



Lewes District Council

## **Audit and Standards Committee**

**Minutes of the meeting held in the Ditchling Room, Southover House, Southover Road, Lewes, East Sussex, BN7 1AB, on 23 September 2019 at 10.00am**

### **Present:**

Councillor Julian Peterson (Chair)

Councillors Stephen Gauntlett (Vice-Chair), Christine Brett, Roy Burman, Roy Clay, Phil Davis and Adrian Ross

### **Officers in attendance:**

Nicola Davies (Finance Officer)

Oliver Dixon (Senior Lawyer and Deputy Monitoring Officer)

Jackie Humphrey (Chief Internal Auditor)

Homira Javadi (Chief Finance Officer)

Catherine Knight (Assistant Director of Legal and Democratic Services and Monitoring Officer)

Jennifer Norman (Committee Officer, Democratic Services)

Ola Owolabi (Deputy Chief Finance Officer, Corporate Finance)

### **Also in attendance:**

Graham Branton (Independent Person)

### **16 Minutes**

The minutes of the meeting held on 16 July 2019 were submitted and approved, and the Chair was authorised to sign them as a correct record.

### **17 Apologies for absence/declaration of substitute members**

There were none.

### **18 Declarations of interest**

There were none.

### **19 Urgent items**

There were none.

### **20 Written questions from councillors**

There were none.

**21 Annual Standards report on the Register of Members' Interests and Code of Conduct complaints**

The Committee received the report which confirmed that the Register of Members' Interests was being maintained in accordance with the law and the Council's constitution, and which set out the number of standards complaints about councillor conduct received and considered by the Council's Monitoring Officer during the 2018/2019 municipal year (as shown in appendix 1 of the report).

Resolved:

That the report be noted.

**22 Strategic Risk Register quarterly review**

The Committee considered the report which provided an update on the Strategic Risk Register (SRR) while taking into account the changes made by the Corporate Management Team (CMT).

The Chief Internal Auditor highlighted that the SRR was reviewed every quarter by CMT and was only presented to the Committee in the event that any changes to the SRR had been made. She further highlighted paragraphs 2.1 to 2.7 of the report which detailed the changes made by CMT.

## Discussion included:

- Concern over a no-deal Brexit and how it would impact the Authority. The Chair requested that officers contact East Sussex County Council as to what plans the Authority had in place in case of a no-deal Brexit. The Chair further requested that officers write a letter to ESCC requesting information on how the County Council was planning on mitigating risks. The Chief Internal Auditor agreed that she would contact ESCC;
- How impact and likelihood, as detailed in sections 2.3 to 2.5 of the report, were assessed. The Chief Internal Auditor explained that the impact and likelihood were assessed during discussions by CMT. She further explained that Zurich would be giving its opinion on the risk management of both Authorities, which will include the SRR beginning in October 2019;
- Concerns over the reasoning for the changes to the economic environment residual risk scores of likelihood 4 and impact 3, to likelihood and impact of 5. The Chief Internal Auditor explained that the implications of a no-deal Brexit were unknown so the Council was unable to fully mitigate against the potential risks;
- How the Council defined risks as strategic. The Chief Internal Auditor explained that when it was a risk that would affect the Authority as a whole rather than just a specific area, the risk was defined as strategic; and

- Questions regarding the monitoring of strategic risks surrounding data breaches and GDPR compliance. The Chief Internal Auditor responded that she would take the issue back to CMT for consideration and would report back to the Committee at a future meeting.

Resolved:

That the report be noted.

### **23 Internal Audit report for the first quarter of the financial year 2019-2020**

The Committee considered the report which provided a summary of the activities of Internal Audit and Counter Fraud for the first quarter of the financial year, from 1 April 2019 to 30 June 2019.

The Chief Internal Auditor presented details of the report and explained that a majority of the work regarding audit and counter fraud had previously been entirely Lewes District Council (LDC) based. Going forward reports presented to the Committee would reflect audit and counter fraud work across both LDC and Eastbourne Borough Council (EBC) as part of the Joint Transformation Program restructure.

Discussion included:

- How errors at the input stage would be measured, as set out in paragraph 4.2 of the report. The Chief Internal Auditor explained that there should be quality checkers to monitor the quality percentage at an earlier stage of the process, and by doing so would avoid further problems down the road;
- Clarification on whether or not the figures presented in Appendix A represented LDC or LDC and EBC combined. The Chief Internal Auditor clarified that the figures presented in the report reflected days spent for both LDC and EBC; and
- Whether or not the reports were expected to be completed during the current quarter. Officers clarified that prior to the JTP, both LDC and EBC worked on different time scales in relation to when annual audits began. EBC started working on reports early in the year, while LDC began after the start of the new financial year. Going forward, both Authorities would begin at the same time, with target end dates included in future reports to the Committee.

The Committee requested that information provided in future reports could be presented more clearly in relation to areas such as annual planned days, days for the quarter and target audit completion days. Officers agreed.

Resolved:

That the report be noted.

**24 Treasury Management**

The Committee considered the report which presented details of recent Treasury Management activity for the period of 1 July 2019 to 31 August 2019.

The Committee queried there were any penalties in relation to the exceptions listed in paragraph 2.10 of the report. Officers responded that there were no penalties.

Resolved:

That Cabinet be recommended to accept the Treasury Management activity from 1 July 2019 to 31 August 2019 has been in accordance with the approved Treasury Strategy for the period, with the exception of items detailed in paragraph 2.10 of the report.

**25 Date of next meeting**

On behalf of the Committee, and before the close of the meeting, the Chair wished to thank all officers present for all of their hard work on behalf of the Council. The Chair also thanked members of the Committee for their participation in all matters on the agenda.

The Chief Finance Officer thanked the Committee for its input and suggestions in relation to all matters on the agenda, and confirmed that officers were happy to take on board all feedback that had been given.

Resolved:

That the next meeting of the Audit and Standards Committee that is scheduled to be held on Monday, 18 November 2019 in the Telscombe Room, Southover House, Southover Road, Lewes, BN7 1AB, commencing at 10:00am, be noted.

The meeting ended at 11.05am.

Councillor Julian Peterson (Chair)