

# AUDIT COMMITTEE

17 AUGUST 2023

Present: Councillors Foster (Chair), Webb (Vice-Chair), Collins, Marlow-Eastwood, and Sinden.

In attendance: Mark Winton (Chief Internal Auditor), and Simon Jones (Deputy Chief Finance Officer).

## 186. APOLOGIES FOR ABSENCE

Apologies received from Kit Wheeler, Chief Finance Officer.

## 187. DECLARATIONS OF INTEREST

Councillor	Item	Interest
Webb	All items relating to East Sussex County Council	Personal – Is an East Sussex County Councillor
Marlow-Eastwood	All items relating to East Sussex County Council	Personal – Is an East Sussex County Councillor

## 188. MINUTES OF THE LAST MEETING

**RESOLVED** – that the minutes of the meeting held on 6<sup>th</sup> July 2023 be approved as a true record

## 189. AUDIT CHARTER

The Chief Internal Auditor presented a report to inform the committee of the contents of the Audit Charter. This, along with the other reports on the agenda, represent important milestones in moving the internal audit service forward.

The Charter describes the purpose, authority, and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

It was noted that previously the internal audit team were undertaking a lot of non-audit core activities which impacted the ability of the service to work independently and objectively. These activities have been pushed back to service departments. It was agreed that a full list of the non-core activities would be shared with the committee.

**RESOLVED (unanimously):**

### 1. Approve the Internal Audit Charter

Reasons:

i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).

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ii) The Audit Charter formalises the purpose, authority and scope of internal audit as well as defining the strategic and organisational position, reporting lines and reaffirms the arrangements for ensuring the Internal Audit service's independence and objectivity.

### **190. INTERNAL AUDIT - QUALITY ASSURANCE IMPROVEMENT PROGRAMME**

The Chief Internal Auditor presented a report to inform the committee of the Quality Assurance Improvement Programme and Quality Assurance arrangements.

The programme ensures that there are standards in place regarding the quality of the service provided. There are thorough review mechanisms in place to make sure standards are being met. At this time, it is not clear that the service is meeting the requirements of the standards, and this will be addressed through the service development plan. There will be a self-assessment against the standards in 2024.

It was confirmed that following the self-assessment exercise the committee will receive a summary of any areas where the standards are not being met, and what action will be taken.

#### **RESOLVED (unanimously):**

##### **1. Note the contents of the Quality Assurance Improvement Programme**

Reasons:

i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).

ii) The Quality Assurance Improvement Programme is crucial in providing assurance to the Audit Committee over the quality control mechanisms in place for the Internal Audit service.

### **191. INTERNAL AUDIT - INTERNAL AUDIT STRATEGY AND INDICATIVE PROGRAMME OF WORK**

The Chief Internal Auditor presented a report to outline the Council's Internal Audit Strategy and Indicative Programme of Work for 2023/24.

The focus will be on developing the service, with several audit reviews undertaken throughout the year. It is unlikely that all the programme will be delivered this year, but this will support service development into 2024/25.

The committee noted that a service review of the Internal Audit function found several areas of non-compliance with the Public Sector Internal Audit Standards. The Chief Internal Auditor gave an assurance that those areas of non-compliance had been rectified.

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The Chair noted that it would be useful to get input from the Overview and Scrutiny Committee on the development of the 2024/25 programme of work.

### **RESOLVED (unanimously):**

#### **1. Approve the Council's Internal Audit Strategy and Indicative Programme of Work 2023/24.**

Reasons:

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).
- ii) The Audit Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

### **CASH AND BANK AUDIT REPORT- RECOMMENDATION IMPLEMENTATION**

The Deputy Chief Finance Officer presented a report to set out actions taken by the finance and exchequer team to address the recommendations made in respect of the Cash and Bank Audit Report 2022-23.

The committee were advised on the implementation of the recommendations. The cash handling and petty cash policies have both been reviewed and revised. Additional finance resource is being recruited, and the reconciliation process is being automated as much as possible. A system is in place to monitor reconciliation and ensure they remain up to date with good oversight. Administrator access to Paye.Net has been limited and will be continuously reviewed.

### **RESOLVED (unanimously):**

#### **The Audit Committee note the actions taken and progress made to implement recommendations made in the Cash and Bank Audit Report 2022-23**

Reasons:

An internal audit of cash and banking was undertaken with recommendation made.

The report includes agreed timeframes and management comments for implementation of the recommendations.

### **193. TREASURY MANAGEMENT UPDATE - 2023/24 QUARTER 1**

The Deputy Chief Finance Officer presented a quarterly update on treasury management activities, in line with the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021.

The report confirms that the current treasury management strategy is effective and doesn't need revising at this time. The council has £32.4 million of investments with

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different institutions as of 30<sup>th</sup> June 2023, with an average return of 4.43%. There has been no additional borrowing in quarter 1.

In response to a question the Deputy Chief Finance Officer confirmed that the Hastings Housing Company is running a year behind on interest payments to the council. This is due to the letting agent managing the portfolio of properties being in arrears on their payments to Hastings Housing Company. The company is engaging specialist debt lawyers to pursue the debt that is owed to them but there is a risk it won't be fully recovered. For the debt owed to the council, further interest is charged on late payment of interest by Hastings Housing Company.

The committee asked if there was any effect on the council of the Hastings Credit Union entering administration. The council were using the credit union to recover some debts. The council is now looking at another credit union to take this work forward and there is not expected to be any loss of income to the council.

### **RESOLVED (unanimously):**

**Audit Committee is asked to recommend the following to Full Council:**

- 1. Note the report, the treasury activity and recommend approval of any changes to the prudential indicators.**

### **Reasons:**

To ensure that Members are fully aware of the activities undertaken in the last quarter, that Codes of Practice have been complied with and that the Council's strategy is effective and doesn't currently need revising.

Under the Code adopted the Full Council are required to consider the report and any recommendations made. There will be a further report forthcoming on Treasury Management for 2023/24 including the Mid-year Review, Quarter 3 Treasury Management Update Report and Outturn Report.

(The Chair declared the meeting closed at 7.18pm)