



AUDIT COMMITTEE

Notice of a Meeting, to be held in the Committee Room 2 (Bad Münstereifel Room) - Ashford Borough Council on Tuesday, 15th March, 2022 at 5.00 pm.

The Proposed Membership of the Audit Committee is:-

Councillor Krause (Chairman)
Councillor Buchanan (Vice-Chairman)

Cllrs. Campkin, Hayward, Shorter, Smith, Spain, Wright

Agenda

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| <p>1. Apologies/Substitutes</p> <p>To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)</p> | <p></p> |
| <p>2. Declarations of Interest</p> <p>To declare any interests which fall under the following categories, as explained on the attached document:</p> <ul style="list-style-type: none">a) Disclosable Pecuniary Interests (DPI)b) Other Significant Interests (OSI)c) Voluntary Announcements of Other Interests <p>See Agenda Item 2 for further details</p> | <p>1 - 2</p> |
| <p>3. Minutes</p> <p>To approve the Minutes of the Meeting of this Committee held on 1st February 2022.</p> | <p>3 - 10</p> |
| <p>4. Corporate Risk Register</p> <p>Including an update on APH risk register and focus on Cyber Security</p> | <p>11 - 36</p> |
| <p>5. Approval of Annual Governance Statement</p> | <p>37 - 66</p> |

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KM
3.3.22

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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
- (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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Ashford Borough Council: Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Room 2, Civic Centre, Tannery Lane, Ashford on the **1st February 2022**.

Present:

Cllr. Krause (Chairman);
Cllr. Buchanan (Vice-Chairman);

Cllrs. Hayward (from item 262), Shorter, Smith, C. Suddards (from item 262), Walder.

Also in Attendance (virtually):

Deputy Chief Executive, Accountancy Manager, Accounts Officer, Interim Head of Audit Partnership, Interim Deputy Head of Audit Partnership, Audit Manager, Development Partnership Manager.

Audit Manager – Grant Thornton UK

In attendance:

Solicitor to the Council and Monitoring Officer, Principal Litigator, Senior Member Services Officer.

261 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 5th October 2021 be approved and confirmed as a correct record.

262 Invitation to Become an Opted-In Authority – Public Sector Audit Appointments (PSAA)

Prior to the start of the item, the Chairman advised that a report from Grant Thornton was originally due to be presented to the November meeting, and subsequently this meeting. He proposed, with the consent of the Committee to write to Grant Thornton to express the Committees disappointment at the delay, by almost a quarter, of the publication of the report.

The Accountancy Manager advised that due to resourcing issues Grant Thornton had been unable to complete the work substantially to give an option prior to this meeting. Officers accepted this however did make it clear to Grant Thornton that they expected something to be presented to the March meeting of this Committee. To put the matter into context, only 9% of Local Authority Audits hit the statutory deadline for 2021, therefore this was a sector wide issue. The PSAA would need to ensure that processes and timeframes were put in place to ensure those targets were achieved. Retention in the sector was a major issue. The delays also hindered the work of the Accounts Team, as well as the work of the Audit Committee.

The Audit Manager – Grant Thornton UK advised that he fully understood and shared the frustration of the Committee and Officers. They were struggling with resources and a high turnover of staff had had an impact on their ability to deliver. Coupled with the natural desire to ensure that a quality audit was produced this meant that audits were taking longer. He did not want the Committee to be left with the impression that Grant Thornton were sitting on their laurels, they were actively trying to resolve their recruitment issues. They were constantly “out to market”, however the market in this Country was quite weak and the demand for experienced public sector auditors was so high and the salaries being offered by some employers in the sector, such as the National Audit Office, were very attractive and therefore the audit market had been distorted. Engagement with Grant Thornton’s overseas firms had seen a deployment of staff from the Philippines and India to boost the local staff resource which had helped, however they were behind. Overall, they were ahead of the audit market, but that did not detract from the fact that delivery was low. The Audit Manager – Grant Thornton UK extended his apologies on behalf of Grant Thornton for the current position.

The Chairman thanked the Audit Manager – Grant Thornton UK for explaining the situation. He felt that it was important to raise this issue with the senior management at Grant Thornton so they were aware of the Committees discontent with their service.

The Accounts Officer introduced the item - Invitation to Become an Opted-In Authority – Public Sector Audit Appointments (PSAA). He advised that the PSAA tendered and procured contracts between Local Authorities and audit firms whilst also acting as a regulator to confirm that any fee variations raised by external auditors were fair, appropriate and in line with regulations. The Council previously appointed PSAA in 2016 and the Council now needed to decide whether it wanted to become an Opted-In Authority for the next five year appointing period (2023/24 to 2027/28). It was recommended that the Audit Committee proposed to Council that the Council gives its intention to the PSAA before 11 March 2022. Taking such a decision, would save time, resources and money for the Council. Should the Council not there would be a need to set up an Independent Auditor Panel and manage the contract for its duration whereas Opting-In would ensure that PSAA undertook all of that work.

The Portfolio Holder for Finance & IT endorsed the report to the Committee. He drew attention to paragraph 20 of the report and the shortcomings of the historical system which the PSAA implemented over the past four years. He wanted to ensure that the lessons learned from the previous delivery were taken forward into the commissioning of the next round. It was important that those winning contracts were appropriately resourced to deliver going forward. His comments within the report also reflected that concern.

The Chairman proposed that the letter that would be sent to Grant Thornton, also be copied to PSAA to ensure they were aware of the disappointing performance of their appointed auditor.

A Member questioned whether the Council had the ability to select the appointed auditor from a list. The Accountancy Manager advised that PSAA would procure a

range of approved auditors through their tendering process and then allocate an auditor to the Council for the appointing period.

There was some discussion regarding the work that would be required should the Council decide not to Opt-In. The PSAA route was the appropriate route for this Council and would ensure that the procurement process was carried out appropriately and the resource capability should be competent, capable and able to deliver.

Resolved

That the Audit Committee

Recommends

- i. to Council that the Authority gives its intention to become an opted-in authority to the Public Sector Audit Appointments for the 5 year appointing period commencing 2023/24.**

That the Audit Committee

Resolves

- i. to write to Grant Thornton UK to express their dissatisfaction at the delays to audits over the period 2021/22, and;**
- ii. to send a copy of the letter to Grant Thornton to the PSAA, as the appointing body.**

263 Homes England – Compliance Audit Annual Report 2021/22 for Ashford Borough Council

The Development Partnership Manager introduced the item, the Councils Housing Revenue Account (HRA) had a strong and ambitious affordable homes delivery programme and to ensure that the Councils schemes were viable and there was a robust HRA business plan they regularly applied for Homes England Grants. This was traditionally around £30,000 per unit but could be as high as £60,000 per unit if social rent was delivered as part of the scheme. When grants were awarded there was a possibility of “spot checks” by Homes England on the delivery of such schemes and how the Council was spending and handling the grant that had been awarded. There was a period of no spot checks, but recently they were selected for the grant awarded for the independent living scheme at East Stour Court, an independent living scheme for older persons, containing 29 homes that opened in October 2021. An independent auditor was appointed to undertake the work which was then ratified by Homes England. For this report Homes England awarded a “green” grade with no breaches of funding conditions or recommendations for improvement. This was the fourth compliance audit since 2014, and in each case the Council had been awarded a “green” grade. This was important and was pivotal to the Councils success as a trusted deliverer of affordable housing. It also set the tone and set the Council in good stead for the funding of future schemes. There was just one point to

note, previously the Chair of the Audit Committee had been asked to sign off the paperwork, but there was no requirement for this at the current time.

A Member congratulated the Officers on their hard work and questioned how the Council compared to other Local Authorities? The Development Partnership Manager advised that he did not have that data readily available however he would speak to Homes England and feedback to the Committee.

Post Meeting Note: Homes England advised that they were unable to share Compliance Audit outcomes of other Local Authorities as these were confidential. Homes England thanked Ashford Borough Council for their hard work in ensuring that the scheme selected for audit was fully compliant in meeting their funding conditions and Capital Funding Guide requirements.

The Committee wished it to be put on record their thanks and gratitude to Officers for a successful audit.

Resolved

That the report be received and noted.

264 Legal Services Instruction and Administrative Processes – Internal Audit Report

The Interim Deputy Head of Audit Partnership introduced the item. In September 2021 the final report of the Legal Services Instruction and Administrative Processes Audit was published. It was important to note the scope of the review was on the instruction and administration process and how the cases were managed. No opinion had been given on the quality of the legal advice as that was outside the scope of the audit. Throughout the audit a number of controls were identified that were not operating effectively and therefore a weak assurance rating was given. A number of remedial actions were identified and agreed with the Service in order to address those weaknesses. The Service engaged really well during the process and had been committed to redressing the weakness identified. The Committee had a copy of the full report advising of the actions that had been agreed by the Service and those actions already fallen due had been completed. There were a further three actions that had been delivered early.

The Solicitor to the Council and Monitoring Officer wished to provide assurance that that the agreed remedial steps were in hand and on track. He drew attention to the background factors during the audit, there were a number of senior vacancies within the service and fully remote working was in place. These led to some inconsistencies in administration during this period. During that period the professional standards were not compromised, the risks were identified but projects and legal transactions were carried out as they should be. The Council was a leader in introducing new legal procedures for democratic meetings during the lockdown periods and were, and still are, trailblazers in the litigation field in getting injunctions and prosecuting fly-tipping in numbers that were not seen in Local Authorities. The legal income target had also been exceeded during this period, legal income was a requirement that Legal Services had to bring in from external parties, from planning agreements and court cases that were won where costs were awarded. Good

progress had been made on the recruitment front and two senior solicitors had been appointed since the report was published, a senior property lawyer and a senior regulatory lawyer. The regulatory lawyer worked with the Principal Litigator and had freed up some time for her to act as Practice Manager and work on the action plan to implement the audit recommendations. The Solicitor to the Council and the Monitoring Officer and the entire Legal Services Team welcomed the recommendations in the audit. A detailed, internal action plan had been produced to implement the audit recommendations and to ensure that each and every one of those recommendations was implemented on time. There were 10 recommendations, 16 actions in total and he was pleased to advise that 8 of the 16 actions had already been implemented. The action plan broke down the themes of the recommendations as follows:

Theme 1 -- improve corporate processes:

- to better engage legal services
- to improve the PID process
- improve the committee report process

These recommendations had been implemented and were in place.

Theme 2 - improve client engagement

- utilising the smarthub
- using abavus to create a suite of forms to better inform and instruct work from legal services

These recommendations had been implemented and were in place.

Theme 3 - security of case management system

These recommendations had been partly implemented and were in place, with only one outstanding action to be completed

Theme 4 – improve client care procedures

- capture key processes
- receipt of instruction
- risk assessment
- case monitoring

These would be captured in a procedure manual by the spring.

Theme 5 – investment in the service

- upgrading the case management system

This recommendation would be completed by the spring.

The Solicitor to the Council and the Monitoring Officer advised that they were on track and he handed over to the Principal Litigator to demonstrate some of the work they had undertaken to date.

The Principal Litigator, using screen sharing technology, gave the Committee an overview of the work undertaken to date on meeting the audit recommendations. As part of this demonstration, she showed the Committee the Legal Services introduction page on the Smarthub, along with the suite of forms that had been produced. She selected several forms to demonstrate the process to the Committee and also demonstrated the back office procedures once these were submitted. The forms had been produced in conjunction with the Council's Digital Officer and the Principal Litigator wished to put on her record her thanks for all of his help and guidance during a lengthy process.

The Chairman thanked Officers for such a detailed update. This report had been due to be presented to the November meeting of the Committee, which was cancelled due to a surge in Coronavirus cases in the area. He, along with the Portfolio Holder for Finance and IT, had met with the Solicitor to the Council and Monitoring Officer and Principal Litigator in December to ensure that the matters raised in the audit were being taken seriously. He was pleased to report that the Legal Services Team had done a lot of work to implement the recommendations of the audit and he thanked Officers for that work.

A Member questioned whether the resources required for the service were now in place, or whether there was still an issue surrounding this. Further, would a lack of resources lead to future weaknesses within the service? The Solicitor to the Council and the Monitoring Officer advised that at the time of the audit the resource gap was significant, however as he mentioned in his introduction they have since appointed two senior lawyers and still had 1.6 FTE vacant posts, however there was a temporary resource in place. Those vacant posts were being advertised and he was hopeful that he would be able to report even better news on the vacancy front in the near future. The Solicitor to the Council and the Monitoring Officer was of the opinion that any future resourcing issues would not lead to such weaknesses, procedures were now in place for remote working and new procedures, as seen by the Committee that evening, were being implemented.

The Principal Litigator further advised that another positive of the audit was the upgrade of their case management system. There had not been the opportunity for this for several years due to budget limitations. The improvements to IKEN, along with remote working and the digitalisation were all positive steps.

The Chairman wished it to be noted that none of the issues raised in the audit impacted on the legal ability of the Council. The issues related solely to the administrative process of the service. The solicitors to the Council did a magnificent job.

In response to questions from the Committee, the Principal Litigator advised that there would be customer satisfaction surveys undertaken following the completion of work. In respect of the online forms, which had been in use for the past two weeks, the feedback had been positive. She had contacted each Officer who had completed a form to request feedback and she was happy to report that feedback to

date had been positive. The Solicitor to the Council and Monitoring Officer further advised that during the development stage of the forms, they had been presented to a group of senior managers, who had made comments and some amendments had been made as a result of this feedback.

The Committee wished it to be placed on record their thanks and gratitude to the Principal Litigator and Digital Officer for instigating, developing and producing the online forms. The new forms would benefit all Officers and ensure that the correct legal advice was given.

Members of the Committee acknowledged that when seeking advice from the Legal Services Team they did not follow any specific protocol and contacted the relevant Officer. It was questioned whether they should complete forms to request legal advice. The Solicitor to the Council and Monitoring Officer advised that these forms were directed to professional service clients, but he recognised the point raised and would take it away and give it due consideration.

