



## AUDIT COMMITTEE

Notice of a Meeting, to be held in the Ashford Borough Council on Tuesday, 3rd December, 2019 at 7.00 pm.

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The Members of the Audit Committee are:-

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

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

### Agenda

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| 1. | <b>Apologies/Substitutes</b>   |         |
|    | To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)                          |         |
| 2. | <b>Declarations of Interest</b>  | 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. | <b>Minutes</b>   | 3 - 6   |
|    | To approve the Minutes of the Meeting of this Committee held on 1 <sup>st</sup> October 2019.              |         |
| 4. | <b>Annual Governance Statement</b>   | 7 - 10  |
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DS/KM

25 November 2019

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## 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](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.**

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## Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **1<sup>st</sup> October 2019**.

### Present:

Cllr. Krause (Chairman);  
Cllr. Link (Vice-Chairman);  
Cllrs. Campkin, Hayward, Mulholland, Smith, C Suddards.

In accordance with Procedure Rule 1.2 (c) Councillor Campkin attended as Substitute Member for Councillor Wright.

### Apologies:

Cllrs. Shorter, Wright.

### Also Present:

Cllr. Bell.

Director of Finance & Economy, Head of Finance and IT, Head of Audit Partnership, Audit Manager (Interim), Compliance and Data Protection Manager, Investigation and Enforcement Support Manager, Governance & Data Protection Officer, Member Services Officer.

Engagement Lead – Grant Thornton UK.

## 147 Minutes

### Resolved:

**That the Minutes of the Meeting of this Committee held on the 30<sup>th</sup> July 2019 be approved and confirmed as a correct record, subject to the deletion of the words 'Audit Manager' in the title of Minute Number 98 Declarations of Interest.**

## 148 Internal Audit Charter

The Head of Audit Partnership advised that the Charter set out the purpose, authority and responsibility of the Council's internal audit service. The Charter was agreed a year ago and was before the Committee for an annual review. There were no significant changes. Once the Charter had received Member endorsement, it would confirm the ability of Auditors to have full, free and unrestricted access to all works, records, property and personnel as required.

### Resolved:

**That the Committee approves the Internal Audit Charter.**

## **149 Enforcement Support & Investigations Team Annual Report 2018/19**

The Investigation and Enforcement Support Manager introduced the report. The layout of the report had been amended and highlighted the savings direct to Ashford Borough Council. She advised that the Council received a grant from the East Kent Authorities for £46,000 and this would be used to perform investigations for those authorities.

In response to a question the Investigation and Enforcement Support Manager advised that the Team did not support the Winter Night Shelter, however, they worked to ensure that sublet properties or those that were misused were returned to the Council's stock to be used by those in need. A 'Key Amnesty' had been undertaken which had resulted in 10 keys being returned which would allow those properties to be released for people on the waiting list. The Director of Finance & Economy drew attention to the Homelessness Reduction Act and the areas of responsibility for the Council and that the Team also worked with the Housing Service to ensure that applications under the act were valid. The Investigation and Enforcement Support Manager further advised that if someone presented as homeless, the Team operated alongside the Housing Team and would carry out their investigation alongside the process. There would be no delay in the process by the undertaking of their investigation.

The Team has been working to combat Rogue Landlords and there was work ongoing in respect of Houses of Multiple Occupancy (HMOs) to ensure that the correct licenses were in place, as part of their duty to tenants.

### **Resolved:**

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

## **150 Corporate Risk Register**

The Compliance and Data Protection Manager introduced the report. Given this was the first time it had been presented to the Committee since the election, she highlighted the approaches taken to risk in respect of strategic, financial and operational areas. A recent audit had highlighted the requirement for further training on risk and building risk reporting into Cabinet reports, both of which would be carried forward. The Director of Finance & Economy clarified the differences in risk pertaining to the Council's Risk Registers and those that were perceived as a risk to an audit.

A Member questioned whether the role of the Committee included the assessment of risks prior to decisions taken on projects by the Cabinet. The Director of Finance & Economy advised that the risk of any project would be included within the report to the Committee taking that decision. Officers, when preparing the report, would undertake a risk assessment, assess the risk register and incorporate such risks into the report itself. The Head of Audit Partnership further explained that the Overview & Scrutiny Committee held the remit for examining decisions taken should there be

concerns. The Audit Committee's role was to ensure the controls in place were true and correct.

In response to a question, the Compliance and Data Protection Manager advised that the 'downturn in economy' had been on the risk register for a considerable period. This was a long term risk that was continually tracked. The Head of Finance & IT added that Ashford was no different from other towns in respect of the slow down of the economy. There were other factors to consider, including the political climate and the EU exit. The Council had been planning for the UK leaving the EU and a presentation would be given to Members prior to the Cabinet meeting later in the month. Officers worked closely with ArlingClose, the Council's treasury advisors, and managed the debt portfolio. There were risks to the Council in the event of a downturn, namely Council Tax, car parking and homelessness. Whilst these could not be fully safeguarded against, there were plans in place to mitigate the impact.

