

## **Audit and Standards Committee**

**Minutes of meeting held in Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, BN7 1AB on 14 November 2022 at 10.00 am.**

**Present:**

Councillor Julian Peterson (Chair).

Councillors Adrian Ross (Vice-Chair), Christine Brett, Phil Davis, Isabelle Linington and Christine Robinson.

**Officers in attendance:**

Lee Ewan (Counter Fraud Investigations Manager), Jackie Humphrey (Chief Internal Auditor), Jennifer Norman (Committee Officer, Democratic Services) and Ola Owolabi (Deputy Chief Finance Officer - Corporate Finance).

**14 Minutes**

The minutes of the meeting held on 4 July 2022 were submitted and approved, and the Chair was authorised to sign them as a correct record.

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

An apology for absence was received from Councillor Sean MacLeod.

**16 Declarations of interest**

There were none.

**17 Urgent items**

There were none.

**18 Written questions from councillors**

There were none.

**19 External Audit progress**

The Committee received a verbal update from the Deputy Chief Finance Officer (DCFO) in respect of the External Audit progress.

The DCFO reminded the Committee that at its previous meeting on 4 July 2022, the Council's External Auditor, Deloitte, had indicated that it intended to have the External Audit of the 2019/20 Statement of Accounts completed by November 2022. Due to a lack of sufficient resources, including not having enough auditors on hand, the November target completion date had not been

met by Deloitte. Council Officers were now in discussions with the External Auditor in respect of revised completion dates for the remaining outstanding audits. The revised completion dates, as set out by Deloitte, include:

- External Audit of the 2019/20 Statement of Accounts - completion date by end of December 2022;
- External Audit of the 2020/21 Statement of Accounts - completion date by end of January 2023; and
- External Audit of the 2021/22 and 2022/23 Statement of Accounts - completion date by end of Summer 2023.

Officers noted their disappointment that the expectation to clear the backlog of external audits had not been met by Deloitte.

Discussions included:

- Whether the Council had been given an invoice for any overage, as well as a timescale for completion by Deloitte. The DCFO confirmed that the Council had not yet received an invoice for any overage charges, nor had it received a timescale for completion from Deloitte. The DCFO noted that Council Officers held weekly meetings with Deloitte, during which they had continued to request an invoice for any overage charges and a timescale for the remaining audits.
- Whether Council Officers could share a detailed breakdown of any overage charges by Deloitte with the Committee. The DCFO confirmed that he would share this information with the Committee when it was received.
- Whether the Council had any issues outstanding that could be contributing to the ongoing delay in completion of the External Audit of the 2019/20 Statement of Accounts. The DCFO confirmed that the Council had no unresolved issues and that Council Officers continued to meet with Deloitte on a regular basis.

The Committee highlighted its concerns regarding the yet to be determined overage charges by Deloitte, as any additional charges would have an impact on the Council's budget. The Committee requested that Officers continued to stress the urgency in obtaining this information from Deloitte. Officers agreed.

**Resolved:** That the verbal update be noted.

## **20 Annual report on Covert Surveillance Management**

The Committee received a report which provided Members with an overview of the Council's use of covert surveillance powers in 2021/22 and information on recent external inspection of surveillance governance arrangements.

The Counter-Fraud Investigations Manager (and RIPA Monitoring Officer) summarised the report, highlighting the purpose of covert surveillance and corresponding legislation, its uses, and the Council's application of covert surveillance in respect of a Crown Court prosecution regarding a Right to Buy

application.

Discussions included how the Council was notified about possible fraud being undertaken, follow up tenancy and how the Council made decisions as to when to use covert surveillance.

**Resolved:**

- 1) That the covert surveillance summary for September 2021 to September 2022 be noted;
- 2) That the findings of the Investigatory Powers Commissioner's Office Inspection conducted in June 2022 be noted;
- 3) That the updated Covert Surveillance and CHIS Policy be approved; and
- 4) That the updated Policy on Acquisition of Communications Data be approved.

**21 The Annual Audit Letter - 2018/19 External Audit**

The Committee received the report which informed Members of the Annual Audit Letter for 2018/19.

The Deputy Chief Finance Officer (DCFO) summarised the report, highlighting that it was a legal requirement for authorities to publish annual audit letters on their respective websites.