A Member questioned why it had seemingly taken a “weak” audit assurance for the budget to be made available to upgrade and provide the resources needed for the service. The Deputy Chief Executive advised that there had been no increase in the budget for operational purposes for Legal Services. However, the Council had looked at how core business systems were funded and these required upgrading or improving. Budgets were not permanently allocated to each service as that budget would not be required year on year, it was about identifying the need. There was an allocation of reserves put aside for IT and Digital Transformation that was being used for this upgrade. He assured the Committee that it was not the result of the weak audit that the budget was available, it was down to service need.

In response to a question from a Member, the Interim Deputy Head of Audit Partnership advised that as part of the annual audit planning risk assessment they would look at the last time they audited a service, the results of that audit but they would also factor in the services response to the audit and how effective they were at implementing the recommendations. The quarterly assessment would keep a check on the audit and the annual report, which would be presented to the Committee in the summer would advise on those matters.

A Member questioned what training had been given to Officers on the use of the forms and what contingencies were in place should the online system fail. Would the submitted forms and other work be able to be recovered? The Solicitor to the Council and Monitoring Officer advised that they had attended CMT, a group of approx. 50 senior managers, and had presented the forms to them. There had been some education and familiarisation processes, however nothing compared to using the forms and he was pleased to report quite a few had been received and were well completed. The Principal Litigator advised that the Smarthub and forms were backed up on the central servers, therefore all forms and attachments could be recovered.

Resolved

That the report be received and noted.

265 Annual Report of the Audit Committee

The Interim Head of Audit Partnership introduced the item. He advised he had been in position for just over a month and he had been impressed with Mid Kent Audit (MKA) so far. The report was being presented slightly later than usual due to the timing of the Committee meetings. He drew attention to the “interim audit opinion” which had recently been introduced and would ensure that the Committee was aware of progress to date and the main control framework. The plan was slightly behind due to resourcing matters within MKA, which had been reported to the Committee previously. They were confident of delivery, subject to any factors outside of their control. MKA had settled into remote working and the audits were progressing. The Chairman of the Committee and Deputy Chief Executive would be advised should anything significant become apparent. Some reviews required priority and therefore would be given that. Within the MKA team there had been some turnover, however there would be no impact on the service provided to Ashford Borough Council. There would be some changes that will be brought in for the start of the new financial year, which would be ready for the new Head of MKA when they were appointed.

The Chairman thanked the Interim Head of Audit Partnership and the Interim Deputy Head of Audit Partnership for both stepping into their respective roles and noted that the recruitment process was underway with the Head of Audit Partnership position to be filled in due course.

Resolved

That the report be received and noted.

266 Report Tracker and Future Meetings

The Deputy Chief Executive advised that there would be an additional item to be added to the agenda for the March 2022 meeting - the Section 106 Audit. That meeting had the potential to be quite lengthy due to the number and detail of those reports to be presented.

A Member questioned when an update on Port Health would be provided to the Committee. The Deputy Chief Executive advised that they had met with DEFRA to discuss the risk and were working together to develop a solution. Assurances had been given and a guarantee was being worked upon.



Agenda Item No:	4
Report To:	Audit Committee
Date of Meeting:	15 March 2022
Report Title:	Corporate Risk Register – update March 2022
Report Author & Job Title:	Charlotte Hammersley, Compliance and Data Protection Manager
Portfolio Holder	Cllr. Neil Shorter
Portfolio Holder for:	Finance and IT

Summary:	<p>Twice a year the Audit Committee considers the council's corporate risks and is asked to note the updated assessments and to agree the adequacy of key controls to manage the risks. This report fulfils those obligations.</p> <p>The Corporate Risk register is assessed using the Risk Management Framework.</p>
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Recommendations: **The Audit Committee is recommended to consider the Corporate Risk Register:**

- a) **To agree the assessments and the adequacy of key controls to manage the risks.**
- b) **To consider the area of focus of this report on the risks associated with Cyber Security.**
- c) **To determine whether there are any specific risks that would benefit from a more detailed report to a future meeting in order for the adequacy of the controls to be assessed.**

Policy Overview: Risk Management Framework

Financial Implications: None at this stage

Legal Implications None at this stage.

Equalities Impact Assessment Not required because equalities issues are assessed at the point the project or service the risk relates to are incepted.

Exempt from Publication: **NO**

**Background
Papers:**

None.

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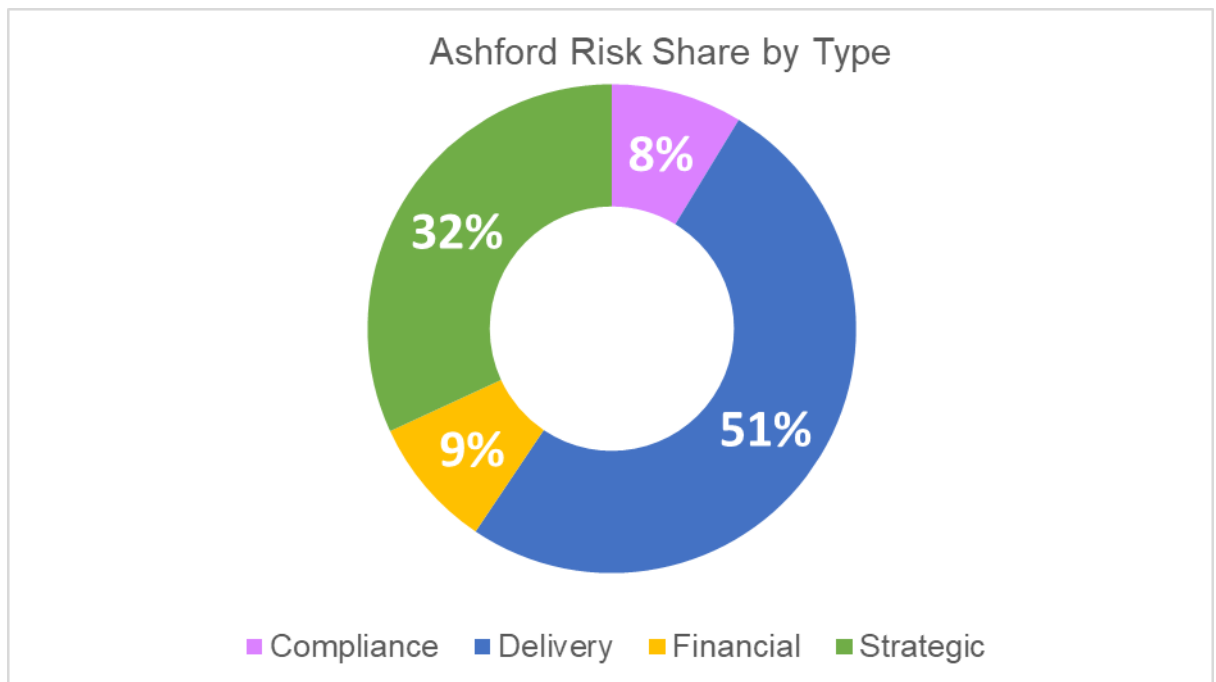
Report Title: Corporate Risk Management – update report March 2022

Introduction and Background

1. Twice a year the Audit Committee considers the council's Corporate Risks and risks management controls. This report is an update report providing the latest information on the council's Corporate Risk Register. It also provides additional information on specific risks where this has been requested by the Committee. In particular, this update focuses on the Cyber Security risk environment following a request at the last meeting of this Committee.
2. Since compiling the risk assessments for this report, Russia's war in Ukraine has commenced with repercussions being felt globally. The assessments provided in this report are therefore based on the known environment at the time of writing. The Corporate Risk Register is now being reviewed to take account of how environmental factors including financial volatility, inflation and fuel price rises as well as increased risks of state cyber-attacks affect current assessments and whether any new risks should be included on the register going forward.
3. The Corporate Risk Register is set out at Appendix A.

Proposal/Current Position

4. The Corporate Risk Register provides details of the council's key risks that could, if untreated, impact on the council's Strategic aims, Financial position or Compliance with the law.
5. Operational 'delivery' risks are monitored regularly by individual services and the council's Management Team on an exception basis. Any delivery risks that become of strategic significance are also reported to this Committee. Examples of delivery risks include HR processes not being completed, non - delivery of planned maintenance contracts and contamination of recyclables.
6. There are currently **68** risks across the four risk types (strategic, delivery, financial, compliance). A percentage breakdown of each type of risk is provided below:

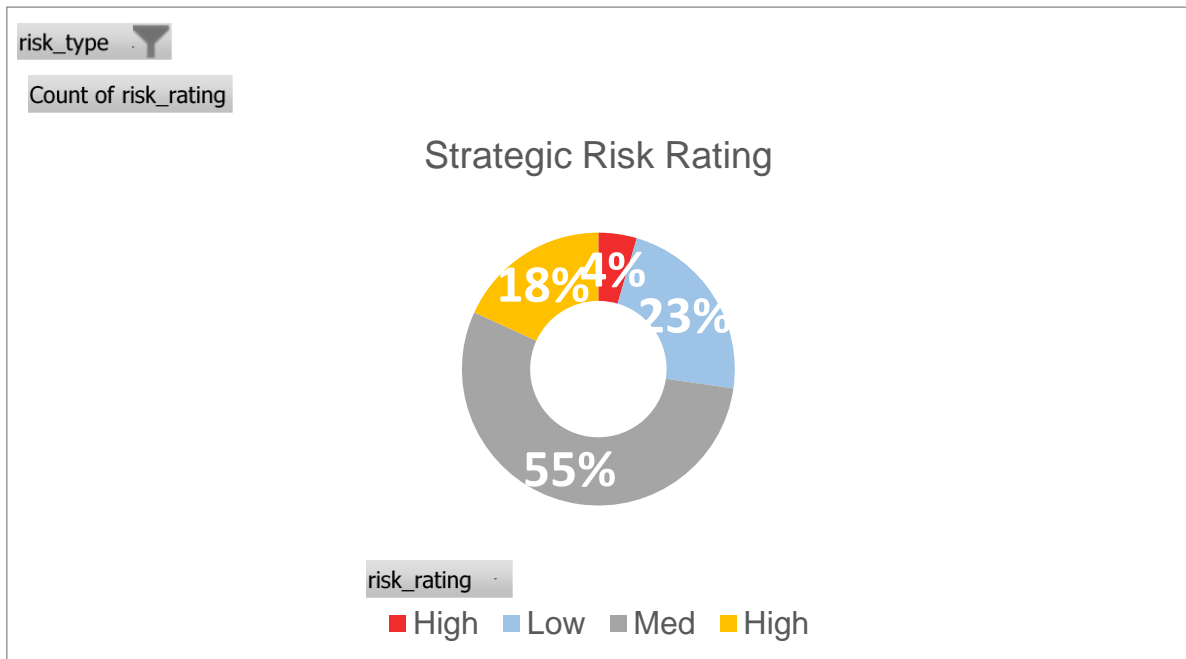


7. The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk within which the council chooses to operate. Risks that fall outside of the council's appetite are reported to the Audit Committee. The appetite statement sets out that the council has a moderate appetite to strategic risks, a low appetite to financial risks and a very low appetite to compliance risks. The Corporate Risk Register is formed of those risks that are currently above the risk appetite levels set.
8. The risk appetite statement has recently been reviewed to reflect the council's ambitions as set out in the draft Corporate Plan 2022-2024 and will now be incorporated into the council's Risks Management Framework.
9. Set out at Appendix A are details of the risks included on the current Corporate Risk Register which provides details of individual risks and explains the current position or any further action that may need to be taken to manage them.
10. This report highlights any changes to the risk profiles since the last update, provides details of any new risks that have been included on the register and those that have been managed down to a level where they no longer require reporting on.

Strategic Risks

11. There are currently 22 Strategic risks monitored of which 5 feature on the Corporate Risk Register in line with the council's risk appetite statement. A

breakdown of the strategic risk ratings by percentage is provided in the pie chart below:



Key changes

Reduced risk profiles

12. The risk of not meeting our climate commitments has reduced in light of the development of ABC's Carbon Reduction Plan which sets out priority actions for delivery. The comprehensive plan brings together the council's activities to tackle climate change including the air quality action plan, cycling and walking strategy, tree planning, solar farms and net zero housing development. ABC is also developing its carbon baseline to inform our carbon decent plan. £2 million of reserves has been set aside to assist with tackling climate change and delivery of the plan. A workshop is took place in mid-February with Members in order to assess priority actions to inform our decent plan. A number of projects are also underway including tree planting, solar projects and an assessment of the use of an electric vehicle fleet as part of the waste contract. Therefore, the risk does not feature on the register this time.
13. The risk of recession has also moved back within tolerated levels. Whilst the impact of Covid-19 and the EU Exit on our economy are still to be full understood, there is some positive data coming through on employment and the economy. The likelihood of recession has been downgraded, moving this risk from very likely to possible. The Finance Team, alongside Arlingclose (Treasury advisors) will continue to monitor the data as it comes through.

