

## **Audit and Standards Committee**

**Minutes of the meeting held in the Ditchling & Telscombe Rooms, Southover House, Lewes, BN7 1AB, on 26 July 2021 at 10:00am**

**Present:**

Councillor Stephen Gauntlett (Vice-Chair, in the Chair); Councillors Christine Brett, Isabelle Linington, Christine Robinson and Adrian Ross

**Officers in attendance:**

Oliver Dixon (Head of Legal Services & Monitoring Officer)  
Jackie Humphrey (Chief Internal Auditor)  
Jennifer Norman (Committee Officer, Democratic Services)  
Ola Owolabi (Deputy Chief Finance Officer, Corporate Finance)

**1 Minutes**

The minutes of the meeting held remotely on 8 March 2021 were submitted and approved, and the Chair was authorised to sign them as a correct record.

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

Apologies for absence were received from Councillor Julian Peterson (Chair) and Homira Javadi (Chief Finance Officer).

**3 Declarations of interest**

There were none.

**4 Urgent items**

There were none.

**5 Written questions from councillors**

There were none.

**6 Amendments to ethical standards governance**

The Committee considered the report which sought its approval in respect of proposed amendments to the Council's ethical governance framework.

Lewes District's Monitoring Officer (MO) explained that the report proposed amendments to two sets of ethical governance procedures, including the Committee's terms of reference and the Council's arrangements for dealing

with complaints about councillor conduct. He detailed the report and its findings, including the proposed amendments as set out in Appendices 1, 2 and 3.

The MO brought the Committee's attention to paragraph 3.6.3 in Appendix 1, and suggested a further amendment with the inclusion of an additional sub paragraph directly preceding sub paragraph (i) to read:

- *Where the Monitoring Officer has referred to the Standards Panel an Investigating Officer's report into the conduct of a Member, to decide, in consultation with the Independent Person, whether that Member has failed to comply with the Code of Conduct.*

The Committee discussed the suggested amendments including the process of appointing the Independent Person and its request to officers that the amended arrangements for dealing with complaints about councillor conduct, if approved, be distributed to all town and parishes within the District. The Monitoring Officer agreed to inform Town and Parish Council of these changes.

**Resolved:**

- 1) That the amended Audit and Standards Committee terms of reference as set out in Appendices 1 and 2 be approved, subject to the inclusion of an additional sub paragraph to directly precede sub paragraph (i) under paragraph 3.6.3 in Appendix 1 to read:

*Where the Monitoring Officer has referred to the Standards Panel an Investigating Officer's report into the conduct of a Member, to decide, in consultation with the Independent Person, whether that Member has failed to comply with the Code of Conduct.*

- 2) That the amended arrangements for dealing with complaints about councillor conduct as set out in Appendix 3, be approved; and
- 3) That the District's Monitoring Officer be authorised to update the Council's constitution and supporting documents to reflect the amendments referenced in resolutions 1 and 2.

## **7 External Audit of the 2018/19 Statement of Accounts**

The Committee received a verbal update from the Deputy Chief Finance Officer (DCFO) in respect of the External Audit of the 2018/19 Statement of Accounts.

The DCFO informed the Committee that the Council's External Auditor, Deloitte, had given apologies for the meeting and as a result, he would not be able to present anything on Deloitte's behalf in respect of the update to the External Audit of the 2018/19 Statement of Accounts.

The DCFO reminded the Committee of the discussions which took place at the meeting on 8 March 2021 regarding the progress by Deloitte in completing the

External Audit of the 2018/19 Statement of Accounts. The Council's External Auditor highlighted that it had been struggling with resources but that it was looking to acquire additional staff to assist in response. Additional resources were provided in April 2021 as a result of discussions between the Council's Chief Executive, senior officers and Deloitte's Director and Senior Director, although the progress continued to be slow moving.

The DCFO highlighted that he, the Council's Chief Finance Officer, and a representative from Deloitte were holding weekly meetings to continually monitor the progress and the best allocation of resources.

The Committee highlighted its continued dissatisfaction with the lack of completion in signing off on the External Audit of the 2018/19 Statement of Accounts by the date previously indicated by Deloitte. It discussed in detail ongoing issues surrounding its previously requested list of outstanding actions, the lack of progress on the External Audits of 2018/19 and 2019/20 and the current contract with the PSAA (Public Sector Audit Appointments).

The Committee requested that senior officers write, for a second time, to the LGA (Local Government Association) highlighting the outstanding actions in relation to the External Audits of 2018/19 and 2019/20 and Members' continued dissatisfaction with the lack of progress made by Deloitte. Officers agreed.

**Resolved:**

- 1) That the verbal update be noted; and
- 2) That the Council's senior officers write a letter to the LGA (Local Government Association) on behalf of the Committee.

