public Sector Audit Appointments Ltd (PSAA) outlining the serious concerns of the Audit and Governance Committee.

Resolved (unanimous): That the Committee instruct the Chief Finance Officer to request that Deloitte makes a presentation in person at the next meeting of the Audit and Governance Committee.

29 Annual report on the use and governance of covert surveillance powers

Oliver Dixon, Senior Lawyer and RIPA Monitoring Officer, presented the report and the Committee considered the overview of the Council's use of covert surveillance powers in 2019/20 and also considered the recent external inspection report of surveillance governance arrangements.

Two points of action in response to report recommendations were highlighted: The need to amend the Council's RIPA Policy to include provision, in particular, for the use of Covert Human Intelligence Sources (CHIS) where appropriate; and to make arrangements for Officer training on the management and use of CHIS in line with the amended policy.

The RIPA Monitoring Officer informed the Committee that he would bring the amended policy to the next meeting (currently scheduled for July 2020) for consideration and approval.

The Chair thanked the RIPA Monitoring Officer and congratulated the Council for the Inspector's positive comments on the standard of its RIPA documentation.

Resolved (unanimous):

1. To note the Council's use of covert surveillance powers during 2019/20
2. To note the findings of the Investigatory Powers Commissioner's Office inspection conducted in 2019.

30 Internal Audit Report for the first three quarters of the financial year 2019-20

Jackie Humphrey, Chief Internal Auditor, presented the report and the Committee considered the summary of activities of Internal Audit and Counter Fraud for the first three quarters of the financial year: 1st April to 31st December 2019.

The Chair invited comments and queries from Committee Members.

It was clarified that auditor training requirements had led to slight delays, but that work was already underway to ensure next year's deadlines; the issue

with IT noted in the report has been resolved; and the Chief Internal Auditor explained how considerations were taken to ensure appropriate balance of resources.

The Chair thanked the Chief Internal Officer for the report.

Resolved (unanimous): that the report be noted.

31 Draft Internal Audit Plan for 2020/2021

Jackie Humphrey, Chief Internal Auditor, presented the report outlining the Draft Internal Audit Plan for 2020/21 and the Committee considered the proposed plan.

The proposal presented a new, more flexible approach, to help better meet the needs of senior management and add value, whilst ensuring adequate breadth of cover to the work carried out. Officers would provide quarterly reports to the Committee.

It was noted that plans have been considered to invest in Financial Investigator training, to improve in-house capabilities and also provide a potential revenue stream as a service to other local authorities. A report would be made to the Committee at a later date.

The Chair thanked Jackie Humphrey for the presentation of an innovative plan and the Committee congratulated the team on its work.

Resolved (unanimous): That the report be noted and the proposed plan was agreed.

32 Strategic Risk Register Quarterly Review

Jackie Humphrey, Chief Internal Auditor, presented the report and the Committee considered the outcomes of the quarterly review of the Strategic Risk Register by the Corporate Management Team.

Two areas of risk were highlighted for explanation: that the previous increase risk value due to Brexit had been left in place, due to the ongoing lack of clarity on likely impacts; and that the Coronavirus score will be increased if and when it becomes classed as pandemic.

The Chair thanked Jackie Humphrey and the team for its work.

Resolved (unanimous): That the update to the Strategic Risk Register be noted.

33 Date of next meeting

Wednesday 8th July, 6pm, Court Room, Eastbourne Town Hall.

The meeting ended at 7.32 pm

Councillor Maxted