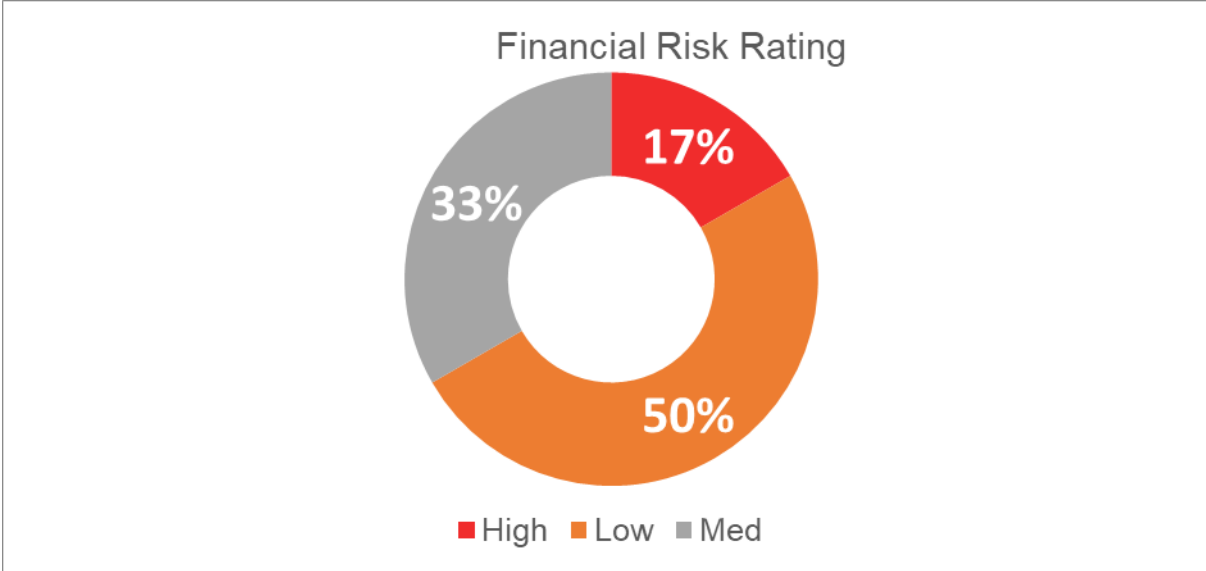
Strategic risk area of focus: Cyber Security

14. At the last meeting of this Committee it was agreed that the risks associated with Cyber Security and how the council mitigates against them should be an area of focus for this meeting.
15. The current cyber threat landscape changes daily for local authorities as it does for all other businesses and organisations both large and small, and the prevalence of cyber means there is a presumption that we will experience an attack at some point.
16. The exact circumstances of incidents are rarely the same, but common attack vectors include:
 - Stolen or weak Remote Desktop Protocol (RDP) credentials, giving the attacker a route into a network
 - Malicious emails containing links or attachments to drop malware such as TrickBot, IcelD or Cobalt Strike and also enabling ransomware attacks.
 - Vulnerabilities in public internet accessible applications or servers
17. We are in a fortunate position in that we do not have our services going directly out or back in to the internet, but sit on the large Kent Public Services Network (KPSN) giving us added layers of defence and 24x7 monitoring, which we would be unlikely to afford or resource as a single authority.
18. Some of the recent measures we have implemented to strengthen our defences is to replace our old signature based endpoint anti-virus solution installed on all of our desktop and server devices, which only protected us against known threats. The new Next Generation Anti-Virus (NGAV) product not only delivers the signature based protection, but uses machine learning to actively scan and monitor devices for any uncommon and irregular activity, and if a threat is perceived it will be blocked and stopped from spreading.
19. In recent years a number of local authorities have been the victim of ransomware attacks, which have taken a long time and cost a lot of money to recover from. To help protect against this we have recently introduced an immutable storage solution to our data backup infrastructure. This solution takes regular snapshot copies of our backed up data, and stores them offline in a read-only form. This means if we are struck by an attack we would not need to pay the ransom to get our data unlocked, as we have recent copies ourselves stored away off of the actual network that has been compromised.
20. We have recently re-launched some updated courses for Cyber skills training for staff and councillors, that will hopefully help people detect any potential threats / attacks and how to react. The training is mandatory for staff and this Committee may wish to consider recommending extending this approach to councillors to ensure that everyone using council systems has training on cyber risks and mitigations.

- 21. We also recently came through an internal audit on our “phishing defences”, with a Sound setting which included conducting a phishing test of staff and councillors that was only known to three members of IT. The results of this test were very good, with a result of 888 emails sent out, 17 used the "Report Phishing" button in Outlook which is what we would like them to do, 86 clicked the initial link, and only 38 gave their credentials.
- 22. IT continue to engage in the various regional Cyber groups, and are members of CISP and regional WARP (Warning Advice Reporting Point) which means we receive alerts from multiple sources which are quite often earlier than we would formally be alerted to. And a member of the IT team passed a very difficult exam to achieve CISSP accreditation (Certified Information System Security Professional), which he will use to help strengthen our solutions and procedures, and help others in IT and wider organisation to become more cyber aware.

Financial Risks

- 23. There are currently 6 financial risks monitored, all of which feature on the Corporate Risk Register in line with the council’s risk appetite statement. A breakdown of the financial risk ratings by percentage is provided in the pie chart below:

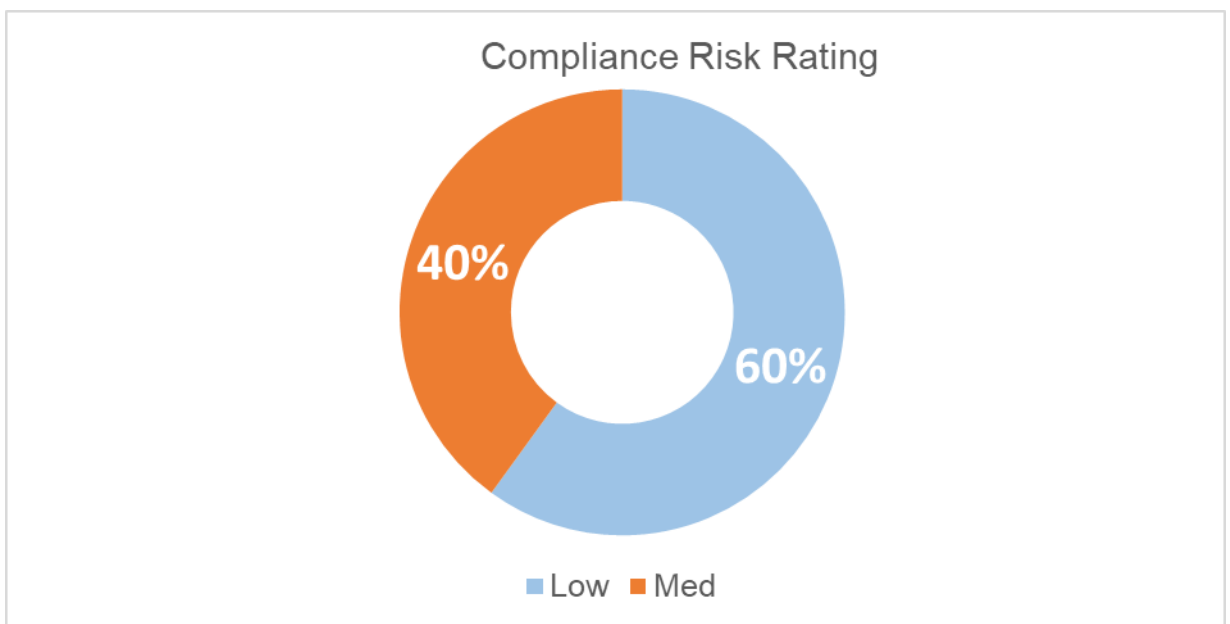


- 24. A number of the financial risk profiles have reduced including the risks of having insufficient reserves to respond to another unforeseen event (C17FINIT010); a reduction in car parking income (CR17HPC004); the inability to make an expected return on the council’s commercial investment portfolio (CR17PROP002) and reduction in Housing Revenue Account income as a result of Covid (CR20HOUS13). This reflects council’s budget presented to Cabinet on 23 February together with the recommendation of the Budget Scrutiny Task Group that the proposed budget was sound and deliverable.

Whilst parking income continues to be below pre-pandemic levels it is now consistently in line with budget forecasts. The commercial investment portfolio is performing well with sufficient reserves to respond any medium term pressures. Further detail can be found within the council's 2022/23 budget and Financial Monitoring reports.

Compliance Risk

25. There are currently 5 compliance risks monitored, all of which feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the compliance risk ratings by percentage is provided in the pie chart on the next page:



26. The risk of having insufficient resources in the event that an Election were called at short notice (CR17LEG001) has been removed from the risk register. The risk has remained static since its introduction in 2017. There is a well embedded and rehearsed policy of staffing election work by way of a large corporate effort across services to support the small elections team and the chance of risk materialising is negligible and does not require reporting to this Committee with such regularity.

Conclusion

27. Risk owners have reviewed and reassessed the risks and controls within their specific areas and are satisfied that this report and attached Appendix A represent an accurate picture of the current risks to the organisation.

28. Member of the Committee are asked to consider whether there are any specific risks or themes that would benefit from a further report back to a future meeting.
29. The Corporate Risks Register will be presented again to the Audit Committee in six months time in accordance with the Risk Management Framework where a further update will be provided on current risks and notable changes to the Register.

Contact and Email

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Strategic risks

Report Type: Risks Report
 Generated on: 23 February 2022



Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 003	Successful cyber attack	Data breach Loss of service Reputation Financial	<p>Likelihood</p> <p>Impact</p>	Staff training Patching, firewall, policy rules Emergency planning exercise		<p>New solutions to help with our cyber security have been installed, including a new endpoint protection solution from Cybereason, which not only gives us signature based virus protection but also delivers active machine learning to help detect and protect against unknown malware and ransomware attacks.</p> <p>Also an immutable storage solution has been introduced to our backup infrastructure, which takes frequent copies of our backups and stores them off of the network in a read-only form, so we have a copy of our data protected against ransomware attack.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 PLAN 015	South of Ashford Garden Community not delivered to time and quality	A quality garden community not delivered in accordance with the approved vision and strategy within anticipated timescales.		Chilmington Together governance structure in place	-	Detailed note provided below:
				Quality Monitoring Team		
				Dedicated co-ordinator and programme management systems in place		
				Approved design code and quality charter		
				District Deal working protocol		

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Garden Community Priority Project Delivery

A funding bid has been submitted to Homes England’s Garden Community Capacity Fund to support internal resourcing and a wide range of projects to develop and progress delivery of community infrastructure. The outcome of this bid should be known at the end of February.

Work to develop an SAGC website is underway and will be complete shortly.

Planning Matters

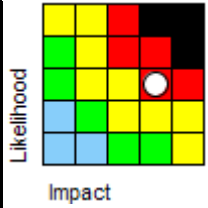
Ongoing discussions with Hallam Land re Court Lodge continue with agreement to the community heads of terms expected soon. The review of the Nutrient Neutrality report for CL is underway. Once the remaining matters are confirmed/resolved, the application will move to Committee for resolution. There is no current progress on Kingsnorth Green to report.

Two application for Reserved Matters have been received at Chilmington Green. Hodson Developments has submitted an application for Parcels D & H and Brookworth Homes have submitted an application for Parcel K. Officers are currently assessing these applications.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
	<p>Natural England</p> <p>Mitigation is required for both Court Lodge and Kingsnorth Green in order for the applications to be determined by the council. Any future Reserved Matters at Chilmington Green will also need to consider mitigation.</p> <p>Chilmington Green Delivery</p> <p>We have circa 200 occupations. It appears that Hodson Developments are progressing with some new groundworks at the rear of The Lakes development. Barratts are completing the final few properties on Parcel Q and continue to build out at Parcel R. Jarvis continue to make steady progression with good sales at Parcel P.</p> <p>In the autumn the council sent their decision on Hodson's application to redetermination 57 of the s106 clauses. Hodson Developments then applied to Court for a Judicial Review which was turned down by the Judge. Hodson Developments have appealed this decision which is currently under consideration. These legal discussions mean that the council's relationships with all developers are under pressure.</p> <p>Secondary School</p> <p>A planning application was submitted in the autumn and is being considered by officers. There are concerns with the impact on the highway and levels of parking proposed with comments raised by the parish council, residents and community members. Officers are working with KCC Highways and the applicant to resolve these concerns. It is however hoped that the application can be taken to committee in March.</p> <p>The S106 amendments for school access remain under discussion between KCC and Hodsons.</p> <p>Primary School</p> <p>The primary school opened on the 1st November. There are community concerns about traffic access to the school. The school appears to be managing these well. The improved footpaths provided by KCC and ABC from The Lakes to the school and from Chilmington Green Lane to the primary school have had a positive impact.</p>					

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
	<p>Sustainable Transport Strategy</p> <p>This jointly funded piece of work with KCC is drawing to a conclusion. A draft strategy and action plan are being considered with consideration by members likely in the spring. Funding to support delivery of projects within the action plan was included in the HE funding bid. Work with KCC to identify other sources of funding is underway.</p> <p>CMO</p> <p>The CMO is in the process of agreeing its new business plan. Hodson Developments have changed their nominations on the board so induction of these new directors is underway. The closing date for applications for the first resident director have now passed with interviews to take place over the coming few weeks. It is hoped to have a resident director in post by early April, if not before.</p> <p>Community development will gather pace this year. In partnership with the CMO, the council is procuring a Placemaking Sprint, a series of high impact, quick community projects to raise the profile of the CMO and increase resident engagement. The CMO has also set up a Community Grants Fund which is now live and is piloting a resident sounding board. These events, alongside resident surgeries and newsletters are expected to build and grow the reputation of the CMO amongst residents and engender community participation/capacity building.</p> <p>Work to hand over landscaping to the CMO is gathering pace, with the first handover expected in about six weeks, subject to the provision of plans, inspections and the expected quality of planting.</p> <p>Discovery Park Masterplan</p> <p>Work to progress with the masterplan is shaping up using internal resources and skills. A community consultation event is hoped will take place later this year.</p>					

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR19 PLAN 017	Poor quality water in the River Stour (nitrates and phosphates)	An inability to permit housing development without appropriate assessment and mitigation measures. Negative impact on council budget due to loss of planning income, cost of mitigation strategy.		<p>Legal advice received being followed</p> <p>Relevant stakeholders working on mitigation schemes to allow development to take place.</p>	—	<p>No change in risk since last assessment.</p> <p>Work still ongoing to identify and acquire land for strategic wetlands. Discussions are being held with Environment Agency and Natural England about wetland proposals.</p>
PR20 OL0 Page 25	Eurostar – negative impact on local economy (development and investments) due to Eurostar not stopping in Ashford until 2022.	Loss of international status; Reduced development and investments in Ashford; Reduced connectivity to Europe, use of station.		<p>Partnership Working</p> <p>Lobbying</p>	—	<p>Following a meeting with Eurostar in January 2022, the operator is saying that they will not stop at any of the intermediary stations in Kent until 2023. This is due to the ongoing impact of Covid restrictions on International Travel. The service was again hit by the Omicron variant and imposed restrictions over the December / January period. Eurostar are now starting to increase services between capital cities on their strongest routes and hope to have services operational from Ashford by 2023 if passenger numbers return to pre-pandemic levels. There is clear risk and uncertainty over whether</p>

