

## Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **3<sup>rd</sup> December 2013**.

### Present:

Cllr. Clokie (Chairman);  
Cllr. Link (Vice-Chairman);  
Cllrs. Marriott, Michael, Smith, Taylor.

### Apologies:

Cllrs. Shorter, Yeo.

### Also Present:

Deputy Chief Executive, Head of Communications & Technology, Head of Audit Partnership, Audit Partnership Manager, Finance Manager, Senior Auditor, Senior Member Services & Scrutiny Support Officer.

Andy Mack, Lisa Robertson - Grant Thornton.

## 217 Minutes

### Resolved:

**That the Minutes of the Meeting of this Committee held on the 26<sup>th</sup> September 2013 be approved and confirmed as a correct record.**

## 218 The Council's IT Continuity Arrangements

The Head of Communications & Technology gave a presentation outlining the Council's arrangements for IT continuity and systems backup/restore. This was in response to questions raised at the last Audit Committee meeting in September.

The presentation focussed on the changed IT landscape in recent years with particular reference to virtualisation and the impact that this had had on backup and recovery methods in terms of business continuity and disaster recovery, as well as general storage of information. Modern technology now made it possible to set up two or more virtual servers which could keep running in the event of a failure at one of the main bases. As well as reliability improvements this had also significantly reduced the total cost in terms of ownership and efficiency. He explained in some detail how those changes had manifested themselves locally and the systems that Ashford Borough Council now had in place. In terms of particular examples, the Head of Communications & Technology said that with regard to backup of data, the old system of backing up to tapes was now totally redundant. By 'snapshotting' it was now possible to make copies of entire systems, write that away to disc and restore it almost instantaneously. Systems were snapshotted throughout the day

(some at two hourly intervals). It was also possible to make multiple copies of this data for disaster recovery purposes. All servers were backed up overnight and storage was replicated to the Ashford Gateway. He also outlined in further detail the various layers of backup and protection the Council had available to it. He concluded his presentation by emphasising that IT systems were now much more responsive in terms of being able to recover and respond to issues in a timely fashion than they were even five or six years ago.

The Chairman opened the item up to the Committee and the following responses were given to questions/comments: -

- All server rooms were protected by UPS (Uninterruptible Power Supplies) in the event of power outages. This was supplemented by a backup generator and these allowed the time for proper controlled shutdowns.
- The Council had three separate layers of virus protection. The first two were via the Kent Public Service Network (which linked all public sector organisations in Kent) and the joint academic network with the Universities of Kent and Greenwich. These had multi-level virus and malware protection which scanned all emails and immediately dropped over 90% of all emails as virus or spam. In addition to that the Council had its own firewalls and protection on all servers and individual PCs had their own virus software. All attachments were scanned for viruses including those that may be embedded.
- The Council's IT backup site (second site) for disaster recovery purposes was at the Ashford Gateway. This was on a different power supply and was considered to be far enough away as to not be a risk. Systems could also be replicated to the Kent and Medway regional data centre in Chatham if required. If the Council lost access to the Civic Centre, suitable alternative facilities could be found and the majority of staff could now be set up to work from home.
- There were large scale test recovery exercises undertaken and the relevant service areas were asked to sign these off. These were not audited by Internal Audit but they were signed off by IT.

The Chairman thanked the Head of Communications & Technology for his presentation and said that the Committee had found it useful and re-assuring.

**Resolved:**

**That the presentation be received and noted.**

## **219 Annual (External) Audit Letter 2012/13**

Mr Mack introduced the report which presented the first full Annual Audit Letter from Grant Thornton UK, the Council's External Auditors. The letter covered the Auditor's findings and opinions arising from the 2012/13 audit. Detailed findings were not repeated as they had been previously reported to the Committee, but the letter

restated the unqualified opinion on last year's accounts and the audit conclusion on efficiency and effectiveness. It also highlighted the Auditor's positive conclusions about the Council under the financial resilience test. This test applied to all Council's and 2012/13 was the first year such an examination was carried out. The Auditor's overall opinion on the Council's arrangements for securing value for money was again positive. Other than the previously reported matter concerning an incomplete set of Members' third party declarations for the purposes of auditing the final accounts, there were no further matters highlighted for attention. They intended to report further on the certification of grant claims and returns at the next meeting of the Committee. Mr Mack explained the transition from the Audit Commission to Grant Thornton had been smooth and assisted by continuity of staff. He also wished to thank the Council's Officers for assisting in this process.

In response to a question Mr Mack advised that the Housing Benefit Subsidy Claims had been signed off the previous week. There was no cause for alarm and the detailed findings would be included in the report to the next meeting of the Committee.

It was not in the scope of the value for money work that Grant Thornton undertook to identify potential cost savings for the Council, but this was something they could do if requested. The Deputy Chief Executive confirmed that value for money was becoming more of a feature of Internal Audit work.

