

## **Audit and Governance Committee**

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 28 September 2022 at 6.00 pm.**

### **Present:**

Councillor Robin Maxted (Chair).

Councillors Amanda Morris (Deputy-Chair), Sammy Choudhury, Tony Freebody, Md. Harun Miah, Kshama Shore, Candy Vaughan and Stephen Gilbert (Audit Independent Member).

### **Officers in attendance:**

Ola Owolabi (Deputy Chief Finance Officer - Corporate Finance), Lee Ewan (Counter Fraud Investigations Manager) and Nick Peeters (Committee Officer).

**Also in attendance:** Ben Sherrif and Tanya Chikari, (external auditor Deloitte)

### **14 Minutes**

The minutes of the last meeting, held on 12 July 2022, were confirmed as an accurate record.

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

Apologies for absence were received from Councillor Diplock.

### **16 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.

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

There were none.

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

There were none.

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

The Chair confirmed there were no requests to address the meeting.

## 20 External Audit Update

Ola Owolabi, Deputy Chief Finance Officer, provided an update on the work of the external auditors, Deloitte. Ben Sheriff and Tanya Chikari, representing Deloitte, also addressed the Committee.

Ben Sheriff, Deloitte, advised Members that the audit had commenced in July with a mix of remote and site visits by the Deloitte Audit team, working with the Council's Finance team. As not all of the information requested had been available, the planned timings for completion had moved back. The audit was progressing and, with support from the Finance Team, issues were being addressed. It was anticipated that the 2019/2020 audit would be completed by the end of October and the focus would then move to the 2021 audit.

Ola Owolabi advised the Committee that time was being taken to ensure that the requests for information from Deloitte and reconciliations were being dealt with thoroughly. These areas had caused delays, however weekly progress meetings were taking place and the timetable revised with the expectation that the 2019/2020 Audit would be presented to the Committee on 23 November and the 2020/2021 Audit would be available in January 2023. The 2021/2022 Audit would be presented to the Committee's 1 March meeting. The Finance Team was working closely with colleagues across the organisation and with Deloitte to provide responses to questions as quickly as possible.

The following points were highlighted during discussion:

- In terms of providing assurances that the revised timetable was realistic, Officers explained that meeting the specific format for reconciliations requested by the Auditors had taken considerable time. Now that had been provided, it was expected that the Audit for 2021/2022 would be easier and quicker to complete.
- Deloitte representatives explained that the time taken to provide the 2019/20 audit had been impacted by issues which surfaced during the testing of information. Many local government audits were experiencing similar challenges in respect of timings.
- Officers advised that providing additional or reformatted information and data also added time to the process. Each sample requested by the Auditors often included multiple accounting entries and the data behind each entry needed input from the relevant departments.
- Deloitte representatives stated that not all items requested to initiate the 2019/20 Audit had been available. Specific examples mentioned included papers for the 2020 ICE (Investment Company Eastbourne Ltd) Valuation, reconciliation of the trial balance and general ledger, and group accounts.
- Members expressed concern at the delays in providing the highlighted information requested and that internal requests to colleagues for data should be prioritised. Officers explained that the format for production of

trial balances had needed to be changed to one that was acceptable to the Auditors.

- Officers explained the process through which the information requests from the Auditors was received and information provided. This highlighted that that timeframe between receipt of the request and the required date for returning information was not always practical.
- Members asked if there was anything that the Audit and Governance Committee could do to support the process of providing information requested by the Auditors. Officers explained that the Chief Finance Officer was working closely with the rest of the Corporate Management Team (CMT) to ensure that heads of service and the relevant officers were providing timely responses to requests from the Finance team. The minuting of the Committee's discussion on this matter would also help highlight the issue to CMT.
- Officers explained that the timeframe around the request for working papers had presented difficulties and it was also recognised that global events, particularly in the private sector had added to the requirements from the Auditors.
- Deloitte representatives advised Members that there had been underlying changes in auditing standards nationally over the previous years that had changed the requirements when auditing. Typically, when organisations had accounting issues, it was often due to preparation and issues in the systems and controls used.

**Resolved (unanimously):**

To note the update.

## **21 Treasury Management Report**

Ola Owolabi, Deputy Chief Finance Officer, presented the report which provided details on the activities and performance of the Treasury Management service during April to June 2022/23. During discussion the following points were highlighted:

- Members were offered the opportunity for basic treasury management training.
- Officers were thanked for providing the report in a more understandable format and a number of abbreviations were clarified.
- Following discussion on the recommendations, Members expressed concern that part of the recommendation required acceptance that the Treasury Management Activities for the period 1 April to 30 June 2022 had been in accordance with the approved Treasury Strategies, when it was not known if this was the case. Stephen Gilbert suggested that the Committee recommend that Council accepts that Treasury Management Activities for

the period 1 April to 30 June 2022 have been in accordance with the approved Treasury Strategies, based on assurances given by the Deputy Chief Finance Officer.

**Resolved (unanimously):**

To note and agree to accept that Treasury Management Activities for the period 1 April to 30 June 2022 have been in accordance with the approved Treasury Strategies, based on assurances provided by the Deputy Chief Finance Officer.

**22 Internal Audit and Counter Fraud Report**

Lee Ewan, Counter Fraud Investigations Manager, presented the report, which provided a summary of the activities of Internal Audit and Counter Fraud for the first quarter of the financial year 2022-2023 – 1st April 2021 to 30th June 2022. During discussion the following points were highlighted:

- As many businesses had come forward for grants due to Covid 19, particularly small businesses, the Council now had a clearer, updated picture of businesses in existence. Visits could once again take place to confirm details.
- Members discussed the indicators for the Stage Door Pub and expressed concern at their red status. Members requested an update and further detail on the status of the Stage Door pub in the next report.

**Resolved (unanimously):**

- 1) To note the update on the work of Internal Audit and Counter-Fraud; and
- 2) To approve the draft Audit Charter; and
- 3) To approve the draft Code of Ethics for Internal Auditors.

**23 Strategic Risk Register Quarterly Review**

Lee Ewan, Counter Fraud Investigation Manager, presented the report which detailed the outcomes of the quarterly review of the register by the Corporate Management Team (CMT).

The scoring in the red/amber/green (RAG) rating was explained to the Committee and how the likelihood/impact score was mitigated by internal controls to provide an overall RAG rating

During discussion, Members highlighted particular concerns over the following indicators:

- SR006 – the Council prevented from delivering services for a prolonged period of time.
- SR007 – the Council materially impacted by medium to long term effects of an event under the Civil Contingencies Act.

- SR010 - the Council suffers a personal data breach by inadequate handling of data or an I.T. incident.

Members were not satisfied that all internal controls detailed in appendix A of the report provided assurance and confirmed that they would welcome a report to the Committee, providing further detail on the indicators highlighted above.

**Resolved (unanimously):**

- 1) To note the update to the strategic risk register; and
- 2) To request that officers provide a report relating to the robustness and reliability of the Council's IT and communications systems, and that proportionate mitigation of those risks is in place.

**24 Date of next meeting**

The date of the next meeting was confirmed as Wednesday 23 November, at 6pm, in the Court Room at Eastbourne Town Hall.

The meeting ended at 7.50 pm

Councillor Robin Maxted (Chair)