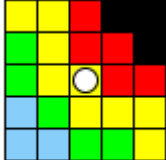

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						passenger numbers will return and over what timescale. Eurostar are coming to the Ashford Joint Transportation Board in March 2022 to report on the latest position.
CR21 ENV0 09 Page 26	Failure to deliver Ashford aspect of Mid-Kent Joint Waste Management Contract	Financial impact on the MTFP Impact on recycling rates Council's reputation Disruption to waste collection service		Regular communication, liaison & escalation of issues	-	We have had 4 initial expressions of interest on the contract that have dwindled to 3 in the course of qualifying questions. The final invitation to participate in dialogue will go out at the end of March 2022 in preparation for initial competitive dialogue (CD). Following this, refined submissions are expected in June for further sessions of CD.
				Information sharing and collaboration		
				Financial planning, analysis and internal controls		
				Access to specialist support, advice and expertise		
				Contingency planning		

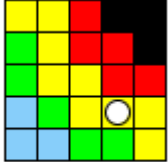
Financial risks

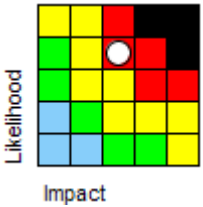

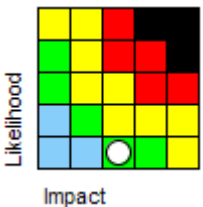

Report Type: Risks Report
Generated on: 23 February 2022



Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 008 Page 27	Change to accounting standards: requirement to record all losses through income and expenditure.	Potential for temporary losses to be shown affecting the council's investment decisions.		Regular communication with Arlingclose Lobbying	■	<p>No change to the risk profile. There is a statutory override for the 5 years therefore it will cause an issue in the short/medium term however it is unclear if this will be made permanent or be removed in the future.</p> <p>Will consider impact when borrowing and investing in individual instruments.</p> <p>We will continue to monitor and discuss with auditors.</p>
CR17 FINIT 010	Insufficient reserves to respond to another unforeseen event	Section 114 Notice Inability to deliver services		MTFP and budget monitoring processes Savings target Commercial income target	▾	<p>Cabinet & Management team have worked to generate annual savings and with Government covering a significant proportion of income losses the Council's reserves are sufficient to fund the MTFP and some corporate projects.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						<p>£4m has been set aside to manage MTFP risks for 2021/22, with £5m to fund the overall MTFP deficit.</p> <p>The draft budget submitted to Cabinet on 24 February together with the report of the Budget Scrutiny Task Group which found the proposals to be sound and deliverable.</p>
<p>CR17 HPC0 Page 28</p>	<p>Reduction in parking income due to changing people behaviour</p>	<p>Negative impact on Medium Term Financial Plan.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Income monitoring</p> <p>Promotional campaigns to increase take up.</p>		<p>Moving into the recovery phase of the pandemic, parking usage is still expected to be down by circa 15% and this has been built into the 2022/23 budget. In relation to mitigating the overarching risk, the base budget including the 15% reduction has now been factored into the MTFP with no anticipated increase. Any increase will create a positive contribution to the Council.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 PRO P002	Inability to make expected return on commercial investment portfolio	Reputational damage of not delivering strategic projects. Financial loss to the council which would impact on the councils Medium Term Financial Plan. Potential loss of income by not achieving the minimum rent at Elwick Place to cover quality maintenance. Inability to let the units at Carlton Road could lead to the need to repurpose or sell the site.	 <p>Likelihood</p> <p>Impact</p>	Monthly monitoring with developer of Elwick Place	↓	Carlton Road is performing well. Elwick and Park Mall are need to be kept under review and are being closely monitored. For International House there is a review of the terms on those tenants holding over. The remainder of the portfolio is on track to achieve envisaged returns and sufficient reserves are in place to fund any pressures.
				Regular review of tenancies at International House with portfolio holder and marketing agent.		
				Established tenants on mid-term leases at International House.		
				Monthly review of the market with agent (Carlton Road)		
				Current demand for similar product to Carlton Road elsewhere		

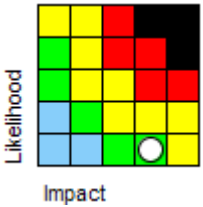
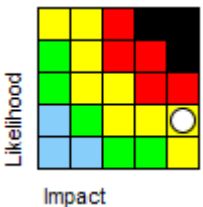
Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 PRO P011	Ongoing maintenance liabilities exceeding available budget.	Standard of maintenance reduced. Only necessary maintenance carried out.		Programme management & PID process Corporate asset management review Expenditure in line with Asset Management Strategy and prioritised. Stock condition survey		Capacity to deliver the maintenance works due to competing demands on the team, current vacancy within team impacting as well as carbon neutrality initiatives. Some capacity will return once a vacancy in the project team has been filled.
CR20 PRO P013	Reduction in Housing Revenue Account income levels as a result of Covid-19	Housing Revenue Account levels negatively impacted		Increased monitoring of number of cases, arrears levels and number of new Universal Credit claimants Use of Orchard analytics		Detailed note provided below:
<p>The team have worked hard to maintain collection levels and work streams to limit the impact of Covid and this is evidenced in recent budget monitoring report. The Neighbourhood Housing Officers have been working as generic since mid-way through the current financial year and have all received refresher training on the arrears collection process. The team have been working in partnership with Revenues and Benefits to access Discretionary Housing Payment when appropriate and with the Welfare Intervention Officers to maximise the support to those tenants who are struggling financially. The stay on possession applications and action was lifted in October, taking this action is a last resort when all other options have been explored and if the tenants in arrears simply do not engage. There has also been the opportunity to access other funding streams where tenant's income and ability to pay has been impacted, we identified recently 300 tenancies who may benefit from this support. We have also introduced monthly performance monitoring for the team and individuals within the team for arrears collection. There will also be a review of generic working in the early part of April 2022 to establish how successful this structure is and if any changes are required to improve performance where required. The Rent Collection Policy is also currently being reviewed to reflect the lifting of Covid restrictions.</p>						

Compliance risks

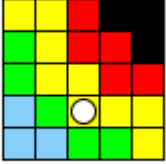
Report Type: Risks Report
Generated on: 23 February 2022



Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 001 Page 31	Loss or theft of portable devices and data stored on them	Potential breach of council or personal data. Reputational damage.		Remote working and portable devices guidance Portable devices encrypted Data Protection Impact Assessment		All laptops issued as part of recent lease rollout, and all corporate smartphones are protected with the Microsoft InTune MDM (mobile device management) solution. This solution enables IT to remotely wipe these devices of all corporate data if lost / stolen, when they connect to the internet.
CR17 FINIT 002	Not achieving codes of compliance: PCI and Public Services Network	Potential to stop the council being able to communicate with other public sector organisations.		Patching, firewall, policy rules		PSN Code of Compliance is still the only compliance regime we have to officially achieve. Due to having our payment systems hosted offsite by Capita and have closed the Tourist Information Centre at the Gateway we no longer have to be PCI compliant, just ensure whoever we use for these services is.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 005	Loss of the Kent Public Services Network (KPSN) and services it provides	Potential to stop the council being able to communicate with other public sector organisations.		Externally managed	■	New KPSN circuit is live at the Sevington Border Control Post, and survey work has commenced on a secondary / backup circuit running from a different BT exchange location (Canterbury) and running to / in site via different route for resilience purposes due to importance of the site and its operation.
CR17 HPC0 Page 32	Non-compliance with Health Safety Act and Regulations	Reputational Financial fines from the Health and Safety Executive Loss of working days Death or serious injury		Risk assessments	■	Detailed note provided below.
				Health and Safety Policies and Procedures		
				Mandatory and targeted training programme		
				Service compliance audits		
				Management Team trained on leading safely		
				Six monthly report to Management Team		

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
		<p>The 'work from home if you can' Plan B guidance was lifted in England on 20 January 2022. From 31 January 2022, the office hot desk booking facility was reopened. Key members of staff, particularly those that are customer-facing, are continued to work from the office throughout. Mitigation measures remain in place following Covid Secure principles; this applies to visitors and tenants. All precautions are regularly risk assessed, reviewed and are compliant with health and safety law and Covid guidance. Managers have been advised to update their teams and HR have updated messages on Smart Hub to inform staff of the new arrangements.</p> <p>The Covid office outbreak plan was revised in January 2022 and is a valuable document for managers to refer to should they need support in the instance of a single case or outbreak.</p> <p>PPE Cell arrangements continue as PPE is still a useful tool to protect individuals from Covid and is likely to remain in place until at least spring 2022 due to the expected seasonal peak in Covid cases nationwide. This is in line with the governments 'Operation Rampdown' Covid exit strategy and response to the Omicron variant.</p> <p>The review of the Fire Safety Management arrangements has been completed following a delay (it was due to be completed by the end of June 2021). Management Team have identified four named individuals (one will co-ordinate and the other three will implement) who will be appointed Competent Person(s) under the Fire Safety Regulatory Reform Order 2005. HR has consulted with the individuals about the changes to their responsibilities, the training programme involved and have sent a letter of appointment to confirm the details. They will matrix work across the organisation to provide fire safety expertise and resilience.</p> <p>In addition, a review of the Fire Safety Management policy and supporting framework documentation was scheduled for completion by the end of September 2021 but was delayed. It is now scheduled for completion by Fire Safety Management Group Members and reported to Management Team by the end of February 2022.</p> <p>A full review of the health & safety-related corporate policies and procedures is underway, but they remain valid and current. The ABC Health & Safety Policy has been reviewed and updated, including changes to the sub-group meetings terms of reference and membership. Following internal consultation, via JCC it was presented to Cabinet for sign off in January 2022. Following approval, it has been shared with staff on Smart Hub.</p> <p>An active training and refresher programme is maintained.</p>				

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 LEG0 04 Page 34	Non-compliance with GDPR	ICO fines Enforcement notices Reputational damage Customer dissatisfaction		GDPR action plan Service briefings Dedicated resource Staff training Information Governance Group Consultant legal support for key policies Information Commissioner Office registration	-	Whilst remote working presents data protection risks, a recent six-monthly update on the council's data protection controls showed that there had been no increase in significant data incidents. Continued improvements have been made to our arrangements including Covid-19 privacy notices, training to CMT on data protection and remote working and the introduction of increased security measures when logging into council systems remotely. Also, increased email security is being tested. This is in addition to ongoing communication regarding data protection to all staff. GDPR has now been in place for several years and therefore a review of council policies in particular the retention policy will be reviewed over the coming months to reflect UK data protection laws.

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Agenda Item No: 5

Report To: **AUDIT COMMITTEE**

Date of Meeting: 15 March 2022

Report Title: **2021/2022 Annual Governance Statement**

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

Summary: Each year the council must produce and approve an Annual Governance Statement (AGS). The AGS designed to summarise the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector. The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements.

Our governance arrangements are well-developed but they also evolve. Their various components are subject to ongoing development, which are summarised in the AGS.

In conclusion governance arrangements remain appropriate, effective and adaptive to change as circumstances dictate.

Purpose of the report:

1. To provide the Audit Committee with assurance on the effectiveness of the council's governance arrangements over the last year.
2. To provide details of those additional areas where the organisation's governance will develop further over the forthcoming year.
3. Once approved, the AGS is signed by the Leader and the Chief Executive and included alongside the council's Statement of Accounts.

Recommendations: **The Audit Committee is asked to approve the 2021/22 Annual Governance Statement**

Contact officer: charlotte.hammersley@ashford.gov.uk

2021/22 Annual Governance Statement

Introduction and Background

1. The AGS is prepared each year to review all aspects of the council's governance arrangements in accordance its Local Code of Corporate Governance which was adopted in 2016.
2. The AGS deals with progress that has been made on any recommendations highlighted in the previous year's AGS (2020/21), before moving on to explain the governance arrangements in place and key changes or improvements that have been made throughout the 2021/22 year. Finally, the AGS makes a series of recommendations to further strengthen our arrangements over the coming year.

Proposal/Current Position

3. In addition to the council's own assessment, the Head of the Audit Partnership provides an opinion on the council's governance for inclusion in the AGS. At the present time, an interim opinion has been made whilst the planned audits for 2021/22 are concluded. The opinion covers the period April to December 2021 and is based on an interim assessment for the council provided by the previous Head of the Audit Partnership at the time of their departure. In addition the Partnership Deputy Head of Audit and Audit Managers, all of whom are qualified professional auditors and have extensive knowledge and experience, have confirmed they are not currently aware of any issues that would adversely impact upon the opinion.
4. It is planned that the opinion will be reviewed again and reported back to this Committee at the summer meeting.

Conclusion

5. Good governance is a continuously evolving process and the AGS sets out the council's framework together with identified areas for improvement in 2021/22. Once approved, the AGS will be placed on the council's website alongside the council's Statement of Accounts.

