



## **Audit and Governance Committee**

**Minutes of meeting held remotely on 3 March 2021 at 6.00 pm.**

**Present:**

Councillor Robin Maxted (Chair).

Councillors Amanda Morris (Deputy-Chair), Sammy Choudhury, Paul Metcalfe, Md. Harun Miah and Barry Taylor.

**Officers in attendance:**

Oliver Dixon (Head of Legal Services), Lee Ewan (Counter Fraud Investigations Manager), Jackie Humphrey (Chief Internal Auditor), Homira Javadi (Chief Finance Officer), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance) and Elaine Roberts (Committee Officer).

**Also in attendance:**

Ben Sheriff and Paul Thomas (External Auditor - Deloitte)

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

Apologies were received from Helen Burton.

**27 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.

**28 Minutes**

The minutes of the last meeting, 26 November 2020, were approved.

**29 Questions by members of the public.**

No questions had been received.

**30 Urgent items of business.**

There were none.

**31 Right to address the meeting/order of business.**

The Chair confirmed that no requests to address the meeting had been received.

**32 External Audit 2018/19**

Report of the External Auditor, Deloitte.

The Deputy Chief Finance Officer (DCFO), Ola Owolabi, gave a verbal update to the Committee. He reported that a meeting of senior management from Deloitte and the Council, including Chief Finance Officer Homira Javadi, Chief Executive Rob Cottrill and Craig Wisdom, Partner (Audit & Assurance), Deloitte, had taken place in February to discuss the situation of outstanding External Audits. As a result, Deloitte had now committed appropriate resources, between March and September, to address the three external audits of 2018/19, 2019/20 and 2020/21. This would be supported with monthly progress-monitoring meetings.

Ben Sheriff, Deloitte, then presented his update on plans to complete the External Audit for 2018/19 (which had been circulated to committee members ahead of the meeting as an agenda supplement).

Mr. Sheriff confirmed that he expected to complete the ISA 260 report for the 2018/19 audit within a month or so and that there would be only minor amendments compared to the draft ISA 260 report presented to the Committee at the November 2020 meeting.

The Chair thanked Mr Sheriff, the CFO and the DCFO for their reports and for their efforts to establish a position where the Committee could now look forward with confidence to receiving the outstanding External Audits in the next few months.

**Resolved**

1. To note the updates from Deloitte and the Deputy Chief Finance Officer.
2. To request that Officers liaise with Democratic Services to agree an appropriate schedule of committee meetings to ensure timely review of External Audit reporting from Deloitte.

**33 External Audit 2019/20**

Ben Sheriff, External Auditor, Deloitte, presented a verbal update.

Mr. Sheriff confirmed that staff and resourcing at Deloitte, including input from specialists, had been secured from mid March, and that the Council's Finance Team was already working with Mr Sheriff to ensure the audit would start on schedule.

The Council's Chief Finance Officer, Homira Javadi, thanked Mr. Sheriff and his team, and acknowledged the immense pressure on resourcing at Deloitte.

The CFO confirmed there was full commitment from the Council to support and facilitate the work of Deloitte, and noted that Deloitte's commitment to provide continuity of resources had been a key outcome from the recent senior management meeting. This, along with the new monthly monitoring meetings,

would mean closure of the External Audits was realistically achievable.

The Chair thanked Deloitte and the Council's Finance team for their reports.

**Resolved:**

To note the update from Deloitte and the CFO/DCFO.

**34 External Audit draft plan 2020/21 - to follow**

Deputy Chief Finance Officer, Ola Owolabi, presented his report regarding Deloitte's draft Plan for the External Audit of 2020/21. He noted that, in line with best practice, the Plan included: the assessment of key risks, the approach that would be taken by the external auditors, and the process for determining and ensuring economy and efficiency and effectiveness.

The DCFO welcomed the commitment of resources from Deloitte and the consequent opportunity it presented to deliver all three external audits this year. He reminded the Committee that Central Government was considering implementing some of Sir Redmond's Report's recommendations this year, which would change the deadline for publishing audited local authority accounts from 31 July to 30 September.

