

Audit and Governance Committee

Minutes of the meeting held in Room 209/210 on the Second Floor, The Marine Workshops, Railway Quay, Newhaven, East Sussex, BN9 0ER on 13 November 2023 at 10:00am

Present:

Councillor Stephen Gauntlett (Chair);
Councillors Daniel Stewart-Roberts (Deputy-Chair), Graham Clews, Cathy Gallagher, Olivia Honeyman, Charlotte Keenan and James Meek

Officers in attendance:

Oliver Dixon (Lawyer and Data Protection Officer, attending as Senior Responsible Officer for RIPA compliance), Lee Ewan (Counter-Fraud Investigations Manager and RIPA Monitoring Officer), Steven Houchin (Interim Deputy Chief Finance Officer), Jackie Humphrey (Chief Internal Auditor), Jennifer Norman (Committee Officer, Democratic Services) and Ross Sutton (Head of Financial Reporting)

Also in attendance remotely, via Microsoft Teams:

Ben Sheriff (Deloitte) and Susan Mugeru (Deloitte)

23 Minutes

The minutes of the meeting held on the 4 September 2023 were submitted and approved and the Chair was authorised to sign them as a correct record.

24 Apologies for absence/declaration of substitute members

There were none.

25 Declarations of interest

There were none.

26 Urgent items

There were none.

27 Written questions from councillors

There were none.

28 External Audit progress

The Council's Interim Deputy Chief Finance Officer (IDCFO) and the Council's

External Auditors (Deloitte) provided Members with an update in respect of Deloitte's progress on the Council's outstanding Statement of Accounts 2019/20, 2020/21 and 2021/22.

The IDCFO, on behalf of the Chair and the Committee, welcomed Ben Sheriff and Susan Mugerá (Deloitte) to the meeting.

The IDCFO highlighted that Deloitte was near completion of the External Audit of the Council's 2019/20 Statement of Accounts, with one outstanding item as of September 2023, which was the valuation of housing and how the Council accounted for prior year changes. He further highlighted that Council Officers and Deloitte were working together on coming to an agreement regarding the outstanding item, with Deloitte's technical team working on calculations which could be applied to the accounts in the coming weeks.

Mr Sheriff explained that the Council should be mindful of the national context of local government audits, as the delays had been a national issue for the previous three years. He further explained that central government and the Financial Reporting Council (FRC) were looking to find a mechanism to remove the national backlog of audits prior to the new audit contracts which will begin on 1 April 2024.

Mr Sheriff discussed the possibility of a national backstop being put in place for all published accounts for all councils throughout the country, which would lead to a significant number of qualified reports, including those of the Council.

Mr Sheriff noted that any discussion of dates had not yet been decided or announced, and that consultations with the FRC, CIPFA, central government and local government authorities normally would take place prior to any decisions being made.

Members in their discussions raised concerns regarding the Council's reputational risk due to the outstanding External Audits of the 2019/20, 2020/21 and 2021/22 Statement of Accounts, and discussed the timeline and method of the formal sign-off of the 2019/20 Statement of Accounts.

The Chair asked if the 2019/20 Statement of Accounts were due to be ready shortly. Officers advised that Deloitte would need to put together a final report, and this could be in December 2023.

Officers advised that there were then two options for the sign-off. An additional meeting of the Committee could be set up in January 2024 to consider the report from Deloitte and approve the bulk of the accounts, whilst giving delegated authority to the Council's Section 151 Officer in consultation with the Chair to resolve any final minor issues. Alternatively, once the accounts were finalised, they could be brought for approval and sign off in a single session at the scheduled meeting on 4 March 2023.

Resolved: That the verbal update be noted.

29 Annual report on Covert Surveillance Management

The Committee received a report which provided Members with an overview of the Council's use of covert surveillance powers in 2022/23 and information on recent external inspection of surveillance governance arrangements.

The Counter-Fraud Investigations Manager (and RIPA Monitoring Officer) summarised the report, highlighting the purpose of covert surveillance and corresponding legislation, its uses and the specific framework as to how covert surveillance was carried out.

Discussions included the investigating officer's process for submitting an application to carry out covert surveillance, the internal and external authorisation process and considerations on informing the public about the investigation outcome.

Resolved: That the report be noted.

30 Treasury Management

The Committee received the report which provided details regarding the Treasury Management Activity for the period 1 April to 30 September 2023.

The Council's Head of Financial Reporting (HFR) summarised the report, highlighting original and revised budgets, interest forecast rates, borrowing and Environmental, Social and Governance (ESG) investments.

Resolved: That it be noted that the Treasury Management activity for the period of 1 April to 30 September 2023 has been in accordance with the approved Treasury Strategies.

31 External assessment of the work of the Internal Audit function

The Committee received a report which provided Members with the results of the external assessment of the Internal Audit function.

The Council's Chief Internal Auditor (CIA) summarised the report, highlighting both the most recent internal and external assessments of the Council's Internal Audit function, which were requirements of the Public Sector Internal Audit Standards (PSIAS).

Discussions included the cessation of the Sussex Audit Group and the outcomes and recommendations of the external assessments, as detailed in Section 3 of the report.

Resolved: That the report be noted.

32 Internal Audit and Counter Fraud Report - Quarter 2

The Committee received a report which provided a summary of the activities of Internal Audit and Counter Fraud for the second quarter of the financial year 2023-2024, 1 April 2023 - 30 September 2023.

Discussions included internal audits throughout the year and the Film Liaison Unit, as set out in Appendix C.

Resolved: That the report be noted.

33 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, highlighting the consideration given to homelessness, with added descriptions and mediating actions set out in Appendix A.

Resolved: That the report be noted.

34 Date of next meeting

It was noted that the next meeting of the Audit and Governance Committee was scheduled to be held on Monday, 4 March 2024, in Room 209/210 on the Second Floor, Marine Workshops, Railway Quay, Newhaven, East Sussex, BN9 0ER, commencing at 10:00am.

The meeting ended at 11:32am.

Councillor Stephen Gauntlett (Chair)