2021/22 Annual Governance Statement

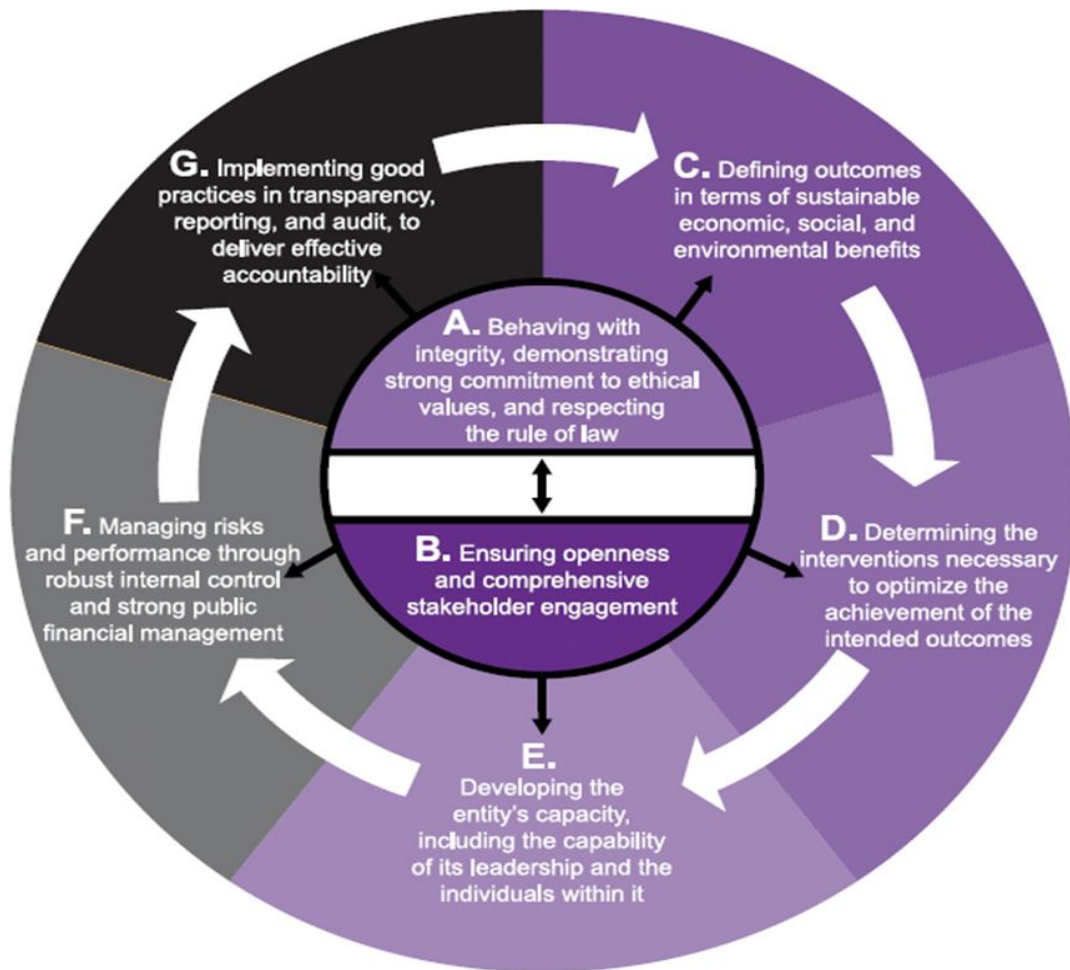
Scope of responsibility

1. Ashford Borough Council is responsible for ensuring its decisions and business are conducted according to the law and proper standards. The council must ensure public money is properly accounted for and that all resources are applied efficiently and effectively in order to secure best value for its residents and taxpayers.
2. The production of an Annual Governance Statement (AGS) is a requirement of the Accounts and Audit Regulations 2015, regulation 6(1). Good governance is fundamental to meeting the council's responsibilities and achieving high levels of service for residents. The Statement explains the effectiveness of the governance arrangements for the year ending 31 March 2022 and sets out any action for planned improvements in the coming year. This statement provides assurance to the council and its stakeholders that good governance arrangements are in place.

The Local Code of Corporate Governance

3. In 2016 the council adopted an updated Local Code of Corporate Governance, which follows principles contained in national guidance and produced by CIPFA and SOLACE.

The code sets out seven principles shown in the diagram on the next page:



4. The main principle underpinning this Code is that the council's governance processes and structures focus on delivering sustainable economic, societal, and environmental outcomes.
5. The council meets the principles in the Code through a framework of policies, procedures, behaviours and values. This framework provide Members and officers with effective tools and consistent governance arrangements across the organisation.
6. The diagram explains good governance is dynamic, and that the council should be committed to continuous improvement.
7. This AGS sets out:

Part 1: how the council is dealing with improvement areas identified in last year's AGS.

Part 2: how the council complies with the principles of good governance set out within the Local Code.

Part 3: any planned changes to the council's governance arrangements for implementation during 2022/23.

Part one: dealing with last year's key improvements areas

1. The 2020/21 AGS identified five key improvement areas. Progress on remedying these governance exceptions has been reported to the Audit Committee during the year and is set out below.

Digital Communication Strategy

2. The Communications Team takes a digital first approach to our communications campaigns. An overarching Digital Communications Strategy has been drafted, outlining the recommended approach to communication and marketing campaigns, setting out the approach, tools we use and channels available. This formalises the general approach the team has been successfully been undertaking over the past few years.

Equality Policy

3. In line with Equality Act 2010 and Public Sector Equality Duty, the council reviewed and adopted new Equalities Objectives in 2020 and reaffirmed these as part of the adoption of the Corporate Plan at the end of 2021. In order to deliver these objectives effectively, a draft policy has been put together that includes an action plan which has been developed by a Health and Wellbeing Officer Group. The Policy will be consulted on in late February to March and it is planned to be submitted to the Cabinet for adoption in April.

Risk Appetite Statement

4. The risk appetite statement has been reviewed to reflect the council's ambitions as set out in the draft Corporate Plan to 2024. The risk appetite statement was adopted at the Cabinet meeting in November 2021 together with the Corporate Plan.

Cyber security and data protection arrangements in light remote of working

5. In addition to the range of software and systems we deploy to stop threats, a key element in the fight against the growing and changing threat of cyber-crime is staff awareness. Online training modules have been made available to all staff and Members and have been developed in association with the NCSC (National Cyber Security Centre). This has helped to reduce staff engagement with phishing attacks and heighten awareness.
6. Regular communications and training have promoted the increased importance of data protection whilst working from home stressing the importance of integrity, security, purpose limitation, data minimisation and the accuracy of all

personal data held. Aided by the utilisation of council issued equipment and appropriate two factor authentication mechanisms, cyber security and our data protection obligations are at the forefront of our working from home arrangements. 22 top tips for 2022 on data protection were published at the start of the year via the Smart Hub.

Constitutional Review

7. The Solicitor to the Council and Monitoring Officer is working with specialist lawyers to review the constitution provisions in relation to executive arrangements and to undertake a wider health check to identify other necessary improvements and clarifications. The scoping for the health check is still being carried out. The progress is being monitored by the Office of the Executive Leader and any proposed changes will need to follow due process. The inclusion of Ashford Port Health is being dealt with separately and will be brought forward in time for the introduction of the new powers.

Part 2: compliance with the principles of good governance set out within the Local Code

1. This section of the AGS sets out how we have complied with the principles within the local code in turn.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sources of Assurance

Behaving with Integrity
Members’ Code of Conduct Annual staff performance appraisals Declarations of interest made at meetings Standards Committee including independent person Register of interests & hospitality Whistleblowing policy Complaints policy Open and accessible public meetings Social media guidance
Demonstrating strong commitment to ethical values
Constitution Staff recruitment, retention policies Staff competency framework Procurement policy, including social value Equalities objectives
Respecting the rule of law
Constitution Job descriptions for all staff and Portfolio Holders Support provided for all committees Monitoring Officer Committee Terms of Reference Cabinet report template Anti-Fraud and Corruption policy Bribery Act 2010 Policy Statement Anti-Money Laundering Policy

Behaving with integrity

2. All agendas for council meetings seek declarations of interest and the type of interest. Ad hoc advice on interests is regularly sought from the Monitoring Officer and his staff by borough Councillors and parish clerks/councillors. This demonstrates a good level of understanding and a culture of compliance with

the code of conduct in relation to interests. The Monitoring Officer’s annual report each year deals with the activity under the council’s ethical framework.

3. The Monitoring Officer’s annual report to the Standards Committee assesses activity in probity and related governance matters and includes complaints to the Ombudsman. The Standards Committee monitors any issues of probity raised in Ombudsman investigations. The most recent report to the Committee in January 2022 explained that Ombudsman report on complaints for the period 1st April 2020 to 31 March 2021) showed that the number of complaints were had consistent with the year before with 18 compared to 17. However, only two were investigated and none were upheld compared to three which were upheld the previous year.
4. The Monitoring Officer’s report also covers code of conduct complaints for which there has been a significant increase in the 2021 calendar year at parish council level. Further discussion with KALC is being recommended by the Monitoring Officer to seek opportunities to reduce the incidence of formal conduct complaints at parish level.
5. All new staff and Members receive induction and training upon arrival. For staff, the induction pack includes both a copy of the staff Code of Conduct, and the council’s customer service values.

Demonstrating strong commitment to ethical values

6. The council has adopted corporate values – Ambitious, Creative and Trustworthy (ACT) that are embedded into the council’s governance framework. For example, they are incorporated into the recruitment and appraisals processes and are fundamental to the ‘Our Principles’ section of the recently adopted Corporate Plan 2022-24.
7. The annual appraisal process is also based on a ‘competency framework’. The framework outlines a set of professional and key behaviours that staff display every day within their roles. The behaviours are linked to ACT as demonstrated in the table below:

AMBITIOUS	CREATIVE	TRUSTWORTHY
Positive	Innovative	Professional Behaviour
Continuous Improvement	Open to Change	Accountable
Commercial and Enterprising	Decision Making and Problem Solving	Communication

8. The framework continues to evolve to support staff to be the best they can and evidence this in a fair and consistent manner. The competencies are used for recruitment and selection; performance management including appraisals and

training and development. Evidencing competencies was however, not widely demonstrated during the 2021 appraisal process. In response further training sessions on appraisals and competencies are planned.

Key improvement area 1: provide further training sessions to support staff in using the competency framework during the appraisal process.

9. The corporate training programme reflects the council's strong commitment to ethical values with topics in the 2020/21 programme including 'Sustainability Friends', health and safety and safeguarding. There has also been a focus on understanding the needs of our diverse workforce and residents with training topics including mental health, transgender awareness and equal opportunities in the work place.
10. The council maintains a programme focused on staff wellbeing which has been particularly important as working from home continues for the majority of staff. The way wellbeing content is shared to staff has been refreshed and updated with a dedicated area to wellbeing on the SmartHub.
11. An audit was specifically taken on staff wellbeing during the pandemic. The highest rating on the audit scale was given (strong) with no priority rated findings and just two advisory notes. Auditors considered controls were operating effectively and when conducting similar work across Mid Kent Audit Partnership will have regard to this work as example of good internal control.
12. The council is part of the Kent and Medway Information Sharing Partnership working with other public sector bodies across Kent and Medway. The Partnership aims to ensure data sharing arrangements work smoothly and in accordance with the UK General Data Protection Regulation and Data Protection Act 2018.
13. Sharing information is crucial to the successful delivery of local services. This Information Sharing Agreement provides a framework to enable a number of organisations and public bodies across Kent and Medway, to share personal information where necessary for explicit legitimate reasons. This Agreement provides for openness and transparency in information sharing, as well as appropriate governance and support, in order to assist signatory organisations and public bodies to share personal information lawfully, safely and securely. Our membership of the group also offers an invaluable resource to share, discuss and understand topical information governance matters.

Respecting the rule of the law

14. As a statutory body the council's structures for decision-making, its rules and its processes are influenced by legislation and associated regulation. A fundamental

part of our governance, therefore, is the Constitution.

15. The Constitution is a legal requirement and sets out how the council runs, how it makes decisions and the guidance to be followed. Some of these processes are needed by law, while others are chosen by the council. The Constitution has several chapters, which set out the basic rules for governing the council's business. More detailed procedures and codes of practice are set out in accompanying rules and protocols.
16. Parts of the Constitution are periodically reviewed and changes made to ensure arrangements assist the council in achieving its ambitions and its responsibilities to its residents and taxpayers. A review of the Constitution was commissioned in June 2021 with a particular focus on presentation of the Executive arrangements. Once complete, the intention is to undertake a wider review of the Constitution to simplify its presentation with aim of making it more useable.

<p>Key Improvement area 2: Complete the review of the Executive arrangements within the constitution and commence a wider review of the whole document.</p>
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17. The template used for committee reports provides for legal implications of potential decisions to be fully set out and considered. The template also ensures report authors consider a range of other potential implications including financial, data protection, risk, sustainability and equality. The template has been revised to ensure that legal implications are fully and properly captured in the committee report in a more consistent way.
18. The council has clear policies for dealing with breaches of legal and regulatory duties effectively. For example, in accordance the General Data Protection (GDPR) Act, the council has in place a Breach Management Policy and has trained all staff on how to respond in the event of a breach to ensure compliance with the law. Similarly protocols are in place that ensure the council is meeting its obligations set out in the Health and Safety at Work Act.
19. The council has Contract Standing Orders (CSOs) which is an internal document detailing the rules and regulations relating to the procurement of Works, Goods (Supplies) and Services.

The principal features of the Constitution



20. A variety of boards, working groups and advisory committees covering different topics are constituted each year to deliver the business of the council to the benefit of residents and stakeholders.
21. All boards, committees and groups have clear objectives which are set out in their terms of reference and reviewed annually to ensure they remain relevant to delivering the council's objectives. This year the Regeneration, Infrastructure and Improvement Board was reconvened. At the outset of the year, The Office of the Executive Leader was created to ensure a forward look at key policy developments and changes affecting council services.
22. The Ashford Critical Emergency Resilience Committee has (ACER) continued to convene as and when required to respond to the pandemic and other critical issues that faced the council during the year. ACER consists of both elected members and senior officers and ensures that our response to emergencies is coordinated and we are in the strongest position to protect our residents, businesses and staff.

Principle B – Ensuring openness and comprehensive stakeholder engagement

Sources of Assurance

Openness
Annual Report Council tax information available online Corporate Plan Regular Residents' Survey Quarterly Resident's magazine Consultation portal
Engaging comprehensively with institutional stakeholders
Command and Control Structure Ashford Strategic Delivery Board Ashford Health and Wellbeing Board
Engaging stakeholder effectively, including individual citizens and service users
Communications Strategy Equalities Impact Assessment Template

Other Sources of Assurance

Openness

23. The council adopted its Corporate Plan 2022-24 in March 2022. In preparation for the Corporate Plan a great deal of research and engagement was carried out through the commissioning of a study 'Ashford Futures' to develop an aspirational ambition for the borough. The study culminated in a report 'Ashford Ambition, shaping a prosperous, sustainable and inclusive future for the Borough in 2030 and beyond'. In addition, wider public consultation took place as well as targeted workshops.
24. In advance of the Corporate Plan being adopted, the council continued to implement and monitor the performance of its Recovery Plan. In addition to quarterly reports to the Overview and Scrutiny Committee on Recovery Plan Key Performance Indicators, a Recovery Plan Monitoring Group oversaw its delivery at Member level. A Recovery Plan Delivery Group was in place at officer level which has since become the Corporate Plan Delivery Group. An audit of the council's performance monitoring of the Recovery Plan took place during this period and found the arrangements to be sound.
25. An Annual Report is produced each year to keep residents, partners and stakeholders informed of performance against council priorities during the year.
26. All Member decisions across the formal and democratic decision-making process are published under statutory requirements. There is a presumption

that information and decisions are taken in public, but occasionally (under Access to Information Regulations) some information is regarded as 'exempt' and not published. However, the council aims as far as is possible, to keep this type of information and decisions to a minimum.

