

**Minutes of a meeting of Audit Committee
held on Tuesday, 26th July, 2022
from 5.00 pm - 5.37 pm**

Present: J Llewellyn-Burke (Chair)
A Boutrup (Vice-Chair)

M Cornish I Gibson

Absent: Councillors M Pulfer, S Hicks and L Stockwell

Also Present:

1. TO RECEIVE APOLOGIES FOR ABSENCE.

Apologies were received from Councillor Pulfer, Councillor Hicks and Councillor Stockwell and the Committee agreed for Councillor Boutrup to act as Vice Chairman for the meeting.

2. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

None.

3. TO CONFIRM THE MINUTES OF THE PREVIOUS MEETING OF THE AUDIT COMMITTEE HELD ON 01 MARCH AND 11 MAY 2022.

The Minutes of the meeting of the Committee held on 01 March and 11 May 2022 were agreed as a correct record and signed by the Chairman.

4. TO CONSIDER ANY ITEMS THAT THE CHAIRMAN AGREES TO TAKE AS URGENT BUSINESS.

None.

5. INTERNAL AUDIT ANNUAL REPORT 2021/22.

Graeme Clarke, Partner, Mazars LLP introduced the report. He highlighted Mazars engagement with Mid Sussex District Council commenced on 9th July 2021 when they inherited the Internal Audit Plan 2021/22 from Crawley Borough Council. He confirmed that during 2021/22 all internal audit service had been delivered remotely due to Covid. He noted the impact of Covid on some workstreams and whilst all audits had been completed apart from those four highlighted in the report, there had been delays due to staff resources becoming unavailable at short notice. He

summarised the Internal Audit work undertaken in 2021/22 with the overall assurance level being moderate which is inline with other Local Authorities. He drew Members attention to Section 4, Bench Marking, of the report which considers assurance levels in boarder terms in relation to other Local Authorities. He noted the total number of recommendations for 2021/22 is higher than those made in 2020/21, this could be due to a fresh perspective and change in provider conducting the work. It did not impact the delivery of the report.

A Member asked for clarity on the areas of activity where expected levels of control had not been achieved. The Partner of Mazars confirmed the Council's Management Team had agreed the work to be carried forward in response to the recommendations made by Mazars and there were plans in place to address these, which would be followed up independently to confirm they have been implemented.

A Member queried the high priority recommendation and why this had not yet been completed. The Partner of Mazars, confirmed the work was ongoing with a view to completing the work in March 2023 when an update would be given.

A Member asked for clarity on the security of the data analytics software used in the sampling methodology. The Partner of Mazars confirmed the searches were not conducted on live data and appropriate control is taken when transferring data between systems.

The Chairman asked if officers could elaborate on the Business Rates 'Limited' assurance level. The Partner of Mazars advised this was due largely to the impact of Covid and extra workstreams created by the pandemic and reminded Members it had been recommended as a high priority going forward.

Stephen Fitzgerald, Interim Head of Corporate Resources, thanked Mazars for their work through 2021/22. He noted the challenges and issues faced by the Revenue and Benefits Team, this was largely due to the additional complex cases resulting from Covid. However, reassured Members the high risk recommendations would be investigated and he would report back to the Committee.

As there were no further questions the Chairman took Members to the recommendation in the report which was agreed unanimously.

RESOLVED

The Committee received the report.

6. REVIEW OF TREASURY MANAGEMENT ACTIVITY 2021/22.

Joseph Saville, of Adur & Worthing Council introduced the report which sets out the Council's treasury management activity for the financial year 2021/22. He thanked the Financial Management Team at Mid Sussex District Council for their work in securing good yields. He advised the Council was in a very fortunate position with dept levels remaining very low. He advised the Investment return had come in on budget despite low interest rates at the start of 2022. Looking ahead and taking advantage of the Council's balances he would like to pursue the opportunity for more collaborative work with other counter parties. Prior to that, he would like to invite the Treasury Management Advisors to meet and present to the Council's Financial Management Team.

The Chairman asked Members if there were any questions. In response to a Member asking for an update on Service Level Agreement (SLA) which was extended for a further three years from 18th October 2019, the officer confirmed the SLA was currently being redrafted and work was underway to extend the contract. The Interim Head of Corporate Resources, emphasised all options would be considered as part of the work to review the SLA going forward.

