

Audit and Governance Committee

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 28 November 2023 at 6.00 pm.

Present:

Councillor Christina Ewbank (Chair).

Councillors Ali Dehdashty (Deputy-Chair), Kathy Ballard, Daniel Butcher, Andy Collins, Hugh Parker, Kshama Shore, David Small and Stephen Gilbert (Audit Independent Member).

Officers in attendance:

Homira Javadi (Director of Finance and Performance (Section 151 Officer)), Steven Houchin (Interim Deputy Chief Finance Officer (Corporate Finance)), Jackie Humphrey (Chief Internal Auditor), Ross Sutton (Head of Financial Reporting) and Elaine Roberts (Committee Officer).

Also in attendance:

Ben Sheriff, Deloitte, External Auditor (until completion of Item: External Audit update)

24 Minutes

The minutes of the last meeting held 5 October 2023, were confirmed as an accurate record and the Chair signed the minutes.

25 Apologies for absence/declaration of substitute members

There were no apologies.

26 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.

27 Questions by members of the public.

The Chair confirmed that no questions had been received.

28 Urgent items of business.

There were none.

29 Right to address the meeting/order of business.

There were no requests to address the meeting.

30 External Audit update

Steven Houchin, Interim Deputy Chief Finance Officer (IDCFO), provided a verbal update of progress regarding Deloitte's external audit of 2020-2021 since the last meeting.

In his report, the IDCFO noted that the majority of queries had been resolved and that Deloitte expected to bring a Statement of Accounts for 2020-21 to the next Audit and Governance Committee in February. The update highlighted that Deloitte now required the 2020-21 audit to take account of issues raised by RAAC (Reinforced autoclaved aerated concrete), and that Deloitte would not be resourcing work on the audit for a three week period over Christmas due to lack of staff. The IDCFO concluded with a brief update on the status of local authority audits nationally.

Deloitte's representative, Ben Sheriff, (attending remotely) explained that the company's position on the RAAC issue was consistent with other auditors and confirmed that Deloitte expected to present a Statement of Accounts for 2020-21 at the next committee meeting.

The Committee considered the update.

Members queried why RAAC issues, which had come to light in 2023, were concerning an audit of 2020-21. The IDCFO confirmed this point had been raised with Deloitte and had logged a request that Deloitte consider how the issue could be managed to avoid further delays to the 2020-21 Audit. The IDCFO reported that identification of potential RAAC was scheduled to be completed by mid-December and follow up investigations if required would take place in January.

Following further comments from members, Officers explained Deloitte's auditing process, which identified particular areas such as housing benefit and debt recovery for review and sample testing, followed by a second internal review, which often led to additional queries.

In response to concerns over possible delays, Deloitte and Finance Officers confirmed that the vast majority of queries had been closed and cleared and that both parties expected that a Statement of Accounts for 2020-21 would be brought to the next committee meeting. Officers confirmed that management of RAAC issues would be challenged again if necessary.

Resolved (unanimously) - To note the verbal update.

31 Annual report on Covert Surveillance Management

Lee Ewan, RIPA (Regulation of Investigatory Powers Act 2000) Monitoring Officer (RIPA MO), presented the report, supported by Oliver Dixon, Lawyer and Senior Responsible Officer for RIPA compliance. The presentation

included an explanation of the powers available to the Council under the Act and highlighted that no applications had been made to use the covert surveillance or undercover powers during the whole of the period covered by the report.

The Chair thanked the RIPA MO for the report and invited questions and comments from Members.

In the following discussions, Officers confirmed that, while there had been no covert surveillance or undercover activity over the past year, it was best practice to report annually. The RIPA MO explained that, following a recommendation from IPCO's (Investigatory Powers Commissioner's Office) 2022 inspection of the Council's surveillance management systems, the Council's policy had been updated to include a specific section concerning collection and management of personal data during surveillance. Officers confirmed that the one investigation carried out since then had fully complied with the revised policy, with case data deleted as soon as the deadline for appeal had passed.

Members thanked Officers for the report and complimented the Team on its thorough approach, which gave assurance and confidence that the Council was complying with relevant legislation and Home Office Code of Practice.

Resolved (unanimously)

To note the covert surveillance summary for September 2022 to September 2023.