**Resolved:**

**That the Corporate Risk Register, the assessments and key controls to manage the risks be noted.**

## **151 2018/19 Annual Audit Letter**

The Engagement Lead – Grant Thornton UK drew attention to the Annual Audit Letter, which summarised the outcome of the Audit. The only changes to note were the date on which the opinion had been issued and the additional fees and work undertaken.

The Chairman wished to put on record his support for the findings and conclusions within the letter and felt that this reflected the work undertaken by the Finance Team. This was a 'clean bill of health' and was satisfying for all.

**Resolved:**

**That the 2018/19 Annual Audit Letter be noted.**

## **152 Report Tracker for Future Meetings**

The Member Services Officer drew Members' attention to the Tracker. The item on Brexit would remain on the agenda for the foreseeable future at the request of the Committee.

**Resolved:**

**That the Schedule of Meetings be noted.**

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**Agenda Item No:** 4

**Report To:** Audit Committee

**Date of Meeting:** 3<sup>rd</sup> December 2019

**Report Title:** Annual Governance Statement – Progress on Remediating Exceptions

**Report Author & Job Title:** Charlotte Hammersley, Compliance and Data Protection Manager

**Portfolio Holder** Cllr. Neil Bell  
**Portfolio Holder for:** Finance & IT

<b>Summary:</b>	This report updates on the progress made towards the areas of review highlighted by the 2018-2019 Annual Governance Statement
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**Key Decision:** NO

**Significantly Affected Wards:** N/A

**Recommendations:** **The Audit Committee is asked to note the progress made towards the areas of review highlighted by the 2018-19 Annual Governance Statement as detailed in this report.**

**Policy Overview:** Each year the council must produce and approve an Annual Governance Statement (AGS). The AGS is designed to summarise for Members and residents, the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector.

**Financial Implications:** None

**Legal Implications** None

**Equalities Impact Assessment** Not required as this is a monitoring report which doesn't propose any change to the council's processes or procedures.

**Other Material Implications:** None

**Exempt from Publication:** NO

**Contact:** charlotte.hammersley@ashford.gov.uk (01233 330878)

## Report Title: Annual Governance Statement – Progress on Remediating Exceptions

### Introduction and Background

- Each year the council must produce and approve an Annual Governance Statement (AGS). The ASG is designed to summarise for Members and residents the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector. The AGS draws conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements.
- The 2018-2019 Annual Governance Statement (AGS) was agreed at the March 2019 meeting of the Audit Committee. The ASG identified four areas for continued work and review which are set out in the table below:

	Governance Area	Responsible	To be delivered by
1.	Development and adoption of Social Media Guidance for Members.	Director of Law and Governance	June 2019
2.	Introduce Member/Officer Protocol at Member Induction in May 2019 and as part of the officer induction programme	Director of Law and Governance	June 2019
3.	Develop a Consultation Toolkit for use across the organisation.	Corporate Policy	September 2019
4.	Development of a culture of cyber security through training, phishing exercises and internal communications campaigns	IT Operations Manager	March 2020

- This report provides updates on the progress made towards these areas of review highlighted by the 2018-2019 Annual Governance Statement.

### Progress to Date

#### 4. Development and adoption of Social Media Guidance for Members

The Social Media Guidance was approved by Standards Committee on 18 March 2019 and adopted by Council on 25 April 2019. This action is therefore considered complete.

#### 5. Introduce Member/Officer Protocol at Member Induction in May 2019 and as part of the officer induction programme

The new Protocol for an Effective Councillor/Officer Relationship was approved by Selection and Constitutional Review Committee on 11 April 2019 and adopted by Council on 25 April 2019. This action is therefore considered complete.

## 6. **Develop a Consultation Toolkit for use across the organisation**

A draft consultation toolkit has been developed and will shortly be taken to the council's Management Team as part of a suite of actions aimed at improving consultation processes council-wide. The toolkit contains guidance for officers conducting consultations both with the public and in-house such as tips for good practice, advice for stakeholder selection and engagement and advice on the processes that should be followed. At the same time, officers are reviewing the council's online consultation presence with an aim of utilising a tool that suits both statutory planning consultations and corporate topics. Widening the scope of this consultation work has meant a slightly extended timescale for delivery but proposals are currently expected to come forward this year.

## 7. **Development of a culture of cyber security through training, phishing exercises and internal communications campaigns**

In the last 12 months the council has enhanced its Cyber Security measures with a range of initiatives including the traditional technical measures expected. There have been three "Phishing campaigns" with the first across all staff and councillors, followed by two targeted campaigns aimed at Senior Management, Councillors and those staff that had fallen for the initial campaign.

