

Wednesday, 29 November
2017
at 6.00 pm



Audit and Governance Committee

Present:-

Members: Councillor Swansborough (Chairman) Councillor Tester (Deputy-Chairman) Councillors Choudhury, Holt, Metcalfe, Robinson, Taylor and Freebody (as substitute for di Cara)

17 Minutes of the meeting held on 20 September 2017.

The minutes of the meeting held on 20 September 2017 were submitted and approved and the Chair was authorised to sign them as an accurate record.

18 Apologies for absence.

An apology for absence was reported from Councillor di Cara.

19 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.

20 Internal audit report to 30 September 2017.

The Committee considered the report of the Internal Audit Manager regarding a summary of the activities of Internal Audit for the second quarter of the year. A list of all final audit reports issued from 1 July 2017 to 30 September 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 September 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 noted that the Buildings Health and Safety review detailed as 'adequate' was due for review.

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.

Councillor Swansborough queried the 'Right to Buy' interventions figure. The committee was advised that the £1.6m highlighted within the report referred to the discount if the properties had been sold and therefore lost to the Council. Detailing this figure was a notional practice for accounting purposes and not actual losses to the Council.

Councillor Taylor queried the issues highlighted in Appendix B relating to Buildings Health and Safety and was advised that due to the alignment of teams through the Joint Transformation Programme, it would be necessary to amend and improve the policies related to this area. The Deputy Chief Executive also stated that not all policies would be co-terminus and that a careful assessment of each was needed.

RESOLVED: That the report be noted.

21 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 31 October 2017 for the regular quarterly review and the updated register was appended to the report.

Changes to risk SR_008 General Data Protection Regulation (failure to meet regulatory or legal requirements) and SR_009 Commercial Enterprises were detailed in the report.

Councillor Swansborough queried how staff would be 'upskilled' to work in the new commercial setting and was advised that a number of new staff had been employed through the Joint Transformation programme with the necessary skills and experience. Directors would also receive extensive training, through the relevant professional bodies, to meet the requirements of working within the emerging commercial enterprises.

Councillor Taylor queried the cost of creating new commercial enterprises and was advised that the cost was minimal and provided the Council with a method of mitigating risk in other areas through their creation.

Councillor Freebody queried the risk against impact scores and was advised that in reducing risk, controls were in place to reduce impact. The Audit Manager agreed to provide further information following the meeting.

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

22 Treasury management mid-year review report.

The Committee considered the report of the Chief Finance Officer regarding a mid-year review of the Council's treasury management activity for 2017/18.

The report had been prepared in compliance with Chartered Institute of Public Finance and Accountancy's (CIPFA's) code of practice on treasury management and provided an economic update for the first six months of the year. The report reviewed the council's treasury management strategy statement and annual investment strategy, its capital expenditure, investment portfolio, borrowing strategy, debt rescheduling and compliance with treasury and prudential limits. Further details were contained in the report.

The Committee referenced the 2017/18 revised estimate of £145.4 million in relation to borrowing activity. It was clarified that this was the Council's need to borrow and did not reflect the actual amount the Council was borrowing. As at 30 September 2017, the Council's net borrowing was £96.5 million and that was expected to rise to £122.5 million by the end of the year. The revised estimate had been increased from the original forecast Capital Financing Requirement due to the increased borrowing for EHIC Loan, Aspiration Homes and changes to the financing of the Devonshire Park Project.

RESOLVED: (Unanimous) That the report be noted.

23 Annual Audit Letter (year end 31 March 2017).

The Committee considered the report of BDO regarding the Annual Audit Letter, which set out the key findings of audit work for 2016/17. 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.

RESOLVED: (Unanimous) That the Annual Audit Letter for 2016/17 be noted.

The meeting closed at 6.37 pm

Councillor Swansborough (Chair)