32 External Assessment Report

Jackie Humphrey, Chief Internal Auditor (CIA) introduced the External Annual Assessment report. This included an outline of the periodic assessments required to 'audit the auditors', a summary review of the resultant recommendations, the Team's responses, and the Team's approach to secure both qualitative as well as quantitative performance measures.

The Committee considered the report.

The CIA confirmed that a request had been logged for an introduction meeting between Internal Audit and the new external auditors, Grant Thornton, once they were in place.

Following queries from Members, Officers provided further explanation of the two recommendations from the review that had required further consideration and comment from the Chief Finance Officer/151 Officer. The CIA clarified the pay award policy of the Council.

The CIA undertook, for the end of year report, to follow up a request that any changes where recommendations had been complied with would be highlighted, for clarity.

Resolved (unanimously)

To note the information in the report.

33 Internal Audit and Counter Fraud Work Report - Quarter 2

Jackie Humphrey, Chief Internal Auditor (CIA) presented the report, which included a summary of the process adopted by the Internal Audit Team and an explanation of its work to date, as outlined in the report and appendices.

Following questions from Members, Officers noted that:

- The report's approach to income savings figures from counter-fraud work followed national guidelines.
- Internal Audit's work to support anti-slavery was most apparent in the work of the counter-fraud team, which worked closely with the Police to provide useful information and guide victims to support services.
- Additional progress had been made to both items with 'red' RAG status since the close of the period covered by the report (July-September 2023) and follow up actions with Film Liaison had been completed. Officers would check the average licensing fees for location filming and feedback to Members.
- CMT (Corporate Management Team) would consider adding the issue of RAAC to the Strategic Risk Register at its next meeting.
- Auditing best practice had shown that a two-person checking process did not require the individuals to come from different departments to be effective at preventing fraud and could benefit from using persons who understood the business.
- The training programme to raise fraud awareness across the Council was run on a rolling basis in recognition of staff turnover. Departments covered to date this year included all teams within Housing, Revenue and Benefits and Customer First.
- Commitments to specific date deadlines would be sought from those departments with more than one follow-up, including those expecting changes to the team.

Members congratulated the positive score achieved by Council's IT Team from an external review of IT security. Officers confirmed that the results of the audit on cloud computing would be brought to the Committee's meeting in February.

Resolved (unanimously)

To note the information in the report, along with further information requirements identified by Members during the meeting.

34 Treasury Management Quarterly Update

Ross Sutton, Head of Financial Reporting, presented the update and the Committee considered the report.

Following questions from Members, Officers highlighted, from a Treasury point of view, some of the key positive and negative impacts of interest rates over the past year.

Officers supported Members' concerns over the challenge presented by rising costs of borrowing and gave assurance of the Finance Team's work to mitigate the impact of interest rates where possible.

Officers confirmed that a Council representative would attend the Bank of England's quarterly economic review meetings.

Officers clarified queries on a number of issues including fixed term deposits, projections for likely external debt, and the report's details of capital programme spending, and agreed to share information of the latest figures.

The CFO provided a brief outline of funding reductions since 2010 and drew a distinction between the 'demand-led' financial challenges being faced by the Council, such as the 'cost of living crisis', compared to some other Councils where financial difficulties were due to poor financial decisions.

The Committee requested a briefing session from the Finance Team to help Members to better understand the Council's current position.

Resolved (unanimously):

To note that Treasury Management Activities for the period April to September 2023 had been in accordance with the approved Treasury Strategies.

35 Strategic Risk Register Quarterly Review

Jackie Humphrey, Chief Internal Auditor, presented the outcomes of the Corporate Management Team's quarterly review of the Risk Register. The presentation noted the addition of two further risks around housing and CMT's response to the Committee's suggestion to add the issue of outstanding external audits to the Risk Register.

The Committee thanked the CIA for the report and there were no questions. The CIA noted the potential future inclusion of the RAAC issue in the risk register.

Resolved (unanimously)

To note the update to the Strategic Risk Register

36 Date of next meeting

The date of the next meeting was confirmed as Wednesday 28 February 2024 at 6pm in the Court Room, Eastbourne Town Hall.

The meeting ended at 7.55 pm

Councillor Christina Ewbank (Chair)