

Wednesday, 20 September
2017
at 6.00 pm



Audit and Governance Committee

Present:-

Members: Councillor Swansborough (Chairman), Councillor Tester (Deputy-Chairman) and Councillors Choudhury, di Cara, Metcalfe, Robinson and Taylor

8 Minutes of the meeting held on 21 June 2017.

The minutes of the meeting held on 21 June 2017 were submitted and approved and the Chairman was authorised to sign them as a correct record.

9 Apologies for absence.

An apology for absence was reported from Councillor Holt.

10 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.

11 Data Protection Legislation Changes.

The Committee considered the report of Lawyer and Data Protection Officer advising them of the imminent changes to UK data protection legislation and how the Council was preparing for the higher standards of data privacy set by the new regime.

European Parliament had adopted a new General Data Protection Regulation and would come into force across all EU member states in May 2018. The UK would continue to apply the regulations post Brexit.

Non-compliance could expose the Council to significant financial penalties and reputational damage.

The Committee expressed its thanks to the Lawyer and Data Protection Officer for their ongoing work to ensure the Council would achieve compliance with the new legislation.

Resolved: (Unanimous) (i) That the Committee note the key features of the General Data Protection Regulation and the proposed Data Protection Bill.

(ii) That the Committee note the measures that Eastbourne Borough Council is taking to achieve compliance with the new legislation within the necessary timeline.

12 Code of Corporate Governance.

The Committee considered the report of the Head of Audit and Counter Fraud regarding the updated Code of Corporate Governance, appended to the report.

The updated code would ensure that the Council followed best practice, as set out in the Delivering Good Governance in Local Government Framework which was published in April 2016.

RESOLVED: (Unanimous): That the Council be recommended to approve the updated draft Code of Corporate Governance, attached as Appendix A to the report.

13 Statement of Accounts 2016/17.

The Senior Accountant presented the annual accounts for 2016/17, appended to the covering report.

A list of corrected and uncorrected audit differences were outlined in the report and Appendix 2 of BDO's Annual Governance Report. Although no material misstatements were identified during the audit at the time the report was published, the Committee was advised that the Council were required to make a prior year adjustment of £26.6 million and adjustment of £4.185 million to 2016/17. These changes did not however affect the General Fund.

Although no significant deficiencies in the Control Environment for 2016/17, BDO had identified three other deficiencies. Full details of the observations, implications, recommendations and management response was given at appendix 3 of BDO's Annual Governance Report.

BDO had indicated that an unmodified audit opinion on the Council's accounting and group accounting statements would be issued before the statutory deadline of 30 September 2017.

The Committee expressed its thanks to the Chief Finance Officer and the finance team for their significant efforts in producing the accounts.

RESOLVED: (Unanimous) (1) That the final audited accounts for 2016/17 be approved.

(2) That the action taken in respect of the unadjusted audit differences identified by External Audit be agreed.

(3) That the comments on the significant deficiencies in the Control Environment be noted.

(4) That delegated authority be given to the Chief Finance Officer to make minor amendments to the Statement of Accounts.

14 Annual Governance Report 2016/2017.

The Committee considered the report of the external auditors BDO regarding the Annual Governance Report which detailed the key elements of the systems and processes of the Council's governance arrangements.

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

The Committee was given an overview of the key findings from the audit of the financial statements, outstanding matters, control environment, Whole of Government Accounts (WGA) and use of resources. Further details were contained in the report.

Subject to the resolution of outstanding matters set out in the report, BDO anticipated issuing an unmodified opinion on the financial statements for the year ended 31 March 2017.

The Committee expressed its thanks to Ms Combrinck and BDO for the work undertaken for the audit.

Resolved: (Unanimous) That the Annual Governance Report for 2016/17 be noted.

15 Internal Audit Report to 30th June 2017.

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

A list of all final audit reports issued from 1 April 2017 to 30 June 2017 and the level of assurance attained were detailed in the report. None of the reports had been given an assurance level of inadequate.

Audit work carried out to date against the audit plan to the end of June 2017 was set out in appendix A. Main points from the appendix were summarised in the report and related to "IT Contract and Change Controls".

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.

Due to there being no outstanding actions relating to audits that were issued with an "inadequate assurance level" there was no appendix C.

Work undertaken by the Corporate Fraud team and East Sussex Counter Fraud Hub was also detailed in the report.

The current contract with the Council's external auditors would end with the final accounts for 2017/18. The provisions of the Local Audit and Accountability Act 2014 in relation to local appointment of auditors would

therefore apply and a new external auditor would audit the accounts from 2018/19.

RESOLVED: (Unanimous) That the report be noted.

16 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 5 September 2017 for the regular quarterly review and the updated register was appended to the report.

Changes to risk SR_005 to reflect the changes in the Joint Transformation Programme and SR_008 in light of the Grenfell fire tragedy were detailed in the report.

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

The meeting closed at 7.12 pm

Councillor Swansborough
(Chairman)