27. The agendas, minutes and background papers of all committees (other than those which are exempt) are published on the council's website using the Modern.Gov meeting management system. The system is also used for recording officer decisions and Management Team minutes and agendas.
28. Council meetings returned to being conducted face-to-face and in hybrid form in line with government legislation. The council has continued to use the most appropriate way of meeting depending on Covid restrictions at the time and recognising the benefits of both virtual and face-to-face meetings. In particular, there has been an increase in members of the public attending virtual or hybrid meetings and they reduce the need for travel. A project has commenced which will involve upgrading the IT infrastructure in place to support council meetings and engagement with the public for example through hybrid or streaming arrangements.

Key improvement area 3: Deliver an upgrade to the technology supporting council meetings to facilitate different ways for the public to engage for example through streaming and hybrid meetings.

29. For staff, various internal communications are used to promote awareness of the council's overarching priorities, including the 'SmartHub' which provides a central place to access council policies, procedures and systems as well as for news items to be cascaded. The Chief Executive's periodic 'walk about' briefings which have continued to take place as live streamed events to all staff.

Engaging comprehensively with institutional stakeholders

30. The Ashford Strategic Delivery Board includes the local MP and partners to ensure the effective and timely delivery of major projects in the borough. Quarterly update reports are received on progress towards delivery of these projects and the partners work together to address any barriers to progress as and when they emerge. The Board is supported by a Strategic Co-ordination Team comprising from the council and stakeholder organisations.
31. The Board has also played a significant role this year in bringing together partners on important issues including the successful Levelling Up Fund application for Newtown Works. The Board were also updated on Ashford College's plans for the future as well as the South of Ashford Garden Community. Key issues can also be brought to the Board and there has been a particular focus on developing a mitigation plan for the poor water quality at Stodmarsh Nature Reserve.

32. Over the past year, a Land Mapping Commission has been commissioned by the Executive Leader to undertake an independent land mapping exercise of the borough that will shape future strategies. In addition to council membership, representatives from a range of interested stake holders are included on the Commission including Southern Water, The Council for the Protection of Rural England, Homes England and the Kent Association of Local Councils and the River Stour Internal Drainage Board. The Commission are due to report at the end of 2022.
33. The council is an active member of the Ashford Health and Wellbeing Partnership that works together to deliver agreed priorities in a coordinated way. Each priority has a lead agency and is supported by a network of people to help deliver projects and programmes. Full details of the Partnership's membership and activity can be found on the council's [Health and Wellbeing Partnership web page](#).
34. The Community Safety Partnership similarly brings together key partners to prepare to work together and implement strategies to protect communities from crime and help people feel safe. The Partnership prepares a partnership plan informed by an annual joint strategic assessment. Full details of the Partnership's membership and activity can be found on the council's [Community Safety Partnership web page](#).
35. The council has pledged to work with the Armed Forces to help support regular and reservist servicemen and women, veterans and service families to ensure they do not face disadvantage compared to other citizens when accessing local services. Through the Covenant, the council works closely with partners including Kent County Council, the District Councils, the Ministry of Defence, the Armed Forces and Charity Sector.

Engaging with individual citizens and service users

36. Consultation and engagement with residents and communities have taken place on specific issues and projects over the past year including:

Topic	Type of engagement
Licensing Act 2003 Policy – safety of women and other vulnerable persons	Online consultation
Draft IT Digital and Customer Service Strategy 2022	Online consultation
Bockhanger Community Consultation Event	Representatives from Ashford Borough Council and Kennington Community Council held a consultation event on Wednesday 29th September
Gambling Act 2005	Online consultation
Draft Carbon Neutral Action Plan	Online consultation
Heathside Development	Online consultation
Conningbrook Lakes Public Spaces Protection Order	Online consultation
Plantation Close Development	Online consultation

37. The Council undertakes a Residents' Survey every two years to 10,000 households across the borough, in which residents have the opportunity to give feedback on the council, the local area and their priorities for the future.
38. The council produces a quarterly magazine to all residents in the borough, 'Ashford for You'. The magazine aims to keep residents up-to-date with the latest news about projects and services in an informal, user friendly format. The magazine is received positively by residents and helps to ensure that all residents receive key information about council services as well as updates on borough-wide projects and initiatives.
39. Resident use of digital channels to communicate with the council has continued to increase. For example, the number of website users increased from 573,959 in 2020 to 660,079 in 2021. In response, the council's Digital Programme continues to work to improve online services and over the past year there has been significant focus to deliver a new planning system which is due to be launched in the Summer of 2022, with the aim of an improving the customer experience as well streamlining back office processes. A new strategy is being developed which will bring together IT, Digital and Customer Services together with the aim of ensuring digital is at the forefront of improving the customer experience. The strategy is due to be adopted early in 2022/23.
40. Social media has also continued to be used to accurately target specific groups of people, increase our reach and engagement with residents and understand and demonstrate the impact of council activity by using metrics and analytics. It has also enabled swift two-way dialogue between the council and individuals. This year we have used social media to hear the views of people on specific issues. For example a Facebook group was created in order to pose questions about various green issues including recycling and Electric Vehicle charging points as well as the Carbon Neutral action plan consultation.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Sources of Assurance

Defining Outcomes	
	Corporate Plan
	Performance and action monitoring
	Risk Management Framework
Sustainable economic, social and environmental benefits	
	Medium term Financial Plan – Capital Programme and Investment Strategy
	Records of key Cabinet decisions and supporting materials
	Equality Objectives ensure fair access

Other Sources of Assurance

Defining outcomes

41. The new Corporate Plan 2022-2024 adopted by the Cabinet in November 2021 is informed by the extensive consultation undertaken in 2019/20 (prior to the pandemic) with local stakeholders to identify challenges and opportunities and develop a long term ambition for the borough - the Ashford Ambition. The Plan was also informed by a smaller and focused follow up consultation undertaken from August to October 2021.
42. The Corporate Plan 2022-2024 is structured around three themes:
 - **Green Pioneer** - Our long term aim: Every community and individual plays their part in becoming a carbon neutral borough, through a more sustainable way of life. And the natural environment is protected and enhanced.
 - **Caring Ashford** - Our long term aim: Towns, villages and rural communities are welcoming, safe places for all who live and work in them, offering a high quality of life where everyone is valued and respected.
 - **Targeted Growth** - Our long term aim: A thriving, productive local economy supporting a range of business and industry offering good work to local people and is recognised as a high quality visitor destination.
43. These along with the council’s principles are all geared towards achieving the Ashford Ambition.

44. A suite of performance measures have been agreed and progress will be monitored and reported to Cabinet and the Overview and Scrutiny Committee through quarterly and annual reports.
45. The council sets out its equalities objectives in line with the Equalities Act 2010 and Public Sector Equality Duty. The objectives were reviewed during 2020/21 and included in the council's Recovery Plan before being reaffirmed in the Corporate Plan. Building on these objectives, an equalities policy has been developed over the course of the year which will be consulted on in advance of adoption. The policy was developed by the Health and Wellbeing Officer Group, which was recently created to provide a focus for delivering the Caring Ashford theme of the Corporate Plan. All services informed the policy highlighting areas of good practice and development opportunities for the action plan associated with the policy.

Sustainable economic, social and environmental benefits

46. The council has a planned programme of projects which recognises the need for flexibility. These projects are brought together in the Corporate Plan action plan which sets out all the activities that will contribute towards delivering our objectives. The programme is overseen by the council's Programme Management Group and Regeneration, Infrastructure and Improvement Board.
47. A project management toolkit brings together a variety of tools to assist project managers in maximising the economic, social and environmental benefits of projects. The toolkit includes business case and project inception template, action logs, risks assessment guidance and project review documents for all project managers to use. This year has seen the inclusion of a legal instruction form to aid with the completion of PIDs and ensure that legal resourcing is considered at the earliest opportunity.

Principle D – determining interventions necessary to optimise the achievement of the intended outcomes.

Sources of assurance

Determining interventions	
	Cabinet reports include options appraisals
	Medium-Term Financial Plan
Planning and programming Interventions	
	Recovery Plan
	Cabinet forward plan
	Risk management Framework
	Service planning aligns budgets, plans and objectives
	Communications Strategy
	Business Continuity Plans
	Emergency Plan
	Business Continuity Incident Management Team
Optimising achievement of intended outcomes	
	Procurement Strategy includes Social Value

Other Sources of Assurance

Determining Interventions

48. Cabinet Members hold regular forward planning sessions to look ahead to determine the strategic issues facing the organisation to inform any interventions that may need to be made.
49. The council’s statutory officers meet on a fortnightly basis to consider strategic issues to advise the Members on and respond to performance and risks and changing circumstances as they emerge in an agile way.
50. A Programme Management Group meets monthly to ensure the council’s projects are aligned to the strategic direction of the council through rigorous analysis of potential project outcomes, risks and benefits compared to other projects so that people and financial resources can be appropriately allocated.
51. The council has clear governance arrangements in place for its strategic projects. This can be evidenced by the successful bid made for a share of the UK Government’s Levelling Up Fund which will support the Ashford International Studios/Newtown Works Project. The bid was supported by a suite

of governance documents which have since been published on the council's [transparency pages](#).

52. The council's Commercial Hub has recently been incorporated into a new Commercial and Digital Board chaired by the Chief Executive. The new Board recognises the synergies between these workstreams and will oversee their monitoring to ensure targets to deliver the council's ambitions are met.

Planning for interventions

53. The remit of Management Team includes a focus on strategic issues and corporate governance matters, on behalf of the Executive Leader and the Cabinet. A detailed forward planning schedule ensures corporate governance issues are proactively monitored. Examples include regular performance reports on Freedom of Information, Data Protection, Corporate training and the Corporate Risk Register.
54. The Management Team also regularly review the council's Policy Update which brings together key consultations and legislative changes being proposed by the government in order to ensure the council is responding accordingly.
55. Well-tested business continuity and emergency planning arrangements are in place that ensure the council is ready to adapt to changing circumstances. The council's own governance structures are overseen by the Ashford Critical Emergency Resilience Chaired by the Executive Leader of the council and the Business Continuity Incident Management Team. The council's own structures feed into wider partnership arrangements which are crucial to providing a co-ordinated approach.
56. During 2021/22, the Mid Kent Audit Partnership completed an audit of the council's Section 106 process to test the controls in place against risks including the recording of planning obligations, trigger points being missed, the release and spend of monies in a timely way and how monies were spent. The effectiveness of controls in place was assessed and found to be partially effective and in some cases ineffective. The overall conclusion was that the Section 106 process was found to be weak. The findings together with an outline action plan for improving the Section 106 process will be presented to the Audit Committee in March 2022.

<p>Key improvement area 4: That an action plan be developed for improving the council's Section 106 process in order to deliver the agreed actions set out in the report of the Mid Kent Audit Partnership.</p>
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57. New ways of working that were brought about during the pandemic are continuing to be developed and refined. Whilst staff have continued to work from home in line with government guidance, work has been underway to reconfigure the Civic Centre to accommodate staff returning to the office with new service 'zones' and hot desks. As staff return, the accommodation and other needs staff may have to support new ways of working between home and the office will be closely monitored to allow the arrangements to be refined over the course of the coming year.

Optimising achievement of intended outcomes

58. A public consultation on the draft budget is held each year. The Budget Scrutiny Task Group scrutinises whether the draft budget is sound and achievable. In doing so, the Task Group assesses corporate and overarching risks against the draft budget proposals and capital plans of the council. The Task Group produces a report with recommendations to the Executive Leader and Cabinet.
59. Human Resources oversee the council's approach towards workforce and capacity planning including regular appraisals and the provision of relevant training and development activity.
60. The council is committed to identifying and fulfilling the learning and development needs of Members and officers. Officer training needs are identified through the annual appraisal process, six-monthly review and on an ongoing basis. A corporate training budget supports a training programme delivered throughout the year on topics relevant to the whole organisation.
61. Personal development planning toolkits are available to all staff through the intranet and e-learning staff development portal (Ashford Achieve).
62. In response to the Public Services (Social Value) Act 2021, a Social Value Policy has been drafted setting out our approach for how the council's procurement activities will improve the economic, social and environmental well-being of the Borough. The policy has been formulated within the context of the Overarching Contract Standing Orders which guides our Procurement and Contracts Awards.

Developing the entity's capacity

63. The council regularly reviews its resourcing needs and structures it has in place so that defined outcomes are achieved effectively and efficiently. Whilst changes have been made to the 'cog' structure over the past few years, towards the end of 2021/22 consideration was given to how the senior management structure could be best organised to deliver the council's ambitious Corporate Plan. The new structure introduces three directors to increase capacity at a strategic level. It has also introduced service areas that best fit the delivery of the Corporate Plan whilst encouraging cross-

organisational working across programmes including digital, carbon reduction and commercialisation.

64. The Corporate Business Meeting allow the Leadership team including all the portfolio holders to bring forward new projects, new ways of delivery and share joint thinking and challenge to everything we do as a Council. That joint working allows the political direction against the corporate plan, government directives, changes to legislation, new funding opportunities, creative thinking and ambitious projects to be shared at an early stage and a way forward where there is sufficient support to bring to fruition.
65. Road map meetings were introduced to complement the service planning process in 2021/22. Service plans were developed for a two year period to reflect the Corporate Plan period. The Road Map meetings provided an opportunity for the Executive Leader, relevant Portfolio Holder and Head of Service to review their plans and resources in advance of the budget setting process.