Ben Sherrif, Deloitte, then presented his draft Plan for the External Audit 2020/21. He summarised the main areas of risk and focus for the audit, and noted that these would be monitored and revisited if matters arose.

The Chair thanked Mr Sheriff and the Committee considered the report.

Mr Sheriff confirmed that the three main risk areas of property valuation, credit, and management control, were all typical for a local authority. Focus areas would include pensions, ICE accounting and Covid-19-related matters.

He noted that 'value for money' reporting would be different for this audit, to reflect new regulations for more detailed commentary on this issue.

Mr Sheriff clarified the context for property valuations and the noted the potential for uncertainty around valuations as a result of Covid-19 impacts.

During discussion of the issue of property valuation:

- The DCFO confirmed that a list of Council property valuations could be made available to the committee, if requested. Issues of commercial sensitivity around information from the Council's investment portfolio would have to be considered first
- The CFO clarified that there was a rolling programme of evaluation monitoring and such a list would be from a given point of time.
- The CFO clarified that when the Council had a specific interest, either for

making an investment or disposing of an asset, then far more detailed work would be undertaken to determine both fair market value and the best 'value for money' outcome for the Council.

- Mr Sheriff confirmed that the external audit work would include a detailed review of the property valuations and use of outside specialists to ensure a comprehensive 'check and challenge' approach.

The Committee expressed a preference for having the external audits presented to them individually across the coming months, rather than all in one meeting.

An ideal schedule for presenting the external audits was agreed as:  
2018/19 Accounts – April/May time  
2019/20 Accounts – July  
2020/21 Accounts – September/November

The Chair thanked Ben Sheriff and Paul Thomas for attending the meeting, and went on to thank both the team at Deloitte and the Finance Team within the Council for the progress on resolving the issue of the delayed external audits.

**Resolved:**

1. To note the draft External Audit Plan for 2020/21.
2. The Deputy Chief Finance Officer to liaise with Democratic Services to schedule Committee meetings to fit with expected report delivery from Deloitte. Nominally, for May, July and end of September.

**35 Annual report on the use and governance of covert surveillance powers**

Lee Ewan, RIPA (Regulation of Investigatory Powers Act 2000) Monitoring Officer, presented the report and the Committee considered the recommendations.

Lee Ewan clarified that the Team had a responsibility to continuously monitor to check that any surveillance activity remains appropriate and proportionate to continue with any surveillance. If a case no longer warranted surveillance before the end of the period granted by the JP, it would cease immediately.

Lee Ewan confirmed that a complaints process is in place for anyone wishing to express a grievance about the Council's use of surveillance. The process is managed by the Investigatory Powers Commissioner's Office (IPCO), an independent authority for investigating allegations of a breach or concerns of abuse of powers. IPCO conducts regular independent reviews of Local Authorities; its recent report of Eastbourne Borough Council was very complimentary.

The Chair thanked Lee Ewan for his report.

**Resolved:**

1. To note the report

### **36 Draft Internal Audit Plan 2021/22**

The Chief Internal Auditor, Jackie Humphrey presented the report of the Draft Internal Audit Plan for 2021/22.

In her presentation, Jackie Humphrey explained that the Plan had been designed to provide flexibility while ensuring an appropriate breadth of coverage and proceeded to explain the approach in detail, including explanation for the areas of focus and the rationale for the selections.

The Committee then considered the proposed plan.

The relatively high proportion of time allocated for Corporate Services and Service Delivery was noted, but it was recognised that the report detailed why this was required, due to the wide scope and varied activities that these areas encompass. The Chief Internal Auditor highlighted that this would also include the work of the Counter Fraud Team.

The Chief Internal Auditor confirmed that the Plan was flexible and would adapt to any changes that might occur between during the course of the year.

