

## **Audit and Standards Committee**

**Minutes of the meeting held in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, East Sussex, BN7 1AB, on 4 July 2022 at 10:00am**

**Present:**

Councillor Julian Peterson (Chair);  
Councillors Adrian Ross (Vice-Chair), Robert Banks (Substitute) and Isabelle Linington

**Officers in attendance:**

Lee Ewan (Counter Fraud Investigations Manager), Jackie Humphrey (Chief Internal Auditor), Jennifer Norman (Committee Officer, Democratic Services), Ola Owolabi (Deputy Chief Finance Officer - Corporate Finance) and Tim Whelan (Director of Service Delivery)

**Also in attendance (remotely, via Microsoft Teams):** Niren Ramkhelowon (Deloitte) and Ben Sheriff (Deloitte)

**1 Minutes**

The minutes of the meeting held on 14 March 2022 were submitted and approved, and the Chair was authorised to sign them as a correct record.

**2 Apologies for absence/declaration of substitute members**

Apologies had been received from Councillors Christine Brett, Phil Davis, Sean MacLeod and Christine Robinson. It was declared that Councillor Rob Banks would be acting as substitute for Councillor MacLeod for the duration of the meeting.

**3 Declarations of interest**

There were none.

**4 Urgent items**

There were none.

**5 Written questions from councillors**

There were none.

**6 External Audit of the Statement of Accounts**

The Committee received a verbal update from the Deputy Chief Finance Officer (DCFO) and the Council's External Auditors, Deloitte, in respect of the External Audit of the Statement of Accounts.

The DCFO reminded the Committee that at its previous meeting on 14 March 2022 the External Audit of the 2018/19 Statement of Accounts had not yet been signed off. He confirmed, however, that the External Audit of the 2018/19 Statement of Accounts was signed off on 29 June 2022 and that District Council Officers and Deloitte were working together in respect of the remaining outstanding external audits.

The DCFO welcomed representatives from Deloitte, Mr Sheriff and Mr Ramkhelowon, via Microsoft Teams.

Mr Sheriff discussed various matters on valuation and where his team was in respect of the External Audit of the Statement of Accounts for 2019/20, 2020/21 and 2021/22. He explained that Deloitte was doing its best to recover its position and he thanked the Council's Finance team for their help and support throughout the process.

The Committee queried whether Deloitte had any targeted milestones, outline or timetable as to when the External Audit of the Statement of Accounts for 2019/20, 2020/21 and 2021/22 would be completed.

The DCFO and Mr Sheriff outlined the timetable for the completion of the outstanding audits, noting that they were confident that the timetable could be supported although it would be challenging. The Committee was informed that it should expect the following outstanding external audits at its meeting as follows:

- 2019/20 External Audit of the Statement of Accounts - 12 September 2022
- 2020/21 External Audit of the Statement of Accounts - 14 November 2022
- 2021/22 External Audit of the Statement of Accounts - 16 January 2023

The Chair thanked Deloitte on behalf of the Committee and highlighted that Members were looking forward to the completed audits.

**Resolved:** That the verbal update be noted.

## **7 Arrears Collection Audit**

The Committee received a verbal update from the Director of Service Delivery (DSD) in respect of the Arrears Collection Audit.

The DSD highlighted there were a number of recommendations provided to the Council in respect of the Arrears Collection Audit, including the investigation

and recovery of old debts. He further highlighted that the Council had recruited Officers to complete the debit priorities and that additional temporary resources were being provided by Dukes Bailiffs.

Discussions included at what stage the Council wrote debt off, energy grants, non-engagement from residents in terms of debt recovery and aged debt.

The DSD explained that in terms of aged debt, the Council had set up a recovery hub and targets going forward, and that he was happy to circulate the information to the Committee once it became available.

**Resolved:** That the verbal update be noted.

## **8 Treasury Management Annual Report 2021/22**

The Committee received the Annual Treasury Management report which presented details of Treasury Management activities and the prudential and treasury indicators for 2021/22.

The Deputy Chief Finance Officer (DCFO) summarised the report and its findings.

Discussions included capital expenditures, financing the capital programme, the Council's external debt levels, and the Council's ESG (Environmental, Social and Governance) investments.

The Vice-Chair queried whether all of the Council's deposits were ESG. The DCFO explained that 5 million pounds of the Council's deposits were considered ESG but he could not confirm if the remaining amounts were considered ESG, as the DMO (Debt Management Office) was a government bank.

**Resolved:**

1. That Full Council be recommended (via Cabinet) to agree the Annual Treasury Management report for 2021/22; and
2. That Full Council be recommended (via Cabinet) to approve the 2021/22 Prudential and Treasury Indicators included in the report.

## **9 Post Assurance Review of the First and Second Phase of Covid Business Grants**

The Committee received the report which provided an update on the progress of the work being carried out in respect of the Post Assurance Review of the First and Second Phase of Covid Business Grants.

The CFIM presented the report and discussed its findings.

The Counter-Fraud Investigations Manager (CFIM) explained that the purpose of the report was to provide an update of the work undertaken to verify the coronavirus business support payments administered by Lewes District Council and to establish whether any payments were made in error or were fraudulent.

Discussions included the percentage of incorrect payments in comparison with neighbouring local authorities, grants which were discretionary and errors which were found to be fraudulent.

The Chair thanked the CFIM for his hard work.

**Resolved:** That the report be noted.

#### **10 Internal Audit and Counter Fraud Report for the financial year 2021-2022 - 1 April 2021 to 31 March 2022**

The Committee received the report which provided a summary of the activities of Internal Audit and Counter Fraud a summary of the activities of Internal Audit and Counter Fraud for the financial year 2021-2022 from 1 April 2021 to 31 March 2022.

The Chief Internal Auditor (CIA) summarised the report and discussed its findings.

Discussions included procurement, departmental restructure and counter fraud.

**Resolved:** That the report be noted.

#### **11 Strategic Risk Register Quarterly Review**

The Committee received the report which summarised the outcomes of the quarterly review of the Strategic Risk Register (SRR) by the Corporate Management Team (CMT).

The Chief Internal Auditor (CIA) summarised the report and its findings, highlighting the June 2022 review by CMT in section 3 of the report.

Discussions included the changes to the SRR as set out in Appendix A, risk of flood and drought and water supply issues.

The Committee thanked the CIA for adding risk on rising energy prices and inflation to the SRR, with the Vice-Chair highlighting concerns about increased related costs to the Council.

**Resolved:** That the report be noted.

#### **12 Annual Governance Statement**

The Committee considered the report which set out the draft 2021/22 Annual Governance Statement (AGS).

The Chief Internal Auditor (CIA) summarised the report and discussed its findings, highlighting that no significant issues had been reported this year.

The CIA highlighted that during discussions with Officers relating to the housing system software being previously identified as a significant issue in the

SRR, it had been decided that the risk would be removed from the SRR as a significant governance issue. During the process, the CIA had mistakenly left a paragraph in the agreed SRR indicating that the housing software remained a significant governance issue. This was incorrect. After consultation with Democratic Services, it was agreed that the amended SRR would be published on the Council's website alongside the previous version which was agreed by the Committee in July 2021.

Discussions included previously requested more detailed breakdown in respect of the manager assurance statement and issues surrounding capacity and workforce shortages

**Resolved:** That the Annual Governance Statement as set out in Appendix 5, be approved.

### **13 Date of next meeting**

That it be noted that the next meeting of the Audit and Standards Committee was scheduled to commence at 10:00am on Monday, 12 September 2022, in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, East Sussex, BN7 1AB.

The meeting ended at 12.12pm.

Councillor Julian Peterson (Chair)