**8 Change in the order of items on the agenda**

Agenda item 9 (Redmond Review update and MHCLG External Audit Consultations) was taken prior to that of agenda item 8 (Treasury Management Annual Report 2020/21 and latest TM Monitoring).

**9 Redmond Review update and MHCLG External Audit Consultations**

The Committee received the report which provided details in respect of the progress in delivering the recommendations of the Redmond Review and ongoing external audit consultations.

The Deputy Chief Finance Officer (DCFO) summarised the report and its findings, including the Government's responses to the Redmond Review findings and the MHCLG Audit Fees Consultation.

The Committee had no questions in respect of information contained in the report.

**Resolved:** That the report be noted.

## **10 Treasury Management Annual Report 2020/21 and latest TM Monitoring**

The Committee received the report with presented details of the Annual Treasury Management report for 2020/21 and the latest Treasury Management activities.

The Deputy Chief Finance Officer (DCFO) summarised the report and its findings.

The DCFO highlighted that the report had already been considered by Cabinet at its meeting on 8 July 2021, with Cabinet recommending the report for approval by Full Council at its meeting on 20 September 2021. He noted, however, that in future Treasury Management reports would be considered by the Committee prior to any recommendations to Cabinet, as had been done in previous years.

The Committee discussed the Treasury Prudential Indicators as set out in paragraph 4.2 and requested that Officers list maturity expiry dates, as set out in paragraph 3.10 of the report, in sequential order in future reports. Officers agreed.

### **Resolved:**

- 1) That the Annual Treasury Management report for 2020/21 and the latest Monitoring report be noted;
- 2) That the 2020/21 Prudential and Treasury Indicators as set out in the report, be noted; and
- 3) That it be noted that the Treasury Management activities for the period 1 March 2021 to 31 March 2021 have been in accordance with the approved Treasury Strategies for that period.

## **11 Environmental, Social, and Governance Investments**

The Committee received the report which provided an update on the position of the Council's Treasury Management investments in respect of the environmental, social and governance aspects of investing.

The Deputy Chief Finance Officer (DCFO) summarised the report and its findings.

The Committee discussed the idea of an engagement approach as referenced in paragraph 2.3 of the report.

The Committee welcomed the information detailed in the report and thanked the DCFO for his hard work.

**Resolved:** That the report be noted.

**12 Internal Audit and Counter Fraud Report for the financial year 2020-2021**

The Committee considered the report which provided a summary of the activities of Internal Audit and Counter Fraud for the financial year 1 April 2020 to 31 March 2021.

The Chief Internal Auditor (CIA) summarised the report and its findings.

The Committee discussed withdrawn Right to Buy applications, staffing levels and counter fraud measures.

The Committee highlighted the recommendations outstanding as set out in Appendix B, and queried how soon the first follow up would be. The CIA explained that officers worked to ensure the follow up would be within three months and that the Committee would see the results detailed in the next quarterly report.

**Resolved:** That the report be noted.

**13 Strategic Risk Register Quarterly Review**

The Committee received the report which detailed 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 and its findings.

The CIA highlighted that ongoing discussions with CMT since the Covid-19 pandemic began resulted in numerous risk levels being raised to red. As the pandemic progressed, it was agreed that the levels could be reverted back to pre-Covid levels with the exception of the second risk as set out in Appendix A. Points in relation to the Brexit risk would be reviewed and discussed with CMT prior to the next report submitted to the Committee in respect of the SRR.

The Committee highlighted that description 1 on page 139 in Appendix A should read 'Lewes District' instead of 'Town'. The CIA agreed to correct the error.

The Committee requested that risks for climate change and coastal erosion be included in future SRR reports. The CIA agreed.

**Resolved:** That the report be noted.

**14 Annual Governance Statement**

The Committee considered the report which set out the draft 2020/21 Annual Governance Statement (AGS).

The Chief Internal Auditor (CIA) summarised the report and its findings.

The Committee discussed document retention, page numbering in Appendix 4 and the structure of future documents in relation to the AGS. The Committee requested that the CIA review and amend the structure of any future AGS and include more detailed information around the responses in the Managers' Assurance Statements.

The CIA confirmed that the page numbering in Appendix 4 was in error and that any future AGS would be restructured to include the requests by the Committee, including more detailed information around the responses in the Managers' Assurance Statements.

**Resolved:** That the Annual Governance Statement as set out in Appendix 4, be approved.

#### **15 Date of next meeting**

That it be noted that the next meeting of the Audit and Standards Committee is scheduled to commence at 10:00am on Monday, 27 September 2021 in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, BN7 1AB.

The meeting ended at 12:27pm.

Councillor Stephen Gauntlett (Vice-Chair, in the Chair)