There have been a range of posters issued by the National Cyber Security Centre (NCSC) and the [cyberaware.gov.uk](http://cyberaware.gov.uk) website to promote staying safe online posted around the building at various times.

Also to help the council gain a better understanding of the Cyber landscape and issues affecting other public organisations, the IT Manager has attended all five of the NCSP's Cyber Pathfinder Training Seminars, from which we now have setup further links to the national Warning Advice and Reporting Point (WARP) and there is a council group on the NCSC's Cyber Security Information Sharing Partnership for the sharing of cyber threat information. Next year we will launch a new suite of Cyber & GDPR e-Learning training to be completed by all staff, and a specific Councillor module for elected members.

Finally, the council takes part in the annual Local Government Association Cyber Stock Take Self-Assessment process through the IT Operations Manager and overseen by the Corporate Information Governance Group (CIGG) which is chaired by the Director of Law and Corporate Governance. Last year the council scored Amber-Amber, which was the same as most of the other Kent authorities (and the rest of the country). This year, the council improved its score to Amber-Green. Areas identified for improvement will be overseen by the CIGG.

## **Conclusion and Next Steps**

8. The actions relating to the social media guidance for Members and the Member/Officer protocol can be considered complete.
9. Work continues to develop and embed a consultation toolkit across the organisation. Whilst good progress has been made to-date, widening the

scope of the work has slightly extended the time period for delivery. There has been good progress towards the development of a culture of cyber security which will continue during the remainder of this council year and beyond. Further updates will be provided at future meetings of this Committee until the actions are complete.

## **Contact and Email**

Charlotte Hammersley, Data Protection and Compliance Manager

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# Agenda Item 5



ASHFORD  
BOROUGH COUNCIL

**Agenda Item No:** 5  
**Report To:** Audit Committee  
**Date:** 3 December 2019  
**Report Title:** Interim Internal Audit & Assurance Report 2019/20  
**Report Author:** Rich Clarke – Head of Audit Partnership

<b>Summary:</b>	The report summarises to the Committee progress and results so far against the Audit & Assurance plan for 2019/20 agreed earlier this year. The results in general show the Council upholding an effective control environment.
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**Key Decision:** NO

**Affected Wards:** All

**Recommendations:** 1. To **note** progress against the 2019/20 Internal Audit & Assurance Plan and findings so far.

**Policy Overview:** N/A

**Finance:** N/A

**Risk Assessment** N/A

**EIA** N/A

**Other Matters:** N/A

**Exemption Clauses:** N/A

**Background Papers:** Interim Internal Audit & Assurance Report 2019/20 (attached as Appendix A)

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**Agenda Item No. 5**

# **Report Title: Interim Internal Audit & Assurance Report 2019/20**

## **Purpose of the Report**

1. The report provides to Members an update on progress so far towards completing the 2019/20 Internal Audit & Assurance Plan. It also provides the update information needed by Audit Standards including an assessment of available audit time, results of audit work and commentary on performance of the audit service.
2. Our results so far in 2019/20 have yielded positive assurance ratings.

## **Background**

3. The report provides an update for Members on progress against the 2019/20 Internal Audit & Assurance plan approved by this Committee earlier this year. The report also meets our duties under Public Sector Internal Audit Standard 2060 to report to Members on:
  - Our audit charter,
  - The independence of internal audit,
  - Audit plan changes and progress against the plan,
  - Resource needs of the audit service,
  - Results of audit work so far,
  - Affirming conformance with the Standards and Code of Ethics, and
  - Details of risks taken by management that, in the Head of Audit Partnership's judgement, may be unacceptable to the authority.
4. We have made good progress through the plan so far and remain confident of delivering a robust audit opinion by year end.
5. We note good levels of delivery for officers acting to address audit recommendations.
6. We also report our continuing conformance with the Standards (including independence) and the Code of Ethics. We also show our continued strong results on performance measures and work with neighbouring authorities.

## **Risk Assessment**

7. N/A

## **Equalities Impact Assessment**

8. N/A

## Other Options Considered

9. N/A.

## Consultation

10. We discuss results of audit work with responsible officers within the authority before issuing as final. We remain pleased to record to Members continuing strong levels of co-operation from officers who have accepted all recommendations made so far in 2019/20.
11. The report builds on Committee comments from previous similar reports.

## Implications Assessment

12. N/A

## Handling

13. N/A

## Conclusion

14. The results show the Council upholding an effective control environment. The report also notes the continuing strong performance of Mid Kent Audit.

