

## AUDIT AND STANDARDS COMMITTEE

25 June 2018



Minutes of the Audit and Standards Committee held at the Town Hall, Bexhill-on-Sea on Monday 25 June 2018 at 6:30pm.

Committee Members present: G.C. Curtis (Chairman), R.K. Bird, R.C. Carroll, K.P. Dixon, S.H. Earl, S.D. Elford and I.G.F. Jenkins.

Advisory Officers present: Executive Director (MJ), Executive Director (TL), Customer Services Manager, Financial Services Manager, Audit Manager, Democratic Services Manager and Democratic Services Officer.

Parish/Town Council Representative: Councillor Mrs W. Miers (Part A Only) and T.A. Stainsby (Part A Only).

Independent Person: Mrs S. Fellows (Part A Only) and Mrs J. Gray (Part A Only).

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### AS18/02. MINUTES

The Chairman was authorised to sign the minutes of the meetings of the Audit and Standards Committee held on 26 March and 21 May 2018 as correct records of the proceedings.

### AS18/03. APOLOGIES

An apology for absence had been received from Councillor J. Barnes.

## PART A – STANDARDS REPORTS

### PART II – DECISIONS TAKEN UNDER DELEGATED POWERS

#### AS18/04. CODE OF CONDUCT COMPLAINTS MONITORING (5.1)

The Committee received the report of the Monitoring Officer (MO) which set out brief details of the Code of Conduct complaints received since the last meeting. As agreed by the former Standards Committee, the identity of Members and complainants would only be published where there had been informal action taken, or an investigation and subsequent hearing that had concluded that a Member had breached the Code of Conduct.

The MO advised that in two of the three cases (C18-02 and C18-03), the complainants were members of the public who were dissatisfied with the determination of planning applications, either where permission had been granted in the case of an objector and refused in the case of an applicant.

However, all complaints were assessed on their individual merits and no further action had been taken in all three cases.

There were no outstanding complaints at the current time.

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

AS18/05.  
(5.2) **OMBUDSMAN COMPLAINTS MONITORING**

Members considered the report of the Executive Director that set out the details and outcome of 19 complaints made to the Local Government Ombudsman (LGO) since the last meeting of the Committee held in March 2018.

The complaints spanned a number of Council services including homelessness services, planning, parking fines, benefits, waste, environmental health and the Council's Standards Investigation process. Ten cases were investigated in all, two of those were upheld and eight cases were not. One case was withdrawn and the Ombudsman had determined in the remaining eight cases that it would not investigate.

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

AS18/06.  
(5.3) **UPDATE ON OMBUDSMAN COMPLAINT 16 011 157**

Members considered the report of the Executive Director that gave an update on the Local Government Ombudsman (LGO) complaint reference 16 011 157 and the actions taken following the recommendations made.

It was reported that all recommendations had been acted on and the Housing Issues Task and Finish Group, who were actively considering some of the issues raised, would be reporting their findings to the Overview and Scrutiny Committee at their next meeting in July.

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

## **PART B – AUDIT REPORTS**

AS18/07.  
(6.1) **PLANNED AUDIT FEE FOR 2018/19.**

Consideration was given to the new independent external auditor's (Grant Thornton) Fee letter, which illustrated the proposed audit fees and programme of work for the 2018/19 financial year. Mr Wells, Engagement Lead from Grant Thornton was unable to attend the meeting and the Financial Manager outlined the report for Members.

The Council was required to change independent external auditors for the new financial year in accordance with the Local Authority Accountability Act 2014.

It was noted that the fees were reduced from previous years.

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

AS18/08.  
(7.1)

## **INTERNAL AUDIT REPORT TO 31 MARCH 2018**

The Audit Manager led Members through the internal audit report to 31 March. The Council was required to ensure that it had reliable and effective internal control systems in place and the adequacy of these systems was tested by both Internal and External Audit.

The report included an annual report on the performance of the Internal Audit Service. In the year up to 31 March 2018, Internal Audit had operated in accordance with the Public Sector Internal Audit Standards (hereafter referred to as 'the Standards'). It was a requirement of the Standards that a report was made to the Audit and Standards Committee on audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance.

The Internal Audit team had successfully completed the majority of the work for 2017/18; the only planned audit not to be completed was the ICT Network Security audit which had been delayed due to a variety of reasons (e.g. staffing issues and other business priorities), all of which were beyond the auditor's control. This audit was due to be completed in 2018/19.

The report gave details of the seven audits completed in the final quarter, a summary of all audit reports completed in 2017/18 and progress made on implementing audit recommendations. All audits had received either a substantial or good Overall Level of Assurance.

