

## **Audit and Governance Committee**

**Minutes of meeting held in Court Room - Town Hall, Eastbourne on 29 September 2021 at 6.00 pm.**

### **Present:**

Councillor Robin Maxted (Chair).

Councillors Sammy Choudhury, Peter Diplock, Tony Freebody, Md. Harun Miah and Kshama Shore and Candy Vaughan.

### **Officers in attendance:**

Jackie Humphrey (Chief Internal Auditor), Homira Javadi (Chief Finance Officer), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance) and Elaine Roberts (Committee Officer).

### **14 Apologies for absence/declaration of substitute members**

Apologies were received from Councillor Burton and Councillor Morris. Councillor Vaughan attended as substitute for Councillor Burton.

### **15 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.

### **16 Minutes**

The Committee considered the minutes of the meeting held on 28 July 2021. Councillor Shore raised a question over whether additional information should have been included in the minutes. The Committee Officer clarified that the primary purpose of the minutes was to record any decisions, along with a brief summary of the areas of discussion in reaching the decision rather than be a full account, and the Chief Finance Officer confirmed that what was included was factually accurate.

**Resolved** - That the minutes of the meeting held on 28 July 2021 be approved as a correct record and signed by the Chair.

(Councillor Shore requested that her opposition to approving the minutes as a correct record be recorded).

### **17 Questions by members of the public.**

There were none.

#### **18 Urgent items of business.**

There was one item of urgent business.

Homira Javadi, Chief Finance Officer, presented a verbal report following receipt of a letter from the PSAA (Public Sector Audit Appointments), which confirmed deadlines and invited the Council to opt into its external auditing scheme for 2023 onwards.

The PSAA's deadline for receiving a Council's decision for its external auditing arrangements was 11 March 2022. Consequently, Full Council would need to consider a recommendation from the Audit and Governance Committee at its meeting on 23 February 2022.

It was agreed that, in order to ensure members felt properly informed to make a decision for future arrangements at their next meeting, the Finance Services Team would arrange an informal briefing session for members on this matter.

#### **Resolved (unanimous):**

1. To note the verbal report;
2. To request that Officers circulate a summary of the decision requirement, the timeframe, and the letter from the PSAA to members by email; and
3. To request that Officers organise an informal briefing session, via Teams, in early November for Members and Reserve Members of the Committee.

#### **19 Right to address the meeting/order of business.**

There were no requests to address the meeting.

#### **20 External Audit 2019-2020**

The Chair checked that Members had received a copy of the supplementary report, which had been received from Deloitte after publication of the main agenda.

Homira Javadi, Chief Finance Officer (CFO) presented the report submitted from Deloitte. In conclusion, the CFO confirmed that the Audit Team and Finance Officers were concentrating their efforts on the 2019/20 accounts and noted special thanks to Ola Owolabi, Deputy Chief Finance Officer for his efforts to help progress the audit work.

The Chair invited comments from Members, and the Committee considered the report.

Concerns were raised over the repeated delays and the slippage to the deadlines previously agreed for delivery of Audit Statements. Officers confirmed they were waiting for a revised timeline from Deloitte. There was general agreement that Deloitte had not assigned adequate resources in the

past, contributing to the current state of delay.

**Resolved (unanimous)** – To note the report.

## 21 Treasury Management Monitoring Report - Q1

Ola Owolabi, Deputy Chief Finance Officer (DCFO), presented the report.

The DCFO highlighted the impact of the Covid-19 pandemic on the market's low and negative interest rates and its subsequent impact on the Council's investment position.

The Chair invited comments from the Members, and the Committee considered the report.

In response to queries, the DCFO explained that 'Commercial Activities' noted in the report related to the Council's companies and financing requirements.

Members asked for assurance on the forecasts in the Link report.

The Officers confirmed the credentials of the Council's Treasury Management specialists, Link. There was an acknowledgement of past differences between forecasts and actual market rates, and the particular difficulties of the current market were recognised.

Officers clarified that the large variation in figures reported in the General Fund was due to the impact of Covid, which had restricted the predicted spending activity on the capital programme.

It was noted that a request for Officers to provide an explanation of the increased employment costs to Members of the Committee was outstanding and it was agreed that this would be responded to outside the meeting.

Some Members highlighted the need for Members to develop a greater understanding of the subjects within the Committee's remit, including treasury management reports, which were considered to be very technical.

Officers advised that this had been recognised and the Finance Team:

- Had arranged for a specialist Treasury Management training session via Teams for Committee Members on 20 October;
- Had started to produce quarterly Treasury Management reports for the Committee. This additional incremental reporting would help increase Members' familiarity with and understanding of the topic, in support of their consideration of the required Annual Treasury Management Report; and
- Would continue to review how reports could be made more user friendly, whilst still adhering to stipulated financial reporting requirements.

Councillor Freebody requested that an amendment be made to the second recommendation to add the words 'as far as members understand', and this was agreed.

**RESOLVED (unanimous)**

1. To note the report; and
2. The Committee accepts that Treasury Management Activity for the period 1 April to 31 July 2021 has been in accordance with the approved Treasury Strategies as far as members understand.

**22 Internal Audit and Counter Fraud Quarterly Report**

Jackie Humphrey, Chief Internal Auditor (CIA), presented the report setting out the position for the first quarter of the financial year 2021-22 (1 April 2021 to 30 June 2021), and invited suggestions for improvements to the report's presentation.

The Chair thanked the CIA and the Committee considered the report.

Following comments and questions from members, the CIA:

- Confirmed that the team had had to focus on managing 12 audits in the last quarter;
- Talked through Appendices A and B and clarified that Appendix A now listed all 'below substantial' instances, not the current year's instances as in previous reports, to give members a more complete picture; and
- Confirmed that her work to make the reports more accessible was ongoing and that the format of the appendices would be included in her review.

Members queried how the Committee could best help tackle risk issues identified in the reports. Officers confirmed that, where the Committee had concerns over a particular situation, which was still outstanding despite a follow up, it could agree to either call in a manager or head of service to explain the situation or request the CIA to conduct further investigation / progress reporting in that particular area.

In addition, Officers clarified that the purpose of the reports was to identify and highlight areas of risk, rather than to seek to solve the underlying problems or issues.

**RESOLVED:** (unanimous)

1. To note the information set out in the report;
2. That there were no further information requirements identified by the Committee; and
3. To approve the updated Audit Charter set out in report Appendix D.

**23 Strategic Risk Register Quarterly Review**

Jackie Humphrey, CIA, presented the report and the Committee considered the contents.

Members requested that the report should provide explanation notes for all elements, citing a couple of illustrative examples. The CIA thanked members for highlighting that some explanations were missing from the report and confirmed that this would be taken into account in the preparation of the next

report.

**RESOLVED: (unanimous):** - To receive and note the update to the Strategic Risk Register.

**24 AOB - N/A**

**25 Date of the next meeting**

It was noted that the next meeting of the Committee would be held on Wednesday 24 November 2021 at 6pm.

The meeting ended at 7.43 pm

Councillor Robin Maxted (Chair)