

## **Audit and Standards Committee**

**Minutes of the meeting held in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, BN7 1AB on 20 March 2023 at 10:00am**

**Present:**

Councillor Adrian Ross (Vice-Chair, in the Chair);  
Councillors Christine Brett, Phil Davis, Isabelle Linington and Christine Robinson

**Officers in attendance:**

Jackie Humphrey (Chief Internal Auditor), Jennifer Norman (Committee Officer, Democratic Services) and Ola Owolabi (Deputy Chief Finance Officer, Corporate Finance)

**36 Minutes**

The minutes of the meeting held on 16 January 2023 were submitted and approved, and the Chair was authorised to sign them as a correct record.

**37 Apologies for absence/declaration of substitute members**

Apologies for absence were received from Councillors Julian Peterson (Chair) and Sean MacLeod. In the absence of the Chair, the meeting was chaired by Councillor Adrian Ross (Vice-Chair).

**38 Declarations of interest**

There were none.

**39 Urgent items**

*The Chair of the meeting agreed that Agenda Item 4a, The External Auditor's (Deloitte) progress report on the draft 2019/20 Statement of Accounts, be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972.*

**40 The External Auditor's (Deloitte) progress report on the draft 2019/20 Statement of Accounts**

*Agenda Item 6, External Audit Progress, was considered concurrently with this item.*

The Deputy Chief Finance Officer (DCFO) provided Members with an update in respect of the External Auditor's (Deloitte) progress on the Council's draft 2019/20 Statement of Accounts.

The DCFO summarised the report and detailed the Officer recommendations. He noted that although the delayed final audit was now nearing completion, Officers were disappointed that the previously agreed revised completion deadlines had not been met by Deloitte.

The DCFO highlighted that Deloitte's delayed final audit of the 2019/20 Statement of Accounts was presenting the Council with a significant and serious risk of the existing auditors not being in the position to hand over the final audit function to the Council's newly appointed auditors, Grant Thornton LLP. The DCFO further highlighted that every day the final audit of the 2019/20 Statement of Accounts was delayed, the Council could face additional financial, reputational and governance costs.

Discussions included penalty notices, the revised projected completion dates for the outstanding External Audits as set out in paragraph 1.4, questions in relation to delegations following the results of the elections on 4 May 2023 and further letters of representation to Deloitte by Officers, on behalf of the Committee.

The Committee highlighted the elections on 4 May 2023 and queried who would be acting as Chair in respect of the delegation to sign-off the audited LDC 2019/20 Statement of Accounts in consultation with the Director of Finance and Performance. The Committee Officer confirmed that she would review the Council's constitution and consult the Committee Team Manager and Head of Democratic Services to clarify the position of the Chair from the elections on 4 May 2023 to the appointment of the new Chair of the Audit and Standards Committee during the Annual Full Council meeting on 22 May 2023.

The Committee queried if Deloitte had given an indication of the amount of additional applied fees as a result of its delayed External Audit on the 2019/20 Statement of Accounts. The DCFO explained that Deloitte had not provided an indication of the amount of additional fees, but that Officers had been requesting the proposed amount of additional fees, as the fees needed to be agreed before they were presented to the Public Sector Audit Appointments (PSAA).

The Chair queried whether Officers could once again write to Deloitte on behalf of the Committee in respect of outstanding external audits. The DCFO agreed.

**Resolved:**

1. That Officers write to the Council's External Auditor, Deloitte, on behalf of the Committee in respect of the outstanding external audits on the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts;
2. That the Independent Auditor's (Deloitte) progress report to those charged with governance on LDC Accounts and the Value for Money conclusion report, be noted;
3. That authority be delegated to the Chair of the Audit and Standards Committee in consultation with the Director of Finance and Performance (Chief Finance Officer/S151 Officer) to sign-off the audited LDC 2019/20

- Statement of Accounts; and
4. That the Director of Finance and Performance (Chief Finance Officer/ S151 Officer) to sign the formal Letter of Representation to Deloitte.

#### 41 **Written questions from councillors**

There were none.

#### 42 **External Audit progress**

*This item was considered concurrently with Urgent Agenda Item 4a, The External Auditor's (Deloitte) progress report on the draft 2019/20 Statement of Accounts.*

**Resolved:** That the verbal update be noted.

#### 43 **Treasury Management**

The Committee received the report which provided details regarding the Treasury Management Activity for the period 1 January to 28 February 2023.

The Deputy Chief Finance Officer summarised the report, confirming that all Treasury Management Activity was fully in compliance with the approved Treasury Strategies.

Discussions included fixed term deposits, prudential limit indicators, capital programme expenditure and a list of surplus assets, as previously requested by the Vice-Chair.

The Committee queried an extra line that had been put in the capital programme in respect of buying land at Landport Brooks and how this affected the already agreed 2022/23 budget. The DCFO clarified that the purchase of the land was part of the Council's new budget for 2023/24, but that he would review to the document to clarify and correct any related information.

The Chair queried the expiration of some grants in the event that they were not being utilised, when funding expired and if the grants would have to be paid back if they were not being utilised. The DCFO confirmed that he would review the information and confirm the results with the Committee.

**Resolved:** That it be noted that the Treasury Management activity for the period 1 January to 28 February has been in accordance with the approved Treasury Strategies.

#### 44 **Draft Internal Audit Plan for 2023/24**

The Committee considered the report which proposed the Council's internal audit plan for 2023/24.

The Chief Internal Auditor (CIA) summarised the report, highlighting that

although the Internal Audit team was still carrying a vacancy, the team was in a good position.

**Resolved:** That the internal audit plan for 2023/24 be agreed.

**45 Internal Audit and Counter Fraud report for the three quarters of the financial year 2022-2023 - 1st April 2022 to 31st December 2022**

The Committee received the report which provided a summary of the activities of Internal Audit and Counter Fraud for the three quarters of the financial year 2022/2023, from 1 April 2022 to 31 December 2022.

The Chief Internal Auditor (CIA) summarised the report, highlighting the work of Internal Audit carried out in the first three quarters and the work of Counter Fraud carried out in the third quarter of the financial year 2022/23.

Discussions included right to buy savings and prosecutions, the position of audits requiring follow up (as set out in Appendix B) and recommendations from audit reports which remain outstanding after follow-up (as set out in Appendix C).

The Chair queried if the CIA could include the actual date of follow-up rather than the anticipated time frame in respect of the audit reports which remain outstanding after follow-up, as set out in Appendix C, and whether Officers encounter any issues. The CIA agreed.

**Resolved:** That the report be noted.

**46 Strategic Risk Register Quarterly Review**

The Committee received the report which summarised the outcomes of the quarterly review of the Strategic Risk Register (SRR) by the Corporate Management Team (CMT).

The Chief Internal Auditor (CIA) summarised the report, highlighting changes to the economic environment which make the Council economically less stable, as set out in paragraph 3.3 of the report and Appendix A.

Discussions included possible reputational and governance costs in relation to SR28 as set out in Appendix A, fixed desks and available desk space for staff and costs in respect of the potential risks of the Council's work from home culture.

The Chair queried if a separate risk could be included in the SRR relating to the significant increase of Council staff working from home, so that any possible additional controls and procedures may assist in keeping the risk as low as possible. The CIA agreed to review the information and consider this option for the SRR.

**Resolved:** That the report be noted.

**47 Date of next meeting**

It was noted that the next meeting of the Audit and Standards Committee which was scheduled to commence at 10:00am on Monday, 3 July 2023, will take place at a location to be confirmed (TBC).

The meeting ended at 11:21am.

Councillor Adrian Ross (Chair)