Developing the capability of the entity's leadership and other individuals

66. Members have the opportunity to attend regular training sessions and briefings on relevant topics. The programme is detailed in the Member Training Annual Report 2021/22 and topics included:
 - Safeguarding
 - PREVENT
 - Port Health/Brexit Preparations/Kent Covid-19 Position
 - Planning Viability
 - Anti-Social Behaviour
 - Section 106 Obligations, Conditions and Developer Contributions
 - New Housing Member Enquiry Form
67. In addition there were briefings to the Planning Committee on Stodmarsh and Oakleigh House. Members also attend training on an individual basis and examples this year include licensing and budget scrutiny.
68. Ahead of the local elections that will take place on 4 May 2023, a comprehensive induction programme will need to be developed. In addition to training designed to assist with committee roles including Licensing, Overview and Scrutiny, Planning and Audit training, the induction programme will need to give a rounded view of what to expect when becoming a councillor and how the council serves its residents. In the past, a tour of the borough has taken place to familiarise new councillors with strategic projects and issues. Planning for the induction programme will commence early in the new Council Year in 2022 and be overseen by the Member Training Panel.

Key Governance Area 5: that a comprehensive Member Induction Programme be developed in 2022 ready for the new Council in 2023. In addition to legislative and committee role training, the induction should reflect learning from the current council membership and include practical information about what to expect when becoming a councillor.

69. Regular briefings are provided by the Executive Leader of the council to officers, Members and parish councils. The Executive Leader also meets regularly with the Group Leaders to communicate strategic matters.
70. After successful programmes in previous years, the Ashford Manager Programme is being reintroduced to develop the capability of individuals and assist with future succession planning. The course encompasses leading change, strategy, innovation and commercial awareness and provides the opportunity for managers from different service to develop networks and improve their understanding of stakeholders and collaborative working. To complement the programme, a wider suite of management development training is also being created to support personal development planning and to prepare staff for future opportunities. The introduction of a more structured 1:1 also encourages discussion about personal development and skills.

Key Governance Area 6: to deliver an Ashford Manager Programme and wider suite of management development training during 2022/23 to develop the skills of individuals and to assist with succession planning across the organisation.

Principle F - Managing Risk and Performance through robust internal control and strong public financial management

Sources of Assurance

Managing Risk	
	Risk management framework
	Risks regularly considered by Audit Committee and Management Team
Managing Performance	
	Quarterly performance reporting, including to Overview and Scrutiny
	Publication of all public committee minutes and agendas
Robust internal control	
	Internal and External Audit plans and reports
	Effective, resourced Internal Audit function
Managing data	
	Designated Data Protection Officer
	Data Protection Policy
	GDPR Action Plan
	Data Protection Impact Assessment
	Remote working and portable devices guidance
	Quarterly budget monitoring reports to Cabinet

Other Sources of Assurance

Managing Risk and robust internal controls

71. The council's Risk Management Framework is fully embedded with the council's corporate, service and project delivery risks registers, demonstrating a consistent corporate standard for risk identification, monitoring and mitigation.
72. As the framework articulates, risks and internal controls are identified each year as part of the service planning process to ensure that any potential risks to achieving outcomes sought are identified and mitigated against. Each risk has a 'risk owner' to ensure that responsibilities are clearly articulated.
73. The Council's risks are recorded on the council's performance management software, Pentana. Risks are reviewed monthly by risk owners which informs reporting to the council's Management Team, Audit Committee and where necessary to the Executive Leader and Cabinet on the council's corporate risk

register. The risk register is dynamic with those risks outside of the council's risk appetite reported on.

74. The council reviewed its risk appetite along with the development of the Corporate Plan. The appetite was developed at a Cabinet forward planning day and was adopted together with the Corporate Plan to ensure our approach to risk was reflective of our ambitions. Individual services reviewed their risks as part of the service planning process. The next step will be for an overarching review of the risk register to ensure the strategic risks to the delivery of the corporate plan are fully captured and managed accordingly.

Key Governance Area 7: To review the Corporate Risk Register to ensure it reflects the council's strategic priorities as set out in the Corporate Plan

Managing Performance

75. The new Corporate Plan 2022-2024 is structured around three themes:
- Green Pioneer - Our long term aim: Every community and individual plays their part in becoming a carbon neutral borough, through a more sustainable way of life. And the natural environment is protected and enhanced.
 - Caring Ashford - Our long term aim: Towns, villages and rural communities are welcoming, safe places for all who live and work in them, offering a high quality of life where everyone is valued and respected.
 - Targeted Growth - Our long term aim: A thriving, productive local economy supporting a range of business and industry offering good work to local people and is recognised as a high quality visitor destination.
76. These themes along with the council's principles are all geared towards achieving the Ashford Ambition.
77. A suite of performance measures have been agreed to monitor progress and this performance will be monitored and reported to Cabinet and Overview and Scrutiny Committee through quarterly and annual reports during the lifetime of the new Corporate Plan.
78. Pentana risk management software is used to provide a holistic and accessible overview of the organisation's performance. Pentana brings together all performance information in one place and as well as generating reports for council committee meetings, can be viewed online and this has been utilised by groups including The Recovery Plan Monitoring Group and Programme Management Group. Not only does this allow for the most up-to date information to be accessed, but it also reflects the council's digital and carbon neutral agendas.

79. A 'health check' of Pentana has recently been conducted by the software providers to ensure the council is making the best use of the system. Recommended improvements will be implemented during the 2022/23 year.

Managing Data

80. The council's Corporate Information Governance Group (CIGG) met during the year to consider data protection and cyber security issues. The Group brings together key officers involved in managing and protecting data. It receives regular reports on the council's performance on data protection and Freedom of Information functions and contributes towards the development of policy and communication of data protection and cyber security issues. During 2021/22, the Group considered the privacy risks and mitigations in place for the new planning system.
81. The council's Data Protection Impact Assessment Template (DPIA) is embedded in the Project Management Toolkit to ensure that data protection is at the heart of any project involving significant data processing activity. DPIAs are reviewed by CIGG in order to ensure all risks are assessed.
82. The importance of data protection continues to be communicated across the organisation with regular information by way of a blog on the council's Intranet and Smart Hub.
83. Over the course of 2022/23, a review of our data protection policies and procedures will need to take place. The Data Protection Policy will need to be updated, privacy notices reviewed and Records of Processing Activity updated, particularly taking into account any departmental structure changes, tasks and activities.

Key improvement area 8: review the council's suite of Data Protection Policies during 2022/23 and service's Records of Processing Activities.

Strong public financial management

84. The council is required to follow statutory guidance for the publication of its accounts. Each year, this guidance is reviewed and updated, and this is reported to the Audit Committee. This informs members of any updates on the council's accounts and on the lessons learnt from the preceding year.

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

Sources of assurance

Implementing good practice in transparency	
	Annual Report
	Accessible website
	Transparency page
	Publications Scheme
Implementing good practice in reporting	
	Annual Report
	Annual financial statements
	Annual Governance Statement
Assurance and effective accountability	
	Head of Internal Audit
	Six-monthly update on governance exemptions to Audit Committee

Other Sources of Assurance

Implementing good practice in transparency

85. The council has a continued commitment to transparency and meeting relevant legislative requirements. Data published under the Governments Transparency Code is available on the transparency pages of the website. These data sets include council spending, salaries, fraud outcomes and the gender pay gap.
86. The Transparency pages also explain the Publication Scheme which details the different classes of information that are routinely made available; Freedom of Information, Environmental Information and Subject Access Requests. Also available, is a comprehensive list of the council's policies and strategies which govern the way in which members and staff operate.

Implementing good practice in reporting

87. Reports to the council's committees are consistently presented through the use of a corporate committee template. The template ensures that due consideration is given to relevant factors to inform decision makers including equalities impact, financial implications, risks, carbon neutrality and consultation.
88. The Internal Audit function for the Council is delivered through the Mid Kent Audit Partnership, a 4-way shared service with Maidstone, Swale and Tunbridge Wells councils. The Audit Partnership provides internal audit, consultancy, and advisory support to the council, and delivers a programme of work (an audit plan) each year.
89. Based upon the interim audit assessment provided by the Head of Audit, who was in post until the end of December 2021 and assertions received from the

MKA senior management team, Ashford Borough Council has adequate management, control and governance processes in place to manage the achievement of their objectives.

How effective is our governance in meeting these principles?

90. The assurances noted above – both the component ‘sources’ and the other developments made within the year – provided a comprehensive overview of the council’s governance framework. **Generally these arrangements work well allow the council to uphold good standards of accountability and effectiveness.**

Part 3: planned changes to governance areas in 2022/23

1. We do not consider that there have been any significant governance issues arising in 2020/21. However the actions detailed below are in place to maintain good governance arrangements throughout 2022/23.
2. These are in bold within the report, with a short action plan summarised below:

	Governance Area	Responsible	To be delivered by
1.	Provide further training sessions to support staff in using competency framework during the appraisal process.	HR Manager	April
2.	Complete the review of the Executive arrangements within the constitution and commence a wider review of the whole document.	Solicitor to the Council and Monitoring Officer	March 2023
3.	Deliver an upgrade to the technology supporting council meetings to facilitate different ways for the public to engage for example through streaming and hybrid meetings.	Member Services Manager and IT Manager	September 2022
4.	Develop an action plan for improving the council's Section 106 process in order to deliver the agreed actions set out in the report of the Mid Kent Audit Partnership.	Head of Planning and Development	March 2023
5.	Develop a comprehensive Member Induction Programme be developed in 2022 ready for the new Council in 2023. In addition to legislative and committee role training, the induction should reflect learning from the current council membership and include practical information about what to expect when becoming a councillor.	Member Services Manager	May 2023
6.	Deliver an Ashford Manager Programme and wider suite of management development training during 2022/23 to develop the skills of individuals and to assist with succession planning across the organisation.	Head of HR and Customer Services	March 2023
7.	Review the Corporate Risk Register to ensure it reflects the council's strategic priorities as set out in the Corporate Plan 2022-24.	Data Protection and Compliance Manager	September 2022
8.	Review the council's suite of Data Protection Policies and service's in updating their Records of Processing Activities	Data Protection and Compliance Manager	September 2022

3. Through further action during 2022/23 in the areas noted on the previous page, the council's overall governance arrangements will remain strong – and indeed will strengthen further.
4. These developments will be reported on to the Audit Committee during the year ahead, and will be considered fully within the next Annual Governance Statement.

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Agenda Item 6

Agenda Item No: 6

Report To: Audit Committee

Date of Meeting: 15 March 2022

Report Title: Internal Audit & Assurance Plan 2022/23

Report Author & Job Title: Andrew Townsend – interim Head of Audit Partnership



Summary: This report sets out the proposed audit and assurance plan for Ashford Borough Council during 2022/23. It is based on the outcomes of detailed risk assessments, consultation and considers the resources and expertise available to the partnership.

Key Decision: NO

Significantly Affected Wards: All

Recommendations:

1. **Approve** the Internal Audit & Assurance Plan for 2022/23 (appendix a)
2. **Note** the view that the Partnership has sufficient resources to deliver the plan and a robust Annual Audit Opinion.
3. **Note** that the plan is compiled independently and without inappropriate influence from management.

Policy Overview: The Public Sector Internal Audit Standards (the “Standards”) require an audit service to produce and publish a risk-based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.

Financial Implications:	The work programme set out in the plan is produced to be fulfilled within agreed resources for 2022/23 and so makes no new resource requests.
Legal Implications:	The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually (as described in appendix a). Therefore, the Council must approve an internal audit plan to maintain regulatory conformance.
Risk Assessment:	The audit and assurance plan draws on the Council's risk management in considering the areas for audit examination.
Equalities Impact Assessment:	No direct implications
Other Material Implications:	N/A
Exempt from Publication:	N/A
Background Papers:	The appendix includes reference to the Public Sector Internal Audit Standards (full document at this link). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.
Contacts:	Andrew.Townsend@MidKent.gov.uk

**Internal Audit & Assurance
Plan 2022/23**

Ashford Borough Council

MID KENT AUDIT



Introduction

1. This risk-based internal Audit Plan for 2022/23 provides adequate coverage to enable an annual Head of Audit Opinion to be made at the end of the financial year.
2. Planning during a period of uncertainty and change is problematic. It is therefore important that this Audit Plan has the flexibility to adapt and adopt to the changes as they develop during the forthcoming financial year.

Risk Assessments

3. The Public Sector Internal Audit Standards direct that audit planning is built upon a risk assessment. This assessment must consider internal and external risks, including those relevant to the sector or global risk issues. This Plan for 2022/23 represents the current views now, but it will be necessary to continue to reflect and consider the audit response as risks and priorities change across the year. A specific update report will be provided to Members midway through the year.

Global and Sector Risks

4. In considering global and sector risks the risk assessment draws on various sources such as the IIA and CIPFA.
5. This year will continue to be another challenging year for Local Government in terms of funding, managing additional recruitment and technological advancement, which in turn may impact on the adequacy and effectiveness of the governance, risk and control framework of the Council. A number of key areas which require consideration when planning the internal audit coverage are set out below. These areas cut across many of the activities carried out by the Council. These areas are not a full listing, nor are they in any priority order. Indeed many are not mutually exclusive of each other.

“Multi-channel” customer engagement: Partly as a result of COVID-19 but also as process changes through improved technology, councils will need to embrace cutting edge technology. Adopting a multi-channel approach to customer engagement will enable council services to be more readily available, more accessible and more transparent.

Commercialisation: Councils are being driven towards being more self-sufficient and cost effective, with pressure to close funding gaps and rebalance budgets. Councils will already be operating in different financial and more commercial environments which have been tested by the business disruption associated with the COVID Pandemic.

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Cyber Security: As more services move on-line, risks and vulnerabilities are likely to increase. Cyber security is as much about awareness and behaviours as it is about network security. Resilience needs to be regularly and stringently stress tested across the organisation to ensure it is operating effectively.

