



AUDIT COMMITTEE

Notice of a Meeting, to be held in the Council Chamber - Ashford Borough Council on Tuesday, 30th July, 2019 at 7.00 pm.

The Members of the Audit Committee are:-

Councillor Krause (Chairman)
Councillor Link (Vice-Chairman)

Cllrs. Hayward, Mulholland, Shorter, Smith, Suddards and Wright

Agenda

	Page Nos.
1. Apologies/Substitutes	
To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)	
2. Declarations of Interest	1 - 2
To declare any interests which fall under the following categories, as explained on the attached document:	
a) Disclosable Pecuniary Interests (DPI)	
b) Other Significant Interests (OSI)	
c) Voluntary Announcements of Other Interests	
See Agenda Item 2 for further details	
3. Minutes	3 - 8
To approve the Minutes of the Meeting of this Committee held on 18 June 2019.	
4. Statement of Accounts 2018/19 and the External Auditors Findings - To Follow	
5. 2018/19 Financial Statements - Letters of Assurance to External Auditors - To Follow	
6. Report Tracker & Future Meetings	9 - 10
Please note the change of date from 26 th September to 1 st October 2019.	

22 July 2019

Queries concerning this agenda? Please contact Kirsty Morland 01233 330499
Agendas, Reports and Minutes are available on: www.ashford.gov.uk/committees

Agenda Item 2

Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted).

However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency alone, such as:

- Membership of amenity societies, Town/Community/Parish Councils, residents’ groups or other outside bodies that have expressed views or made representations, but the Member was not involved in compiling or making those views/representations, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: Where an item would be likely to affect the financial position of a Member, relative, close associate, employer, etc.; OR where an item is an application made by a Member, relative, close associate, employer, etc., there is likely to be an OSI or in some cases a DPI. ALSO, holding a committee position/office within an amenity society or other outside body, or having any involvement in compiling/making views/representations by such a body, may give rise to a perception of bias and require the Member to take no part in any motion or vote.]

Advice to Members on Declarations of Interest:

- (a) Government Guidance on DPI is available in DCLG’s Guide for Councillors, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5962/2193362.pdf
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, and a copy can be found in the Constitution alongside the Council’s Good Practice Protocol for Councillors dealing with Planning Matters. See <https://www.ashford.gov.uk/media/2098/z-word5-democratic-services-constitution-2019-constitution-of-abc-may-2019-part-5.pdf>
- (c) Where a Member declares a committee position or office within, or membership of, an outside body that has expressed views or made representations, this will be taken as a statement that the Member was not involved in compiling or making them and has retained an open mind on the item(s) in question. If this is not the case, the situation must be explained.

If any Member has any doubt about any interest which he/she may have in any item on this agenda, he/she should seek advice from the Director of Law and Governance and Monitoring Officer, or from other Solicitors in Legal and Democracy as early as possible, and in advance of the Meeting.

This page is intentionally left blank

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **18th June 2019**.

Present:

Cllr. Krause (Chairman);
Cllrs. Hayward, Mulholland, Shorter, Smith, C Suddards, Wright

Also Present:

Cllrs. Bell, Campkin, Chilton, Spain, Ward

Director of Finance and Economy, Head of Finance and IT, Senior Accountant, Head of Audit Partnership, Audit Manager (Interim), Member Services Liaison Manager.

Audit Manager – Grant Thornton UK.
Engagement Lead – Grant Thornton UK.

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	44

43 Minutes

Resolved:

That, subject to an amendment to Minute No 391, to alter the penultimate sentence in the final paragraph to read ‘The Director of Finance and Economy explained that £35,000 had already been received and a further £136,000 would be available to Authorities affected by Ports by the end of April’, the Minutes of the Meeting held on the 19th March 2019 be approved and confirmed as a correct record.