The DCFO noted that previous issues had been resolved in respect of the Annual Audit Letter 2018/19 and were signed off on 29 June 2022, and that there were no new issues to report. He clarified that the letter had been published on 12 September 2022 as part of the legal requirement, and that Officers had intended to present it to the Committee at its meeting on 12 September 2022, but the meeting had been cancelled.

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

**22 Treasury Management Monitoring report - Q1 and Q2**

***At the request of the Chair, Agenda Item 9 (Treasury Management Monitoring report Q1) and Agenda Item 10 (Treasury Management Monitoring report Q2) be taken simultaneously.***

The Deputy Chief Finance Officer (DCFO) explained that due to the cancellation of the meeting on 12 September 2022, all information contained in the Treasury Management Monitoring report Q2 superseded all information contained in Q1 report, which was included for information only.

The DCFO summarised the Treasury Management Monitoring report Q2, highlighting fixed deposits, overall investment procedure, compliance with the prudential limit, and the Capital Programme.

The Committee queried whether Officers had completed work in respect of

reviewing capital expenditure, noting Members would like to review the assessment. The DCFO explained that work had started in respect of capital expenditure as part of the Council's annual budget, and that Members should expect to be presented with a new Capital Programme at the next meeting of the Full Council on 20 February 2023.

The Committee requested that a breakdown of the Levelling Up Fund Grant be provided and the Chair queried whether it could be added to the next Treasury Management Monitoring report for Q3. The DCFO agreed and confirmed that a detailed, colour-coded breakdown would be included in the Treasury Management Monitoring report Q3.

**Resolved:**

- 1) That it be noted that the Treasury Management activity for the period 1 April to 30 June 2022 has been in accordance with the approved Treasury Strategies; and
- 2) That it be noted that the Treasury Management activity for the period 1 July to 30 September 2022 has been in accordance with the approved Treasury Strategies.

***Prior to the consideration of the next item, the Committee adjourned for a brief comfort break.***

**23 Internal Audit and Counter Fraud report for the financial year 2022-2023 - 1st April 2022 to 30th September 2022**

The Committee considered the report which provided a summary of the activities of Internal Audit and Counter Fraud for the first half of the financial year 2022/23 from 1st April 2021 to 30th September 2022.

The Chief Internal Auditor (CIA) summarised the report, highlighting that due to the meeting cancellation of the Committee on 12 September 2022, the report for the first quarter and the second quarter had been combined, with the attached report covering the first half of the financial year.

Discussions included the work of internal audit, business continuity plans and one outstanding recommendation, the increased number of housing tenancy cases and audits of social media.

**Resolved:**

- 1) That the report be noted;
- 2) That the Audit Charter be adopted; and
- 3) That the Code of Ethics for External Auditors be adopted.

**24 Strategic Risk Register quarterly review**

The Committee received the report which summarised 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, highlighting changes to the SRR as set out in Appendix A, including a new internal control which had been added.

The CIA highlighted that, due to the cancellation of the meeting of the Committee on 12 September 2022, the information contained within the attached report and appendix had been since reviewed by CMT, and it was agreed that no further updates were needed.

Discussions included change of economic environment, changes to the SRR in respect of flooding coastal defences, and reasons for the drop in revenue in the draft financial budget.

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

## **25 Amendment to the Annual Governance Statement 2021-22**

The Committee considered the report which sought Members' approval of the amended Annual Governance Statement for 2021/22.

The Chief Internal Auditor (CIA) summarised the report, explaining that when the Annual Governance Statement 2021/22 was originally brought to the Committee at its meeting on 4 July 2022, it was noted that several paragraphs had been omitted by Officers in error. The attached Annual Governance Statement 2021/22 as set out in Appendix 1, contained the amendments, which the Committee was being asked to approve.

**Resolved:** That the amended Annual Governance Statement 2021/22, as set out in Appendix 1, be approved.

## **26 Date of next meeting**

That it be noted that the next meeting of the Audit and Standards Committee was scheduled to commence at 10:00am on Monday, 16 January 2023, in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, East Sussex, BN7 1AB.

The meeting ended at 12.07 pm

Councillor Julian Peterson (Chair)