Appendix C to the report provided a summary of progress made on implementing the audit recommendations reported at previous meetings. It was reported that only a handful of recommendations made during the period 2012/13 to 2016/17 remained outstanding; four of the older recommendations still remained and progress on these was being kept under review by the Audit Manager.

The Audit Manager had received written confirmation from the Housing Needs Manager that most of the remaining recommendations made following the Homelessness Prevention Grants and Loans report issued in November 2017 had also now been implemented, at least in part. A follow-up audit was due to take place in July 2018 which should identify any residual issues.

The Internal Audit team had also carried out some Counter Fraud duties during 2017/18. Approximately £80,000 savings had been made in this area, with a further £65,000 in confirmed savings / extra income identified as a by-product of the routine audit work in other areas, such as the miscalculation of monies paid to contractors, uncollected CIL income and businesses incorrectly claiming small business rate relief.

The Audit Manager was pleased to report that evaluation of the Internal Audit team's conformance with the Standards, to assess the efficiency

and effectiveness of the service had concluded that there was a high level of overall effectiveness. The team's first external peer review was completed in April 2017; no significant issues were found. Quality assurance questionnaires were also used to capture client feedback, the vast majority of which had been very positive indicating a high level of satisfaction with the quality of the Internal Audit Service.

Internal Performance Measures set for the Audit Team also demonstrated that most of the targets for 2017/18 had either been met or exceeded.

The summary of completed audits showed that just one audit report was given a limited or minimal assurance rating and only one of the 104 control objectives examined during the year was not "met" at least in part.

Taking into account all the factors within the report and the routine quarterly reports, it was confirmed that the Internal Audit assessment of the Council's framework of governance, risk management and control was that it was adequate and effective; this assessment was without qualification.

**RESOLVED:** That

- 1) the Internal Audit report to 31 March 2018 be noted; and
- 2) the Audit Manager's opinion on the control environment be approved.

AS18/09.  
(7.2)

**TREASURY MANAGEMENT REPORT – 2017/18 OUTTURN**

Cabinet had approved the Council's 2017/18 Investment Strategy on 27 February 2017, which required an annual report describing the Treasury Management activity in the past year compared to the Strategy.

The report provided an update on a number of areas including the Council's strategy for 2017/18, the Council's Capital Expenditure and Financing, borrowing, a review of investment performance and overall investment return for 2017/18. The following points were noted:

- the capital expenditure outturn for 2017/18 was £2,098,000;
- there was nil borrowing at 31 March 2018 and the Capital Financing requirement of £1.091 million remained unchanged from the previous year;
- the expectation for interest rates for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31 March 2020. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years.
- the Council's temporary lending was carried out solely by Finance staff during 2017/18, which earned interest of £334,253 equating

to an average interest rate of 1.15%. This compared to a budgeted income of £235,000. All of the transactions had been reported in the Members' Bulletin throughout the year.

**RESOLVED:** That the investment outturn performance for 2017/18 be noted.

AS18/10.  
(7.3) **WORK PROGRAMME**

Consideration was given to the Work Programme which contained details of the reports to be considered by the Audit and Standards Committee meetings for the remainder of the 2018/19 municipal year.

It was noted that the next meeting scheduled for 25 July was a Wednesday and 24 September a Monday.

**RESOLVED:** That the Work Programme at Appendix A be approved, as amended.

**CHAIRMAN**

The meeting closed at 6.55pm

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## AUDIT AND STANDARDS COMMITTEE

<b>WORK PROGRAMME 2018 - 2019</b>	
<b>DATE OF COMMITTEE</b>	<b>SUBJECT</b>
<b>Wednesday 25 July 2018</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• BDO – Annual Governance Report 2017/18</li> <li>• Statement of Accounts 2017/18</li> </ul>
<b>Monday 24 September 2018</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Report to 30 June 2018</li> <li>• Treasury Management Report</li> </ul>
<b>Monday 10 December 2018</b>	<p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct Complaints Monitoring</li> <li>• Local Government Ombudsman Complaints Monitoring and Annual Review 2017-2018</li> <li>• Review of Local Government Ethical Standards – results of Stakeholder Consultation</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• BDO – Annual Audit Letter 2017-18</li> <li>• Internal Audit Report to 30 September 2018</li> <li>• Annual Risk Management Update</li> <li>• Treasury Management Update Report</li> </ul>
<b>Monday 25 March 2019</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• BDO – Grant Claim Certification for the year ended 31 March 2018</li> <li>• Grant Thornton – Audit Plan 2018-19</li> <li>• Internal Audit Report to 31 December 2018</li> <li>• Internal Audit Plan 2019-20</li> <li>• Review of Internal Audit 2018-19</li> <li>• Treasury Management Report</li> </ul>