

Wednesday, 8 March 2017
at 6.00 pm



Audit and Governance Committee

Present:-

Members: Councillor Swansborough (Chairman), Councillors Sabri (Deputy-Chairman) and Councillors Belsey (as substitute for Taylor), Choudhury, di Cara, Dow, Holt and Metcalfe

27 Minutes of the meeting held on 30 November 2016.

The minutes of the meeting held on 30 November 2016 were submitted and approved and the Chairman was authorised to sign them as a correct record.

28 Apologies for absence.

An apology for absence was reported from Councillor Taylor.

29 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.

None were declared.

30 Annual Audit Letter 2015/16.

The Committee considered the report of BDO regarding the Annual Audit Letter, which set out the key findings of audit work for 2015/16. The report summarised the results of the audit work in respect of the Council's financial statements, use of resources, exercise of statutory powers, grant claims and returns certification and any other matters.

Ms Janine Combrinck representing BDO was in attendance to present the report and respond to Members' questions.

In response to a question from the Committee regarding management ensuring that material transactions in Greencoat House, Welbeing and CloudConnX were consolidated into the Group Accounts, Ms Combrinck advised that this was part of the Planning Report for 2016/17. The Council's materiality level was set at £2 million.

RESOLVED: (Unanimous) That the Annual Audit Letter for 2015/16 be noted.

31 Planning Report 2016/17.

The Committee considered the planning report of BDO relating to the audit for the year ending 31 March 2017. The report highlighted and explained the key issues which BDO believed were relevant to the audit of the financial statements and use of resources of the authority for the year.

Detailed in the report were BDO's engagement timetable, audit scope and objectives, authority materiality, overall audit strategy, key audit risks and other matters, BDO's independence and proposed fees in relation to last year.

Ms Janine Combrinck representing BDO was in attendance to present the report and respond to questions.

The Committee expressed their thanks to Ms Combrinck and BDO for their report and looked forward to working together over the coming year.

RESOLVED: (Unanimous) That the report be noted.

32 Internal Audit Report to 31st December 2016.

The Committee considered the report of the Internal Audit Manager regarding a summary of the activities of Internal Audit for the third quarter of the financial year.

A list of all final audit reports issued from 1 April 2016 to 31 December 2016 and the level of assurance attained were detailed in the report. The Committee was advised that the assurance levels were given at the time of the initial report and did not reflect the findings at follow up. None of the reports in this quarter had been given an assurance level of inadequate.

Audit work carried out to date against the audit plan to the end of December 2016 was set out in appendix A. Main points from the appendix were summarised in the report.

Further information on reports issued in final during the year with an assurance level below "Performing Well" was set out in Appendix B, with any issues highlighted in the reviews which informed the assurance level given. The Committee was reassured that this status was the assurance level given at the time the final report was issued and did not reflect recommendations that had been addressed.

Appendix C detailed the outstanding recommendations and client comments of reviews that had been given an inadequate assurance level after follow ups. Comments from the Corporate Management Team (CMT) and Heads of Service had also been included in Appendix C

Work undertaken by the Corporate Fraud team and East Sussex Counter Fraud Hub, along with an update on shared services with Lewes District Council was also detailed in the report.

RESOLVED: (Unanimous) That the report be noted.

33 Draft Internal Audit Plan for 2017/18.

The Committee considered the report of the Internal Audit Manager regarding the draft internal audit plan for 2017/2018.

The internal audit plan for each year begins with a calculation of the number of audit days available. Twelve "managed" audits were required to be undertaken this year to satisfy the external auditors and these were detailed in the report.

In addition to the core audits, days were also set aside for verifying the Benefits Subsidy Claim, special investigations, follow ups, advice and National Fraud Initiative activity. The days necessary to carry out this work was calculated and taken from the auditor time available. The remaining figure was the days available to carry out other audits specifically for the Council. Appendix A detailed these calculations.

A risk assessment was carried out on all areas listed in the "Audit Universe" in order for the annual internal audit plan to be produced. The "Audit Universe" was a list of all the areas and systems across the Council which could be audited. The completed risk assessment, included at appendix B to the report had been arranged by the level of risk and by the date the last audit review was undertaken.

The proposed plan, as agreed with Lewes District Council was included at appendix C to the report.

RESOLVED: (Unanimous) That the proposed internal audit plan for 2017/18 be adopted.

34 Risk Management.

The Committee considered the report of the Internal Audit Manager regarding an update of the Strategic Risk Register.

The Strategic Risk Register had been taken to Corporate Management Team (CMT) on 7 February 2017 for the regular quarterly review and the updated register was appended to the report. Changes to risk SR_008 were detailed in the report.

RESOLVED: (Unanimous) That the amended Strategic Risk Register as appended to the report be agreed.

The meeting closed at 6.45 pm

**Councillor Swansborough
(Chairman)**