A Member asked if there would be further Treasury Management training available to Members. The Chairman advised this would be addressed outside of the meeting. In response to a Member asking for clarity of the inclusion of the figures for the sale of the land at Hurst Farm, the officer advised this was approximately £20 million. A Member queried the phrase 'over underborrowed' on page 29 of the report. The Chairman confirmed this would be redrafted and circulated. In response to a Member query regarding the £1.3million discrepancy in the investment figures on pages 30 and 31 of the report, the officer confirmed a written response would be provided to the Committee.

The Chairman took Members to the vote on the recommendation in the report, this was agreed unanimously.

RESOLVED

The Committee noted the contents of the report.

7. EXTERNAL AUDIT PLAN 2021/22.

Stephen Fitzgerald, Interim Head of Corporate Resources gave a brief outline of the report. Kevin Suter, External Auditor Ernst and Young, (EY) introduced the report. He noted the shorter version of the Audit Plan, due to an ongoing objection resulting in a delay with signing off the 2020-21 accounts, as well as pressures on the profession and Local Public Audit. Therefore, the full Audit Plan had not yet been completed. He highlighted the key risks which would be presented during the course of the Audit and which are summarised within the report. He went through each of the risks and confirmed overall there had been little change from previous years and updated the Committee on the areas no longer identified as risks for 2021-22, including the accounting for Covid business grants and Going Concern Disclosures: Compliance with ISA 570. Finally, he highlighted the Value for Money work was on-going as part of the Audit process and there were no significant risks.

A Member asked for clarity on why the 2% gross revenue under materiality, was gross and not a net figure. Kevin Suter confirmed the Council are required to report gross figures for the purposes of the Audit.

The Interim Head of Corporate Resources confirmed the Council would continue working closely in partnership with EY going forward.

As there were no further questions, the Chairman took Members to the vote on the recommendation

RESOLVED

The Committee noted the 2021/22 Annual Audit Plan.

8. ANNUAL GOVERNANCE STATEMENT 2021/22.

Stephen Fitzgerald, Interim Head of Corporate Resources introduced the report. He noted the content relates to the Annual Governance Statement for 2021/22 and reflects the pressures on the Council as a result of Covid. He is also noted the inherent risks for all Local Authorities due to Covid and the management of these risks was important.

He drew Members attention to the refurbishment of the Council Chamber and the flexible working implemented by Mid Sussex District Council during Covid, to allow it to carry out its functions effectively.

Stephen highlighted the two main areas of governance which will represent future issues. The departure of the UK from the EU will impact the procurement regime of local government and the growing threat of cybercrime given the increased reliance on Cloud-based business systems. The Council is involved in an exercise with the Local Government Association (LGA) to improve and strengthen its resistance to cybercrime.

Finally, Stephen confirmed the Annual Governance Statement 2021/22 had been approved by Cllr Ash-Edwards, Leader and Kathryn Hall, Chief Executive Officer.

A Member asked given the growing threat of cybercrime is there any further scope for working with external partners to improve this. Stephen confirmed he would provide a detailed written response and reiterated the Councils exercise in conjunction with the LGA.

The Chairman took Members to the vote on the recommendation in the report and this was agreed unanimously.

RESOLVED

The Committee considered and approved the Annual Governance Statement 2021/22 for inclusion in the Statement of Accounts 2021/22.

9. COMMITTEE WORK PROGRAMME 2022/23.

Tom Clark, Head of Regulatory Services, introduced the Committees Work Programme, which noted the business for the remainder of the year. He noted the request for additional Member training citing the December meeting date as a possibility.

Stephen Fitzgerald, Interim Head of Corporate Resources, advised the Financial Statements 2021/22 would be completed later than in previous years due to Local Authority pressures and lack of qualified staff. The Work Programme had been updated to reflect this.

The Chairman took Members to the vote on the recommendation.

RESOLVED

The Committee noted the Committee's Work Programme as set out at paragraph 5 of the report.

10. QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 10.2 DUE NOTICE OF WHICH HAS BEEN GIVEN.

None.

The meeting finished at 5.37 pm

Chairman