44 Draft Statement of Accounts for 2018/19

In accordance with Procedure Rule 9.3, Mr Relf, a member of the public, spoke on this item and asked whether the revenue collected for funding of services by business rates was going to show in the Accounts and the projected loss through inaccuracy using information provided by the Valuation Agency . He said that he believed that all of the businesses operating out of Nickley Wood were not registered, but said that they employed staff. He then gave examples of such businesses and said that if the Council were going to say that this needed to be raised with the Valuation Agency how come he had noticed in the minutes of a meeting that the Council was looking at 200 businesses and checking that they were paying the correct business rates. Mr Relf said that if the Council were suggesting that it was running a business then it should make sure it received the revenue it was

entitled to. He also said that the unregistered businesses were the ones doing the fly-tipping and in effect this Council was losing money through uncollected revenue and costing the taxpayer money in clear up costs involved with the rubbish dumped by unregistered businesses. Mr Relf said that he was still waiting for the crime reference number regarding the industrial dumping around Chilmington Caravan Site and explained that there was no point in this meeting mentioning a witness statement by him if no crime reference number was available. That suggested to him that no crime had been committed and he said that a former Councillor had witnessed it. He had also witnessed another load going across KCC land recently, which had been reported to the police.

The Chairman responded and advised that the Council's revenues collected included all money received from Business Rates, including the billing based on the Valuation Office Agency (VOA) decision on rateable value.

He also said that although Mr Relf had stated that the Council did not bill companies operating at Nickley Wood this was not correct and the Council did bill a number of businesses including the ones Mr Relf had mentioned. The Council's Investigations department did look at businesses that were not paying business rates; if the Council believed businesses were eligible to pay, the Council would refer to the VOA for a rateable valuation before charging.

The Chairman then said that as the Council had previously responded, when the fly tipping was on private land it was not its responsibility and therefore the Council was not responsible for clearing and was not subject to any costs of that clearing. The Chairman explained that as his colleagues had discussed with Mr Relf previously, Kent County Council had told him that you did not require a crime reference number for them to obtain a statement. He said that he could not comment on what the former Member of the Borough Council did or did not witness, but explained that he had not given a statement.

A Member referred to the fly tipping incident and said that this issue was being considered by the Compliance and Enforcement Board.

The Senior Accountant then introduced the item and advised that she would give a presentation on the accounts. The slides covered the following topics:-

- Expectation on Members
- Legislation and Assurance
- Materiality
- Going Concern
- What is in the Statement
- Comprehensive Income and Expenditure Statement
- Key Points of Interest
- Resources

The Director of Finance and Economy also explained that the Council was involved in a number of PFI Schemes, in particular the regeneration of Stanhope in 2007 and two schemes in partnership with the Kent County Council on the provision of Extra Care Schemes. In terms of the process for approval of the accounts, the Senior Accountant explained that there were two issues which were ongoing and subject to

further discussion with Grant Thornton. These related to a national issue regarding pension schemes and the application of the Council's Financial Instruments.

A Member said that in terms of the Property Company, the accounts showed the funding made available by the Council to the Company for property acquisitions, but he explained that the Property Company accounts were separate and did not form part of this set of accounts. Another Member explained that all Members were invited to the Property Company AGM. In response to a question, the Senior Accountant advised that the purchase of Matalan had been a Council acquisition and not the Property Company. In response to a further question, the Head of Finance and IT explained that following a six week period, empty properties became liable for Council Tax which was double the standard rate.

Resolved:

That the Committee noted:-

- (i) the statement of accounts.**
- (ii) the training on the accounts.**

45 Internal Audit Annual Report and Opinion 2018/19

The Head of Audit Partnership advised that the report was mandated by the Public Sector Internal Audit Standards and included his annual opinion on the overall adequacy and effectiveness of the Council's internal controls and governance. He explained that Audit had continued to enjoy complete and unfettered access to Officers and records to complete their work. He drew attention to page 117 of the report which set out his overall conclusion and said that he was satisfied that the Council had managed its internal controls to offer sound assurance on control effectiveness.

The Head of Audit Partnership then took the Committee through the report and drew attention to specific points of detail. In response to a question about the delay in undertaking the Risk Management Audit, he said that this had been moved from 2018/19 to 2019/20 and that he had no concerns over this change to the audit programme.

In terms of standards and ethical compliance, the Head of Audit Partnership said that he was to arrange for an external assessment to be undertaken in the autumn, with a view to reporting to the Committee in Spring 2020. With reference to training and qualifications, he explained that he had a strong audit team and said that he was pleased to report that one member of the team had completed the full qualification of the Chartered Institute of Public Finance (CIPFA) following their appointment in 2015. The Chairman, on behalf of the Committee, asked that the congratulations of the Committee be passed on to the Officer concerned.

A Member also said that he believed that the quality of the Council's Finance Team was excellent and he asked the Portfolio Holder to convey this message to the relevant staff.