#### **Resolved**

1. To agree the proposed Internal Audit Plan 2021/22.

### **37 Internal Audit and Counter Fraud Quarterly Review**

The Chief Internal Auditor, Jackie Humphrey, presented a review of Counter Fraud activity over the last quarter and the Committee considered the report.

The Chief Internal Auditor clarified that CMT (Corporate Management Team) had requested a caveat in the reporting of the Council's Covid-19 response: namely, that while the Council had responded well to the Covid-19 crisis, there was not a detailed written plan: the assurance level would go back up, once the response plan activity had been captured as a process, in writing.

The Chief Internal Auditor confirmed that, while some aspects of Counter Fraud activity had been limited due to Covid-19, a lot of work had still gone ahead. This included investigating cases around tenancies, right to buy and housing options, debt, business grants fraud and post verification. Work in this area had proved vital both from recovery of monies as well as savings – identifying fraud before payments were made.

The Committee thanked Jackie Humphrey and her team and all that their hard work had achieved, especially under such difficult circumstances.

#### **Resolved:**

1. To note the report.

**38 Strategic Risk Register Quarterly Review**

Chief Internal Auditor, Jackie Humphrey, presented the report and provided an explanation of the current risk register.

The Committee then considered the report.

The Chief Internal Auditor clarified that the impacts of Covid-19 had been regularly captured under the new flexible reporting model adopted for this year. In addition, a specific mention had now been included as a measure of control, in line with recommendations from Central Government.

The Chief Internal Auditor drew attention to the change of risk score for Risk 9 (from '3 / 4' to '5 / 5') and explained that, while any changes would normally be downward not upward, the rise in this instance was because this is 'unknown territory' and the higher grading ensured that it was properly flagged.

The Committee commented on the number of 'red tagged' items (5 in total), specifically the item regarding 'issues delegated to the officers' (Risk 11). The Chief Internal Auditor explained this was to recognise the additional risks from having remote meetings and the potential impacts from any technical issues.

The Committee thanked the Chief Internal Auditor and her team, and recognised the comprehensive, clear and accessible quality of the reporting.

**Resolved:**

1. To note the report

**39 Arrangements for dealing with complaints about Councillor conduct report**

The Council's Monitoring Officer (MO), Oliver Dixon, presented his report.

He explained that the proposal for a complaints procedure to support the Members' Code of Conduct would help ensure transparency and consistency, protect the Council from accusations of unfairness, and align it with best practice recommendations by the Committee on Standards in Public Life.

The Committee considered the report.

During discussions the MO clarified that:

- There were no changes being proposed to The Code of Conduct itself.
- The only difference between the approach taken by Lewes District Council (LDC) and Eastbourne Borough Council (EBC) is that the Lewes arrangements include provision for complaints about members and co-opted members of parish councils.
- The amendments referenced in recommendation no. 3 referred to minor technical changes only. These would always be reported to the Chair. If any substantive change was ever proposed, it would be brought to the Audit

and Governance Committee for approval, before the procedure was formally changed.

Members discussed the benefits of a written complaints procedure and noted that it would:

- provide an extra element of governance, which would be particularly useful for serious cases;
- ensure greater transparency and consistency for the Council; and
- help provide support and confidence to the MO and his team in the execution of their duties.

The work of the previous MO in resolving complaints about Councillor conduct was noted and praised.

### **Resolved**

1. To approve the procedure for dealing with complaints about councillor conduct, as set out in Appendix 1;
2. To approve the investigation procedure and hearings procedure set out at Appendices 2 and 3 respectively; and
3. To grant delegated authority to the Monitoring Officer to make any administrative or technical amendments to the above procedures, necessary to ensure ongoing compliance with the law and best practice.
4. To request that the procedures be published on the Council's website and copies sent to all Members.

### **40 Date of next meeting**

The date of the next scheduled meeting was confirmed as the 28<sup>th</sup> July 2021.

Other meeting dates would be confirmed following resolution made under item 9 of the agenda.

The meeting ended at 7.40 pm

Councillor Robin Maxted (Chair)