## Portfolio Holder's Views

15. N/A

**Contact:** Rich Clarke – Head of Audit Partnership  
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# **Interim Internal Audit & Assurance Report**



**November 2019  
Ashford Borough Council**

# MID KENT AUDIT

## Introduction

1. The Institute of Internal Audit gives the mission of internal audit: to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
2. The mission and its associated [code of ethics](#) and [Standards](#) govern over 200,000 professionals in businesses and organisations around the world. Within UK Local Government, authority for internal audit stems from the [Accounts and Audit Regulations 2015](#). The Regulations state services must follow the [Public Sector Internal Audit Standards](#) – an adapted and more demanding version of the global standards. Those Standards set demands for our reporting:

### 2060 Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan and on its conformance with the *Code of Ethics* and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the board.

#### *Interpretation:*

The frequency and content of reporting are determined collaboratively by the chief audit executive, senior management and the board. The frequency and content of reporting depends on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.

The chief audit executive's reporting and communication to senior management and the board must include information about:

- The audit charter.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- Conformance with the *Code of Ethics* and the *Standards*, and action plans to address any significant conformance issues.
- Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organisation.

## Audit Charter

3. This Committee approved our *Audit Charter* in September 2019 and it remains in place through the audit year.

## Independence of internal audit

# MID KENT AUDIT

4. Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. A Shared Service Board including representatives from each council supervises our work based on our collaboration agreement.
5. Within Ashford Council during 2019/20 we have continued to enjoy complete and unfettered access to officers and records to complete our work. On no occasion have officers or Members sought or gained undue influence over our scope or findings.
6. I confirm we have worked with full independence as defined in our Audit Charter and Standard 1100.

## Management response to risk

7. We include the results of our work in the year so far later in this report. In our work we often raise recommendations for management action. During the year so far management have agreed to act on all recommendations we have raised. We report on progress towards implementation in the section titled *Recommendation Follow Up Results*.
8. There are no risks we have identified in our work that we believe management have unreasonably accepted.

## Resource Requirements

9. We reported in our plan presented to this Committee in March 2019 an assessment on the resources available to the audit partnership for completing work at the Council. That review decided:

*...we believe we have enough resource to deliver the 2019/20 plan*

10. Since that plan we have had considerable changes in staffing, including losing two (and possibly three) members of the team to other internal audit services in Kent. However, considering extra contractor support available to us through the Apex Contract managed by LB Croydon, new recruits to the team and people returning from maternity leave we remain content we have enough resource to deliver the plan.

# MID KENT AUDIT

## Audit Plan Progress

11. This Committee approved our *Annual Audit & Assurance Plan 2019/20* on 19 March 2019. The plan set out an intended number of days devoted to each of various tasks. We began work on the plan during May 2019 and expect completing enough to form our *Annual Opinion* by June 2020.
12. The table below shows progress in total number of days delivered against the plan (figures are up to end of October 2019, part through the audit year).

Category	2019/20 Plan Days	Outturn at Interim	Days Remaining
2018/19 Assurance Projects	0	4	n/a
2019/20 Assurance Projects	319	73	246
Non project assurance work <sup>1</sup>	81	21	60
Unallocated contingency	30	15	15
<b>Totals (19/20 Work Only)</b>	<b>430</b>	<b>110</b>	<b>320</b>

13. Based on resources available to the partnership for the rest of the year we forecast delivery of around 285 further audit days. This creates a forecast total of 385, or 90% of planned days.
14. We detail the specifics, and results, of this progress further within this report.

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<sup>1</sup> Non-assurance project work includes our work in the fields of Risk Management, Counter Fraud and Investigative Support, following up recommendations and annual audit planning.

# MID KENT AUDIT

## Results of Audit Work

15. The tables below summarise audit project findings and outturn up to the date of this report. Where there are material matters finished between report issue and committee meeting we will provide a verbal update. (\* = days split between partners, MBC only shown).

### Completed Assurance Projects Since Annual Report in June 2019

	Title	Days Spent	Report Issue	Assurance Rating	Notes
<b>2018/19 Plan Projects Issued after 1 June 2019</b>					
	Leaseholder Charges	21	Jun-19	<b>Strong</b>	Reported to Members June 2019
I	Safeguarding	21	Jul-19	<b>Sound</b>	
II	General Data Protection Regulations	6*	Jul-19	<b>N/A</b>	Not assurance rated as advisory work
III	Pre-Application Planning	25	Sep-19	<b>Sound</b>	
<b>2019/20 Plan Projects Issued up to Report Date</b>					
IV	Discretionary Housing Payments	12	Aug-19	<b>Strong</b>	
V	Risk Management	17	Oct-19	<b>Sound</b>	
VI	Business Rates	10	Nov-19	<b>Strong</b>	

# MID KENT AUDIT

## Assurance Projects Underway

Title	Days So Far	Expected Final Report	Notes / Stage
Car Parking Enforcement	17	Dec-19	Draft Report Issued
IT Asset Management	14	Jan-20	Fieldwork underway
Cemeteries	8	Feb-20	Fieldwork underway
Absence Management	7	Jan-20	Fieldwork underway
Taxi Licensing	2	Feb-20	Fieldwork underway
Homelessness	2	Feb-20	Planning
Budgetary Control	1	Mar-20	Planning

## Assurance Projects Yet to Begin But Scheduled

Title	Expected Start	Expected Report	Notes
Developer Contributions	Quarter 3	Apr-20	
Elections Management	Quarter 3	Apr-20	
ICT Technical Support	Quarter 4	May-20	
Information Management	Quarter 4	May-20	Cross partnership
Network Security	Quarter 4	May-20	

We will continue to keep these projects under review because of our available resources and the changing risk position at the authority.