Resolved:

That the Committee noted:-

- (i) The Head of Audit Partnership opinion. The opinion states that, in the view of internal audit, the Council's internal controls, corporate governance and risk management arrangements have worked effectively during 2018/19.**
- (ii) the work underlying the opinion and the Head of Audit's assurance is independent and in conformance with Public Sector Internal Audit Standards.**

46 Annual Report of the Audit Committee 2018/19

The Audit Manager (Interim) gave an overview of the report, which detailed how the Audit Committee had fulfilled its functions and responsibilities in accordance with the Constitution during the Municipal Year 2018/19. Following approval by this Committee, the report would be submitted to the Council meeting on 18th July 2019.

Resolved:

That the Audit Committee Annual Report for 2018/19 be approved, and the Chairman of the Committee provide a report to Full Council to demonstrate how the Committee has discharged its duties.

47 External Audit Fee Letter

The report enclosed a letter from Grant Thornton UK which advised that Public Sector Audit Appointments Ltd (PSAA) had published the 2019/20 scale fees in March 2019, following a consultation process. Individual scale fees had been maintained at the same level as the fees applicable for 2018/19, with the Council's scale fee set at £46,439.

Resolved:

That the Fee Letter be noted.

48 External Audit Progress Report

The Engagement Lead – Grant Thornton UK advised that the Audit had commenced two weeks ago and he confirmed that the Officers had drawn attention to the two matters raised earlier in the meeting regarding pensions and the Council's Financial Instruments. Further information was awaited on these before they would be in a position to discuss the impact. He said that at the current time there was no issues of concern and he did not anticipate that anything would emerge in due course.

Resolved:

That the Progress Report be noted.

49 Report Tracker for Future Meetings

The Director of Finance and Economy explained that the report tracker essentially set out the programme of work for the Committee over the year. He drew attention to meetings in the autumn and the focus on the Council's Governance Arrangements.

The Member Services Liaison Manager advised that in consultation with the Chairman, the meeting scheduled to be held on Thursday 26th September had been moved to Tuesday 1st October 2019, to enable all future meetings to be held on the same day of the week. He undertook to send all Members a meeting request with the revised date.

Resolved:

That the Schedule of Meetings be noted.

This page is intentionally left blank

Audit Committee - Future Meetings

2019/2020

Dates to Note			
Date of Meeting	01/10/2019		
Publication of Agenda Date	20/09/19		
Reports to Management Team	05/09/19		
Full Council	17/10/19		
Items for Inclusion on the Audit Agenda			
Theme - Agreeing the internal control structure			
Part I - For Decision			
1	Internal Audit Charter	RC	
2	Corporate Enforcement Support & Investigations Team Annual Report 2018/19	DD	
3	Strategic Risk Management	LF/CH	
4	Brexit	TWM	
Part II - Monitoring/Information Items			
5	External Audit Progress Report	Gr Th	
6	Report Tracker & Future Meetings	KM	

Dates to Note			
Date of Meeting	03/12/2019		
Publication of Agenda Date	21/11/19		
Reports to Management Team	07/11/19		
Full Council	12/12/09		
Items for Inclusion on the Audit Agenda			
Theme – 6 monthly review on progress			
Part I - For Decision			
1	Annual Governance Statement – Progress on Remediating Exceptions	LF	
2	Brexit	TWM	
Part II - Monitoring/Information Items			
3	Annual Audit Letter 2018/19	Gr Th	

4	Internal Audit Interim Report	RC
5	External Audit Progress Report	Gr Th
6	Report Tracker & Future Meetings	KM

Dates to Note			
Date of Meeting	17/03/2020		
Publication of Agenda Date	06/03/2020		
Reports to Management Team	05/03/20		
Full Council	16/04/20		
Items for Inclusion on the Audit Agenda			
Theme - The year ahead			
Part I - For Decision			
1	Certification of Grant Claims – Annual Letter	Gr Th (cover by ABC)	
2	Presentation of Financial Statements	MS	
3	Risk Management Framework update – Presentation	LF/CH	
4	Approval of Annual Governance Statement	CH	
5	Internal Audit and Assurance Plan 2020/21	RC	
6	Brexit	TWM	
Part II - Monitoring/Information Items			
7	The External Audit Work Plan for Ashford Borough Council 2019/20	Gr Th (cover by ABC)	
8	Report Tracker for Future Meetings	KM	

3 July 2019