

## **Audit and Standards Committee**

**Minutes of the meeting held remotely (via Microsoft Teams) on 18 January 2021 at 10.00am**

**Present:**

Councillor Julian Peterson (Chair)  
Councillors Stephen Gauntlett (Vice-Chair), Christine Brett, Roy Burman, Phil Davis, Adrian Ross and Christine Robinson

**Officers in attendance:**

Lee Ewan (Counter Fraud Investigations Manager)  
Homira Javadi (Chief Finance Officer)  
Ola Owolabi (Deputy Chief Finance Officer - Corporate Finance)  
Jennifer Norman (Committee Officer, Democratic Services)

**Also in attendance:**

Ben Sheriff (External Auditor - Deloitte)

**63 Introductions**

The Chair introduced members of the Committee via roll call, and those officers present during the remote meeting.

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

There were none.

**65 Declarations of interest**

There were none.

**66 Minutes**

The minutes of the meeting held on 16 November 2020 were submitted and approved, and the Chair was authorised to sign them as a correct record.

**67 Urgent items**

There were none.

**68 Written questions from councillors**

There were none.

**69 Update on Lewes District Council's use of covert surveillance powers**

The Committee received a report which provided an overview of the Council's recent use of online intelligence gathering and covert surveillance powers.

The Regulation of Investigatory Powers Act 2000 (RIPA) Monitoring Officer (MO) presented the report and its findings.

Discussion included:

- Questions surrounding online covert activity and details of the cases as they related to RIPA. The RIPA MO clarified that the Council had been in compliance with RIPA for regulatory powers of surveillance in which cases were required to be a criminal offence. Cases within the Council that were non-RIPA, such as debt collection, were considered to be a civil matter and would not warrant a criminal offense. The RIPA MO further clarified that RIPA did not apply to the report and there had been little, if any, related activity.
- Questions on whether or not the Council's policy on internet and social media research could be included as a background paper to future reports as they related to the use of covert surveillance powers. The RIPA MO agreed.

**Resolved:**

That the report be noted.

**70 Delay to the External Audit of the 2018/19 Statement of Accounts**

The Committee invited the Deputy Chief Finance Officer (DCFO) and the Council's External Auditor, Deloitte, to provide an update in relation to the delay to the External Audit of the 2018/19 Statement of Accounts.

The DCFO reminded the Committee that at its previous meeting in November 2020, Members had requested that Officers and Deloitte produce a list of outstanding actions in relation to the delay to the External Audit of the 2018/19 Statement of Accounts.

The DCFO highlighted that after discussions with Deloitte, it was understood that the further delays were due to a lack of resources on the part of Deloitte and that from an Officer standpoint, there were no significant updates to provide to the Committee at this time.

Mr Sheriff of Deloitte agreed with the DCFO's comments and explained that from the External Auditors perspective, the Covid-19 pandemic had been a challenging time in terms of resources and that as a result, Deloitte were not expected to have the resources in January or February 2021 to complete further works on the outstanding issues in relation to the External Audit of the 2018/19 Statement of Accounts.

The Committee expressed its surprise and disappointment on the continued delays in relation to the External Audit of the 2018/19 Statement of Accounts.

Discussions included:

- Questions surrounding the ramifications to the Council for not having the External Audit of the 2018/19 Statement of Accounts completed within a two-year timeframe. The DCFO explained that there were no clear legal remedies in relation to a timeframe in which the audits had to be completed, but it was not good to have the audits outstanding, as it had possible ramifications for stakeholders.
- Questions surrounding whether or not Deloitte could provide a concrete timeline as to when the External Audit of the 2018/19 and the 2019/20 Statement of Accounts would be completed. Mr Sheriff explained that Deloitte could not commit to a fixed timeline for completion.
- Questions surrounding the outcome of the meeting between Officers and Deloitte in relation to the list of outstanding actions needed to be completed. The DCFO explained that Officers had provided a list of outstanding actions to Deloitte. Mr Sheriff of Deloitte confirmed that the relevant member of his team had received the list of outstanding actions but did not agree with the contents of the list. The outstanding issues were unable to be resolved in time for the update to the Committee due to the relevant staff from Deloitte not being available as a result of the Christmas holiday break and various annual leave dates.

The Committee highlighted its disappointment with the External Auditor's efforts and requested that Officers meet with Deloitte's senior partners with the intention of resolving any outstanding issues as soon as practicable. Officers agreed.

The Chief Finance Officer thanked the Committee for its comments and helpful feedback. She extended an invitation to Deloitte's senior partners to ensure Mr Sheriff was getting the support and resourcing his team required.

The Chair thanked Mr Sheriff of Deloitte for the update and also thanked the Committee and Officers for their patience and comments surrounding ongoing discussions with the External Auditor.

**Resolved:**

That the verbal update be noted.

**71 2021/22 Treasury Management Strategy**

The Committee considered the report which presented details of recent Treasury Management activity for the period of 1 November to 31 December 2020.

The Deputy Chief Finance Officer (DCFO) apologised and clarified that the report was intended to be a normal monitoring report of Treasury Management activity for the period of 1 November to 31 December 2020, and not the 2021/22 Treasury Management Strategy as originally indicated on the agenda. He summarised the report and its findings.

Discussions included:

- Questions surrounding interest rates in relation to the Council's investment amounts. The DCFO confirmed that the Council would not be able to achieve the projected amounts in terms of income. He clarified that despite the investment figures listed in the report, the Council was limited in terms of where and how it could invest the income.
- Questions surrounding Appendix A, including who produced the information and how it related to local authorities. The DCFO explained that Appendix A was produced by the Council's Treasury Management advisor, Link Services, which provided a quarterly economic view that helped determine how the Council would choose to borrow or where it chose to invest, and was a useful tool to provide additional information to the Committee.

The Chief Finance Officer advised that in terms of the focus of the economic report, it was useful for Officers to use the intelligence on how the market was performing to assist in formulating the Council's financial and treasury management plans. She further clarified that although Appendix A was not focused on local government, it was used to provide a wider economic outlook in assisting in the development of the Council's financial strategies.

**Resolved:**

That Cabinet be recommended to accept the Treasury Management activity from 1 November to 31 December 2020 has been in accordance with the approved Treasury Strategy for the period, as set out in the report.

**72 Date of next meeting**

**Resolved:**

That it be noted that the next meeting of the Audit and Standards Committee is scheduled to commence at 10:00am on Monday, 8 March 2021, in a virtual capacity, via Microsoft Teams, and in accordance with section 78 of the Coronavirus Act 2020 and section 13 of the related regulations.

The meeting ended at 11.00 am

Councillor Julian Peterson (Chair)