# MID KENT AUDIT

## Audit Project Summary Results

### I: Safeguarding (July 2019)

16. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives relating to its Safeguarding responsibilities.
17. Our testing noted a measured improvement in the Council's arrangements from our previous audit work in this area. We found an up to date and clear safeguarding policy, supported by clear and accessible procedures. Officers have good relationships with strategic partners with a recent Domestic Homicide Review commenting that "*Housing Officers were particularly proficient in sharing information with partners.*" There is also a comprehensive safeguarding training programme in place for officers. Taken together, this helps ensure the Council is meeting its statutory safeguarding obligations.
18. Since March 2018 the M3 system has been used to record safeguarding referrals. The results of our testing show some work remains to embed a consistent approach for recording, monitoring and completing safeguarding referrals. The majority of our recommendations are operational and aim to address these issues. We make no adjustment to management's assessment of the risk following completion of our work.

#### *Recommendation summary*

<b>Critical (Priority 1)</b>	0
<b>High (Priority 2)</b>	0
<b>Medium (Priority 3)</b>	2
<b>Low (Priority 4)</b>	4
<b>Advisory</b>	1

### II: General Data Protection Regulations (July 2019)

19. Our review found the Corporate Policy team were thorough in their preparations to help ensure the Council were ready for the new GDPR requirements. The team demonstrated the Council collects and processes data fairly, lawfully and transparently and privacy notices are in line with ICO requirements.

# MID KENT AUDIT

20. The Council has justified why and how long it retains personal data, in line with best practice guidance. Unlike at the 4 other partner authorities, Management have made a decisive decision on e-mail retention periods. However, testing found non-compliance with the retention policy, which is not centrally enforced.

## III: Pre-Application Planning (August 2019)

21. Our opinion based on our audit work is that ABC Development Management has **Sound** controls in place to manage its risks and support achievement of its objectives relating to its arrangements for Pre Application Advice. Our review found that pre-application advice requests are generally processed in accordance with the agreed procedures. Our review found that pre-application advice requests are generally processed in accordance with the agreed procedures. Roles and responsibilities are clearly defined, and procedure notes exist to support the administration of cases. Our testing confirmed that pre-application advice requests are correctly meeting the specified criteria and cases are allocated to appropriately qualified and experienced staff.

22. However, our testing found that pre-application response times are not being met and we found cases can remain outstanding for a considerable time. Key areas for improvement are monitoring timescales and completing a review of the charging structure to ensure the service is operating at cost. We make a number of recommendations to improve operational matters in these areas. Through our testing we have increased management's assessments of the risk relating to incorrect, incomplete / unclear or late advice to customers from Minimal to Low.

### *Recommendation Summary*

Critical (Priority 1)	0
High (Priority 2)	0
Medium (Priority 3)	2
Low (Priority 4)	10
Advisory	2

## IV: Discretionary Housing Payments (August 2019)

23. Our opinion based on our audit work is that the service has **Strong** controls in place to manage its risks and support achievement of its objectives relating to the processing of Discretionary Housing Payments (DHP).

# MID KENT AUDIT

24. Our review concludes controls are well designed and correctly operated in practice. Our testing for a sample of cases returned positive results which confirmed that all claimants met the criteria for being awarded a DHP with the relevant supporting documentation retained. There are strong controls over payments including separate checks on over £1k payments.
25. Consistent with an audit of this rating we raise only one low priority recommendation to ensure the most recent DHP guidance is published on the Council's website.

## *Recommendation summary*

Critical Priority 1)	0
High (Priority 2)	0
Medium (Priority 3)	0
Low (Priority 4)	1
Advisory	0

## **V: Risk Management (October 2019)**

26. Our opinion based on our audit work is that the Council has **SOUND** controls in place to manage its risks and support achievement of its objectives with respect to risk management.
27. The Council's risk management approach fits its developing risk maturity. We found clear evidence of its influence on the Council's work, including managers routinely dealing with risks as prescribed. This includes keeping risks current and reflecting developments in both internal control and the wider environment. The Management Team and Audit Committee also regularly receive and review information on key risks.
28. However, we found still some work to do on embedding risk management in the Council, for example in creating and supporting a training programme. Also, while the Council's risk appetite statement is clear and coherent, we found little overt evidence of its use in decision-making.