**Resolved:**

**That the Annual Audit Letter for 2012/13 be received and noted.**

## **220 Internal Audit Interim Report**

The report provided details of the work of the Internal Audit team between April and September 2013. The Audit Committee was asked to agree that the work provided evidence of an adequate and effective internal audit. The Head of Audit Partnership advised that the team was on course to complete their programme of work as agreed for the year.

With regard to the points made on value for money as part of the last item, the Head of Audit Partnership advised that they had invested in value for money training for staff members and they would be looking to include value for money reviews in the identified projects for next year. The Deputy Chief Executive considered that the Audit Committee should be consulted on where to pursue value for money reviews as part of the discussion on the Annual Audit Plan at the March meeting.

In response to a question about the Limited assurance level on the VAT management audit, the Audit Partnership Manager advised that they had now received a full response from Management Team on this and action had been taken. It was not about bad accounting, more the technical interpretations around the correct application of VAT.

It was explained that Greenov claim verification was carried out by Internal Audit because this had been a requirement of the original funding agreement.

A Member said he wished to refer to an exempt item that had been previously reported to the Council.

## **221 Exclusion of the Public**

**Resolved:**

**That pursuant to Section 100A(4) of the Local Government Act 1972, as amended, the public be excluded from the meeting during consideration of the remainder of this item, namely 'Internal Audit Interim Report' as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present there would be disclosure of exempt information hereinafter specified by reference to paragraphs 3 and 5 of Schedule 12A of the Act.**

## **222 Internal Audit Interim Report**

A Member referred to an exempt report previously received by the Council and was advised that it was not possible to elaborate on this matter at this stage due to legal reasons, but updates would be produced when it was possible to do so.

## **223 Resumption of Meeting in Public**

**Resolved:**

**That the Meeting be resumed in public**

## **224 Internal Audit Interim Report**

**Resolved:**

**That the report be received and noted and the Committee is satisfied that the audit process is working effectively and that management is taking the necessary action to implement agreed audit recommendations.**

## **225 Internal Audit Partnership Update**

The report provided an update to the report submitted to the 26<sup>th</sup> September meeting of this Committee and outlined the action that had been taken or was planned for the coming months to develop and sustain the Internal Audit Partnership.

The Head of Audit Partnership explained that full formal consultation had commenced with staff and their representatives across the four Councils on the evolution to 'One Team – One Employer'. The recruitment process for a new Head of Audit Partnership had also commenced with a deadline for applications of Friday 6<sup>th</sup> December 2013. Interviews would take place on the 19<sup>th</sup> December with an

appointment decision scheduled for 20<sup>th</sup> December. Ashford's Deputy Chief Executive would be on the interview panel.

In response to a question the Head of Audit Partnership confirmed that the Chairmen of the four Audit Committees in the Partnership would be consulted on the new Collaboration Agreement. The intention was for that to be agreed by the end of February so it could come into effect at the same time as the new Head of Audit Partnership started work on 1<sup>st</sup> April 2014.

**Resolved:**

**That the Committee note the actions that have been taken (or will be taken) to develop and sustain the Internal Audit Partnership.**

## **226 Annual Governance Statement – Progress on Remediating Exceptions**

The report explained progress against the areas for continued work which were included in the Annual Governance Statement agreed by the Committee in June. It highlighted the following matters: - the Leader's wish that there be a refocusing of Council priorities and further cultural development to consolidate the direction that was currently set out in the business plan and Cabinet's previous position statement; the Leader's proposal for a further review of some aspects of the constitution to reinforce the principle of inclusivity and to clarify delegations; production of an Annual Report; updating the 2007 Code of Corporate Governance; and a procurement strategy review.

**Resolved:**

**That the Committee note the progress to date on resolving the governance exceptions identified in the 2012/2013 Annual Governance Statement.**

## **227 External Auditor's Audit Committee Update**

Mrs Robertson was introduced as Grant Thornton's new Audit Manager. She introduced the report which provided an update of Grant Thornton's ongoing external audit work for the current audit year, as well as providing a commentary on emerging national issues and posing some questions on those for the Committee.

In response to a question about the Council's whistleblowing policy the Head of Audit Partnership said that this had been reviewed and he still hoped to report on this to the next meeting of the Committee in March. Whilst the existing policy was effective, there was always room for review and improvement. He referred to a particular instance of attempted fraud against a number of Local Councils, including Ashford, which had happened recently, but had been picked up by vigilant Officers before any harm could be done. This was by way of a seemingly legitimate invoice request and Officers had done extremely well to spot the danger. The Deputy Chief Executive said that in his view, as an unintended consequence of the transparency agenda, there was an increased risk of fraud of this type and was something to keep a close

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eye on. The Chairman said he would like to pass on the Committee's thanks to the relevant Officers.

**Resolved:**

**That the report be received and noted and the emerging issues and questions posed should be considered by the Committee over the course of its meetings in 2014.**

## **228 Report Tracker and Future Meetings**

It was confirmed that the date of the next meeting was Tuesday 18<sup>th</sup> March 2014.

**Resolved:**

**That the report be received and noted.**

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Queries concerning these Minutes? Please contact Danny Sheppard:  
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