

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **16th June 2016**.

Present:

Cllr. Waters (Chairman);
Cllr. Buchanan (Vice-Chairman);
Cllrs. Link, Shorter, Smith, White.

Apologies:

Cllrs. Farrell, Powell.

Also Present:

Head of Culture, Head of Finance, Head of Audit Partnership, Audit Manager, Member Services Officer.

Lisa Robertson, Elizabeth Olive, Neil Robertson - Grant Thornton UK.

Prior to the commencement of the meeting a minutes silence was held in remembrance of the MP Jo Cox, who was killed on the 16th June.

42 Declarations of Interest

Councillor	Interest	Minute No.
Smith	Made a Voluntary Announcement as he drew and received added years for a Local Government Pension	43

43 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 15th March 2016 be approved and confirmed as a correct record.

44 Safeguarding Audit Follow Up

This item was brought forward and the Head of Audit Partnership introduced the report, which was requested by Members at the meeting in December 2015. The report set out the progress made since the Committee received the 'weak' assurance rated report on Safeguarding. 19 of the 23 recommendations had been implemented before the deadline of 31st March 2016 and Mid Kent Audit's most recent follow up report raised the assurance from 'weak' to 'sound'. The Head of Audit Partnership

concluded that this signified a positive response to what had been a worrying set of circumstances. He asked the Committee if they required any further action to be taken or if they were content to return to the standard monitoring procedure.

Resolved:

- That (i) the report be received and noted**
- (ii) the Committee agree the standard monitoring procedure for Safeguarding resume**

45 Procurement and Appointment of External Auditors

The Head of Finance introduced the report which updated the Committee on the procurement of an external auditor in time for the 2018/2019 financial statements. He clarified that the recommendations had unfortunately not been reproduced on the report document, but they were for the Committee to note the report and opt for the preferred procurement route through a Sector Led Body. The Head of Finance outlined the three approaches available for the procurement which were Solo Procurement, Joint Procurement and Outsourced Procurement (Sector Led Body). The Local Government Association had placed a bid in to the Secretary of State's Office and an announcement was expected in July. The Head of Finance concluded by acknowledging the work that the Head of Audit Partnership had contributed to the report.

Resolved:

- That (i) the report be received and noted**
- (ii) the Committee supported the proposal that procurement for the external auditor take place through a Sector Led Body**

46 Statement of Accounts 2015/2016 (including Member Training)

This report presented the 2015/2016 Statement of Accounts for approval. The Head of Finance explained that there were three main parts of the report which were the Draft Statement of Account 2015/2016 sent for Audit and for which the Auditors were completing their own work on, a Presentation on Statement of Accounts and A Guide to Local Authority accounts by Grant Thornton. The Presentation was then shown and the Committee discussed the following points:-

- The Chairman asked what % turnover there would be where the Materiality level was £1 million. The Head of Finance responded that the Revenue Budget was approximately £80 million and the Council Tax and Business Rates collection budget stood at £80 million so those combined were a turnover of £160 million. The external auditors confirmed that the materiality threshold was calculated on a percentage of the Gross expenditure figure on the face of the income and expenditure account, this was £86 million and Mrs

Robertson confirmed the materiality threshold was approximately 1.8% of this figure (£1.4m).

- A Member asked for elaboration on the meaning of Impairments. Mr Robertson explained that Housing Stock would be valued annually and could decrease, then increase, dependent on the property market at the time of valuation. Impairment was not something that would depreciate over time, but could go up and down.
- The Chairman asked for confirmation on the frequency of revaluation and the Head of Finance confirmed that Pensions were revalued triennially and Property was revalued annually.
- Regarding the figures on P.41 of the report, a Member asked why it indicated two Chief Executives and it was explained that this reflected the overlap between the two post holders.
- A Member questioned whether the RICS valuation on Council dwellings could be carried out as a desktop valuation and the Head of Finance confirmed this was an option. He explained that it was preferential to undertake an annual valuation because of the volatile housing market. The Head of Finance gave clarification on the accounting term 'amortised' and explained that it referred to the lifespan and depreciation of an asset. Another Member commented that the figure in the report on Council dwelling assets was lower than expected and this was because they were discounted to allow for the Existing Use Value for Social Housing. The Committee discussed the effects of Right to Buy (RTB) on the valuation and it was confirmed that there would be a discrepancy on the balance sheet owing to the change in asset type after a property was purchased under the RTB scheme. The total RTB discount amount was approximately £2.2 million with an average discount amount of £71,000. The maximum percentage discount obtainable under RTB was 30%. A Member observed that the Housing Stock's expected value was most likely higher than reported, but he could see that it was difficult to pin down the exact statistics and the Council had to be prudent.

Resolved:

That the Committee note the draft Statement of Accounts 2015/2016 which were sent to audit and the training given

47 Report Tracker and Future Meetings

The Chairman confirmed the dates for the future meetings.

Resolved:

That the Report be received and noted

AU
160616

CR

Queries concerning these Minutes? Please contact Clare Ricketts:
Telephone: 01233 330499 Email: clare.ricketts@ashford.gov.uk
Agendas, Reports and Minutes are available on: www.ashford.gov.uk/committees