## *Recommendation Summary*

Critical (Priority 1)	0
High (Priority 2)	0
Medium (Priority 3)	1
Low (Priority 4)	2
Advisory	0

# MID KENT AUDIT

## VI: Business Rates (November 2019)

29. Our opinion based on our audit work is that the Service has **Strong** controls in place to manage its risks and support achievement of its objectives relating to the administration of Business Rates exemptions and reliefs.
30. There is a range of various exemptions and reliefs available to business ratepayers provided the specific eligibility criteria outlined by the government are met. It is the responsibility of the Revenues and Benefits Team to manage the borough's business rates accounts, which includes the processing of exemption and relief claims. When the government introduces new forms of exemption and relief, the team is also responsible to ensure that the Northgate system is updated to reflect any newly eligible accounts.
31. The main source of an account holder's eligibility to claim an exemption or relief can be attributed to the property's rateable value. The Valuation Office Agency (VOA) provides regular updates on the rateable value of properties which our testing confirmed are actioned promptly and accurately.
32. Our testing on a sample of accounts where an exemption or relief had been applied returned positive results and in all cases supporting evidence confirmed the account changes.

# MID KENT AUDIT

## Agreed Actions Follow Up Results

33. Our approach to agreed actions is that we follow up each as it falls due in line with the plan agreed with management when we finish our reporting. We report progress on implementation to Senior Management each quarter. This includes noting any matters of continuing concern and where we have revisited an assurance rating (typically after addressing key actions).
34. In total, we summarise in the table below the current position on following up agreed actions:

Category	Total	High Priority	Medium Priority	Low Priority
Actions brought into 2019/20	27	0	5	22
New actions agreed in 2019/20	30	0	7	23
<b>Total Actions Agreed</b>	<b>57</b>	<b>0</b>	<b>12</b>	<b>45</b>
Fulfilled by 30 September 2019	27	0	6	21
<b>Actions cfwd past 30 September</b>	<b>30</b>	<b>0</b>	<b>6</b>	<b>24</b>
Not Yet Due	21	0	5	16
Delayed but no extra risk	9	0	1	8
Delayed with risk exposure	0	0	0	0

35. The table to the right shows distribution of outstanding recommendations across the Council (filtered to show only recommendations relevant to Ashford). Note the numbers will not tally exactly with the table above because this includes recommendations raised in draft reports and therefore not yet final and removes actions cleared since 30 September.

Ashford Borough Council	
Accounting & Finance	-
Communications	-
Community Safety	-
Corporate	5
Culture & Economy	-
Democracy	-
Environment	-
Environmental Health	-
Estate Management	-
Housing & Landlord	-
Human Resources	-
Information Technology	5
Parking	-
Planning	19
Revenues & Benefits	-

## Other Audit Service Work

### Counter Fraud Update

36. We consider counter fraud and corruption risks in all of our audit engagements when considering the effectiveness of control. We also undertake distinct work and assess and support the Council's arrangements.

#### *Whistleblowing*

37. The Council's whistleblowing policy names internal audit as one route through which Members and officers can safely raise concerns on inappropriate or even criminal behaviour.
38. We have so far had no matters raised with us through the Whistleblowing Policy.

### Other Audit and Advice Work

39. We also continue to undertake a broad range of special and scheduled consultancy and advice work for the Council. This includes a specific review examining the Council's negotiations around Ashford Leisure Trust terminating its lease with the Council.
40. We have also led and contributed to a series of Member briefings at the Council on issues of governance interest. We are keen to hear from Members on any other areas of interest which may form future briefing sessions.
41. We remain engaged and flexible in seeking to meet the assurance needs of the Council. We are happy to discuss opportunities large and small where the Council can usefully employ the experience and expertise of the audit team.

# MID KENT AUDIT

## Code of Ethics and Standards Compliance

### Code of Ethics

42. This Code applies specifically to internal auditors, though individuals within the team must comply with similar Codes for their own professional bodies. Also the Standards also direct auditors in the public sector to consider the Committee on Standards in Public Life's *Seven Principles of Public Life* (the "Nolan Principles").
43. We have included the Code within our Audit Manual and training for some years. We also have policies and guidance in place on certain specifics, such as managing and reporting conflicts of interest.
44. We can report to Members we remain in conformance with the Code.

### Public Sector Internal Audit Standards & External Quality Assessment

45. Under the Public Sector Internal Audit Standards we must each year assess our conformance to those standards and report the results of that assessment to Members.
46. As described in previous updates, 2019/20 is the fifth year since we underwent an external independent assessment and so we require a fresh review. We put this work out to contract at the end of November working towards having a final report complete in the spring.
47. Based on our self-assessments we continue to work in full conformance with the Standards.

### Acknowledgements

48. We achieve these results through the hard work and dedication of our team and the resilience that comes from working a shared service across four authorities.
49. As a management team in Mid Kent Audit, we wish to send our public thanks to the team for their work through the year so far.
50. We would also like to thank Managers, Officers and Members for their continued support as we complete our audit work during the year.

# MID KENT AUDIT

## Annex: Assurance & Priority level definitions

### Assurance Ratings 2019/20 (Unchanged from 2014/15)

Full Definition	Short Description
<p><b>Strong</b> – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. There will also often be elements of good practice or value for money efficiencies which may be instructive to other authorities. Reports with this rating will have few, if any; recommendations and those will generally be priority 4.</p>	<p>Service/system is performing well</p>
<p><b>Sound</b> – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.</p>	<p>Service/system is operating effectively</p>
<p><b>Weak</b> – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.</p>	<p>Service/system requires support to consistently operate effectively</p>
<p><b>Poor</b> – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.</p>	<p>Service/system is not operating effectively</p>

# MID KENT AUDIT

## Recommendation Ratings 2019/20 (unchanged from 2014/15)

**Priority 1 (Critical)** – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

**Priority 2 (High)** – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

**Priority 3 (Medium)** – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

**Priority 4 (Low)** – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

**Advisory** – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.

# Audit Progress Report and Sector Update

Ashford Borough Council  
Year ending 31 March 2019  
November 2019



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# Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a Council.

Members of the Audit Committee can find further useful material on our website, [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector and where you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at November 2019

## 2018/19 Certification work

Our work to certify the Council's 2018/19 housing benefit claim is currently in progress. We anticipate that our work will be completed to allow certification of the claim by 30 November 2019, the deadline specified by DWP. The outcomes from our work will be reported to the March 2020 Audit Committee in our 2018/19 Certification Report.

## 2019/20 Audit planning

We have begun our planning processes for the 2019/20 financial statements audit. Our work will include updating our understanding of the Council's control environment and financial systems, including walkthrough testing to confirm that the design of systems is in accordance with our understanding

We will also continue to:

- hold discussions with management to inform our risk assessment;
- review minutes and papers from key meetings; and
- review relevant sector information to ensure that we capture any emerging issues and consider these as part of audit planning.

### Accounts workshops for local government

In 2019/20 Grant Thornton will again be running technical workshops for the preparers of accounts at local authorities.

Invitations will be sent to the Council's finance team.

## Audit Fees

During 2017 PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time there have been a number of developments within the accounting and audit profession. Across all sectors and firms the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the scale fee set by PSAA Limited, before communicating fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

# Audit Deliverables

2019/20 Deliverables	Planned Date	Status
<p><b>Fee Letter</b></p> <p>Our fee letter confirms the audit fee for 2019/20.</p>	July 2019	Complete
<p><b>Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.</p>	March 2020	Not yet due
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report summarises the outcomes from our work on the financial statements and to support our value for money conclusion.</p>	July 2020	Not yet due
<p><b>Auditors Report</b></p> <p>This is the opinion on your financial statements, annual governance statement and value for money conclusion.</p>	July 2020	Not yet due
<p><b>Annual Audit Letter</b></p> <p>The annual audit letter communicates the key issues arising from our 2019/20 work.</p>	September 2020	Not yet due

# Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Public  
Sector  
Update

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated local government section on the Grant Thornton website at <https://www.grantthornton.co.uk/en/industries/public-sector/local-government/>

# CIPFA – CFO confidence survey

## In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.

On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



# MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it enforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



# National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

## Page 37 Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

**Stage 1** involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

**This stage of the consultation is now closed.** The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

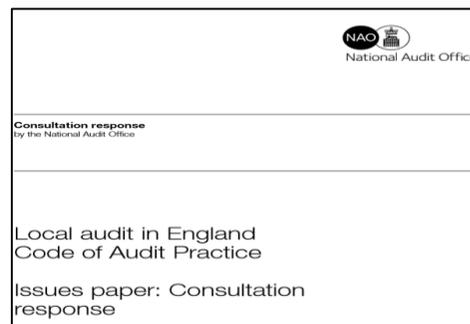
**Stage 2** of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



# Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



## Profit with a purpose

Delivering social value through commercial activity

# MHCLG – Brexit preparations

## Councils should be fully prepared to leave the European Union by the end of October, the Communities and Local Government Secretary announced on 3 August as he ramped up preparations.

Mr Jenrick thanked councils for all the work they have already done, but said they must step up vital preparations and committed £20 million for councils across England to prepare for delivering Brexit on 31 October, whatever the circumstances.

He has asked each council to designate a Brexit lead to work with central government and oversee teams in every community who will work with stakeholders in their area to plan intensively for Brexit.

The new funding comes in recognition of the central role councils will play to make sure their residents are ready for Brexit, and is expected to support a range of activity including communications, training and the recruitment of staff.

The Secretary of State said:

“From Whitehall to town halls – everyone needs to be ready to fulfil our democratic mandate to leave the European Union by the end of October.

Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community.

And to do this successfully I have asked every council to appoint a Brexit lead to work with government. We’ll be providing £20 million for councils to support the major step up in preparations.

I want all of us – central and local government – to be fully prepared for leaving the EU on 31 October whatever the circumstances. I know that we can achieve this, by continuing to work side by side with renewed national focus and intensity.”



# Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities’ commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

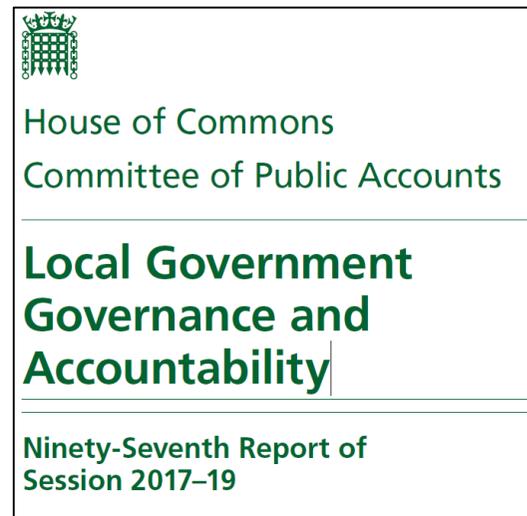
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>





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## Audit Committee - Future Meetings

**2019/2020**

<b>Dates to Note</b>		
Date of Meeting	<b>03/12/2019</b>	
Publication of Agenda Date	21/11/19	
Reports to Management Team	07/11/19	
Full Council	12/12/19	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Theme – 6 monthly review on progress</b>		
<b>Part I - For Decision</b>		
1	Annual Governance Statement – Progress on Remedying Exceptions	LF
2	Brexit	TWM
<b>Part II - Monitoring/Information Items</b>		
3	Internal Audit Interim Report	RC
4	External Audit Progress Report	Gr Th
5	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>		
Date of Meeting	<b>17/03/2020</b>	
Publication of Agenda Date	06/03/2020	
Reports to Management Team	05/03/2020	
Full Council	16/04/2020	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Theme - The year ahead</b>		
<b>Part I - For Decision</b>		
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	
<b>Part II - Monitoring/Information Items</b>			
7	The External Audit Work Plan for Ashford Borough Council 2019/20	Gr Th (cover by ABC)	
8	Report Tracker for Future Meetings	KM	

<b>Dates to Note</b>			
Date of Meeting	<b>16/06/2020</b>		
Publication of Agenda Date	05/06/2020		
Reports to Management Team	04/06/2020		
Full Council	16/07/2020		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Theme - Are we happy with the internal control environment</b>			
<b>Part I - For Decision</b>			
1	An Early Look at the Statement of Accounts for 2018/19 (including member training)	MH	
2	Internal Audit Annual Report 2018/19	RC	
3	Annual Report of the Audit Committee 2018/19	RC	
4	Approval of Annual Governance Statement 2018/19	CH	
<b>Part II - Monitoring/Information Items</b>			
5	External Audit Fee Letter	Gr Th	
6	External Audit Progress Report	Gr Th	
7	Report Tracker & Future Meetings	KM	

<b>Dates to Note</b>			
Date of Meeting	<b>21/07/2020</b>		
Publication of Agenda Date	10/07/2020		
Reports to Management Team	02/07/2020		
Full Council	15/10/2020		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Theme - External review of control environment</b>			
<b>Part I - For Decision</b>			

1	Statement of Accounts 2018/19 and the External Auditor's Audit Findings Report	Gr Th (cover by ABC)	
2	2018/19 Financial Statements – Letters of Assurance to External Auditors	BL	
<b>Part II - Monitoring/Information Items</b>			
3	Report Tracker & Future Meetings	KM	

<b>Dates to Note</b>			
Date of Meeting	<b>29/09/2020</b>		
Publication of Agenda Date	18/09/2020		
Reports to Management Team	03/09/2020		
Full Council	15/10/2020		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Theme - Agreeing the internal control structure</b>			
<b>Part I - For Decision</b>			
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	
<b>Part II - Monitoring/Information Items</b>			
5	External Audit Progress Report	Gr Th	
6	Report Tracker & Future Meetings	KM	

<b>Dates to Note</b>			
Date of Meeting	<b>01/12/2020</b>		
Publication of Agenda Date	20/11/2020		
Reports to Management Team	05/11/2020		
Full Council	10/12/2020		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Theme – 6 monthly review on progress</b>			
<b>Part I - For Decision</b>			
1	Annual Governance Statement – Progress on Remediating	LF	

	Exceptions	
2	Brexit	TWM
<b>Part II - Monitoring/Information Items</b>		
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

22 November 2019