Financial Viability: As the UK emerges from the clutches of the pandemic and some degree of normality returns Councils will be faced with the reality of unbalanced medium term financial plans without including significant potential savings. Realisation of these savings could be challenging and if not achieved at the outset will fail to provide the funds needed to ensure a balanced budget.

Staff Wellbeing: COVID-19 has led to mental health declines, increased work demands and feelings of loneliness due to remote working. Staff turnover is at an all-time high. Managing the wellbeing and associated risks is crucial to ensure a stable workforce.

Climate Change: Councils are taking action to reduce their own carbon emissions and working with partners and local communities to tackle the impact of climate change on their local area.

Inflation: The forecast rises in inflation after a long period of stability is likely to impact upon term contracts as well as budget management.

Council specific Audit Risk Review

6. This risk review incorporates two elements. The first element is the service's relative materiality to the Council's overall objectives and controls. The assessment includes consideration of:



Finance Risk: The value of funds flowing through the service.



Priority Risk: The strategic importance of the service in delivering Council priorities.



Support Service Risk: The extent of interdependencies between Council departments.

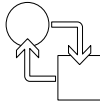
7. The Council's external auditor was requested to advise if there were any areas that internal audit should include in the Audit Plan, and it was confirmed that there were no such areas.

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8. The second element considers the reputational aspects of a failure of the effective operation of the internal control arrangements. The assessment includes consideration of:



Oversight Risk: Considering where other agencies regulate or inspect the service.



Change Risk: Considering the extent of change the service faces or has recently experienced.



Audit Knowledge: Considering the outcomes not just the last internal audit review, but any other information that has been gathered from, for example, following up agreed actions.



Fraud Risk: Considering the susceptibility of the service to fraud loss.

Audit Risk Prioritisation

9. The results of these various risk assessments provide a provisional Audit Plan. The provisional Plan is consulted on with the Managers, Heads of Service and Corporate Leadership Team to get their perspective on the audit assessment and from this the Risk Based Audit Plan for the financial year is produced.

Risk Based Audit: 320 Days

10. The primary part of Audit Plan is delivering risk based audit engagements. The list below is in alphabetical and does not imply any ranking within the group or intended delivery order. The timings for the individual reviews will be agreed with a suitable officer sponsor once the Plan has been approved.
11. The Audit Plan has been prepared in advance of the appointment of the substantive Head of Audit for MKA. The new Head of Audit may wish to propose changes to the audit coverage and so may review the Plan will after their appointment. Any proposed changes and the rationale for such changes will be communicated to Senior Management Teams and Audit Committee Members.

High Priority Engagements

12. These are the **18** engagements that require to be undertaken to support a robust opinion at year end.

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High Priority Engagement Title & Draft Objectives

1. Accounts Payable

To review a range of invoices are supported by a valid PO and / or are appropriately authorised, are only for goods and services for the Council, paid within 30 days, changes to supplier details are checked and actioned promptly and reconciliation between the AP system and the GL are completed regularly.

2. Accounts Receivable

To review the income received to establish that invoices are raised correctly, promptly and VAT is accounted for where applicable and amounts received are allocated to the correct account. To review the journals from the income suspense account to ensure they are supported by evidence and are allocated to the correct account. That reconciliations between AR and the GL are completed regularly.

3. Treasury and Banking

To review the new processes brought in around banking during Covid to ensure they are robust. To include a review of the contract to provide the Council with advice.

5. Development Management

To review how major and minor planning applications are allocated and managed.

6. Leisure Services

To review the management of the Leisure Services Contracts.

7. Temporary Accommodation

To review the controls around allocation of temporary and / emergency accommodation to ensure process and value for money is achieved.

8. Payroll and HR systems

To review implementation to payroll and HR systems to ensure separation of duties and data security.

9. Recruitment Framework (including Port Health)

To review the recruitment framework, including Port Health to ensure that procedures are followed.

10. IT Backup and Recovery BCP and Test Runs

To review the BCP for IT Bank up and Recovery Plan for major systems.

11. PFI - Management - Stanhope Estate

To review the monitoring framework of the PFI.

12. Data Breaches

To review how the Council deals with data breaches and training provided.

13. Port Health - Border Controls (Imports)

To review the port health controls around border controls (imports). Scope to be agreed.

14. Port Health - Business Continuity Plans (BCP)

To review the port health's BCP and DRP to ensure they are up to date, achievable, inclusive and where applicable, tested.

15. Port Health - Online Payments System

To review the online payments systems for security and accessibility.

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High Priority Engagement Title & Draft Objectives

16. Newtown - Ashford International Studios Programme

To review the programme / project management for Newtown.

17. Elwick Road Programme

To review the programme / project management for Elwick Road Programme.

18. Contract Management

To review the contract management around a selection of contracts from the register.

Follow-up of Agreed Actions: 25 days

13. Time has been allocated to following up the actions arising from internal audit recommendations made and reporting the results to Senior Officers and Members.

Consultancy & Member Support: 52 days

14. A consultancy allocation provides general and specific extra advice or training to the Council. This allocation also provides support to Members, through attendance at and reporting to Committees. This fund also provides a contingency to avoid having to cut short engagements and allow full exploration of significant findings.

Risk Management & Counter Fraud Support: 3 days

15. This time provides for liaison with the Council's in-house teams.

Planning: 20 days

16. This time is allocated to complete the major part of the annual planning exercise, including updating risk assessments and consultation across the Council. The time is also used for identification of risks and issues across the Council, the wider public sector and the audit profession. This ensures the Audit Plan can remain dynamic and responsive to risk through the year.

Resourcing the Audit Plan

17. MKA is currently going through a period of significant staffing change. A number of senior posts are currently filled on an interim basis and it is likely to be November 2022 at the earliest before all the substantive posts are filled.
18. MKA also have access to sources of specialist expertise through framework agreements with audit firms, which includes access to subject matter experts.

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19. The overall resource level is therefore based on the current audit team establishment and the chargeability for each grade. This calculation produces an available number of days across the four Councils to which MKA provides the internal audit service of 1,740 days.
20. Each Council receives a share in keeping with their contribution to the overall partnership budget. The Collaboration Agreement is planned to be subject to a comprehensive review during 2022/23. Based on the current Agreement Ashford's 2022/23 Audit Plan has **420 days** to assign. This includes time to complete work carried forward from 2021/22.
21. MKA has the skills and expertise to deliver the 2022/23 Audit Plan and it is confirmed that planned audit work will enable a Head of Audit opinion for 2022/23 to be delivered in Spring 2023.

Agenda Item 7



ASHFORD
BOROUGH COUNCIL

Agenda Item No:	7
Report To:	Audit Committee
Date of Meeting:	15 th March 2022
Report Title:	Section 106 Income
Report Author & Job Title:	Alison Blake: Interim Deputy Head of Audit Partnership

Summary: On 6th December 2021 Mid Kent Audit published the final report on work examining controls which govern the collection and spending of Section 106 (S106) income.

While noting that the Service faces significant pressures from several vacancies and the impact of the Pandemic, the report gave a “weak” assurance rating. An adverse conclusion holding that most controls do not work consistently to keep risks to an acceptable level.

The Planning Service has agreed a series of remedial actions to address the findings. In line with settled practice, this report brings the findings to Members’ attention to allow an understanding of the issues raised and to support and track improvements.

Key Decision: No

Significantly Affected Wards: N/A

Recommendations: **The Committee is recommended to:**

- I. **Note** the findings raised in Mid Kent Audit’s report on S106 Income, and
- II. **Consider** whether receipt of a future report from the Head of Planning on progress towards completing agreed remedial actions is needed.

Policy Overview: N/A

Financial Implications: While no significant misstatement was identified in relation to the Councils finances, we identified weaknesses in the controls related to the collection and spending of S106 income.

Legal Implications	No specific implications.
Equalities Impact Assessment	Not required.
Other Material Implications:	N/A
Exempt from Publication:	NO
Background Papers:	The Final audit report - attached.
Contact:	Alison.blake@midkent.gov.uk – Tel: 01622 602080

Report Title: Section 106 Income Internal Audit Report

Introduction and Background

Planning and Reporting the Audit Engagement

1. Each year, working in conformance with Public Sector Internal Audit Standards, Mid Kent Audit draws up a risk-based audit plan for approval by Members. The Council's planning service appeared on the 2021/22 Audit Plan agreed by this Committee in March 2021. In discussions with officers we agreed to schedule the work in the late summer, early autumn of 2021. Also, recognising that we lack expertise to comment on the process for agreeing S106 agreements, we agreed to focus our work only on the processes for monitoring agreed S106 agreements.
2. We began the work as scheduled on 12th July 2021 working to a brief agreed with the Service. We finished fieldwork on 27th August 2021, slightly later than planned owing to leave and network access issues. We published a draft report to the service on 5th October 2021 and, after discussion to decide the most effective remedial actions, published the final report on 6th December.

Audit Engagement Findings

3. We include the full published report as an appendix. In summary, while recognising the resource pressures on the service, due to several vacancies and the Pandemic, our work found that all 14 examined controls were not working effectively. Based on those findings we identified three risks operating beyond the Council's agreed risk appetite:
 - [the risk that] trigger points on agreements are missed.
 - [the risk that] money is not released and spent timeously.
 - [the risk that] money is not spent on intended purposes.
4. Driving these conclusions were fifteen separately listed audit findings. Six stand out as 'high priority', labelling them as having the deepest impact in reducing control effectiveness.
5. Following our standard practice in audit, we discussed and agreed remedial actions for each finding with the service. These actions fall due for completion between December 2021 and December 2022. We will follow up progress in line with our usual approach and, first, report to Management Team.
6. We in audit thank officers from the Planning Service for their help throughout the engagement, recognising that the Audit took place at a time of pressures in the Service, and also when staff were working at home in a wide variety of situations, instead of together as a team in the usual way. In particular the

Service's positive engagement with our findings has resulted in a broad set of agreed actions which we believe will lead to real improvements.

Planning Service Response (this section completed by the Head of Planning)

9. I would like to thank the audit team for their work with the Planning & Development Service and for highlighting and identifying a range of areas where the Section 106 process needs to be improved. This will be particularly helpful in acting as a catalyst for change in our administration and monitoring of Section 106 Agreements and ensuring there is robustness and efficiency in decision-making on spending sums arising from those Agreements. It is timely in that it complements the outcomes from the Overview & Scrutiny Task Group which examined other related aspects of the S106 process last year.
10. Consequently, I have assembled a team of officers across different parts of my Service to work together to ensure the recommended actions set out in the Report are undertaken and to see where we may be able to go further, for example in utilising the new planning software system, due to be implemented this summer, to assist in areas of monitoring and communications. I will be overseeing this team to ensure that actions are implemented in a timely manner.
11. Much time and hard work goes into negotiating S106 Agreements for the benefit of local residents and service providers and I am confident that this Audit report will help us towards delivering a system that secures the delivery of those benefits in a more robust and transparent way.

Proposal

12. We recommend the Committee note the attached final audit report. We further recommend the Committee consider amending its work programme to schedule a future update (or updates) on progress towards fulfilling agreed actions if needed.

Implications and Risk Assessment

13. The audit report sets out the possible risks arising from the findings, but these are accompanied by short-term remedial actions which have been agreed by the Service's management for implementation.

Next Steps in Process

14. Mid Kent Audit will continue to monitor progress and this will form part of interim and annual reporting to Members as part of overall summaries.

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Section 106 Income

FINAL AUDIT REPORT

DECEMBER 2021

FINAL Assurance Rating:

Weak

Audit Code	A22-AR01	Service	ABC Developer Contributions
Lead Auditor	Andy Billingham	Sponsor	Simon Cole
Audit Reviewer	Ali Blake	Director	Ben Lockwood



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Summary Report

Our opinion based on our audit work is that the Section 106 process has **weak** controls in place to manage its risks and support achievement of its objectives. We provide the definitions of our assurance ratings at appendix II.

Our testing of the current controls in place found they are all either partially effective or ineffective at mitigating the following examined risks. Furthermore, the service has not yet implemented any controls to manage Risk 4:

1. Planning obligation details aren't fully recorded
2. Trigger points on agreements are missed
3. Failure to release and spend monies timeously
4. Monies not spent on intended purpose

The ineffectiveness of the monitoring system, and limited resources available, makes it difficult to have adequate oversight of s106 agreements. As such, the Service is unaware if all historic s106 obligations are met and funds collected. There is also limited information on whether all s106 funds have been spent within the required timescales and whether funds paid to 3rd parties are spent in accordance with the s106 agreement.

Furthermore, resilience in the s106 process is limited. There is only one officer responsible for s106 monitoring, a lack of documented procedures and a trigger point alert system that doesn't link to the s106 monitoring package.

The Service is aware of many of the weaknesses in controls and are in the process of building a new s106 monitoring system to improve the administration and income processes. However, it's likely that the new system won't be operational for another 6-12 months. Effective project planning and delivery will be crucial to ensuring the system is a success. As such, we have raised a recommendation in this report to support delivery and control of the project so that effective controls are designed into the system at the appropriate time.

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Next Steps

In this report we describe the 15 findings arising from our work, and responses from management. We note management has agreed to carry out certain actions for improvement. We will follow up these agreed actions as they fall due in line with our usual approach.

We have prioritised these as below:

Critical (Priority 1)	0
High (Priority 2)	6
Medium (Priority 3)	4
Low (Priority 4)	5
Advisory	0

We provide the definition of our priority ratings at appendix II.

Independence

We are required by Public Sector Internal Audit Standard 1100 to act at all times with independence and objectivity. Where there are any threats, in fact or appearance, to that independence we must disclose the nature of the threat and set out how it has been managed in completing our work.

We have no matters to report in connection with this audit project.

Acknowledgements

We would like to express our thanks to all those officers who helped completion of this work, in particular:

- Sharon Dimsdale, s106 Agreements Monitoring Officer
- Charlie Wanstall, Accounts Officer
- Jeremy Baker, Principal Solicitor and Deputy Monitoring Officer
- Rhonda Mickelborough, Legal Support Officer

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Distribution

Audit team and contact details	Report distribution list
<p>Head of Audit Partnership Rich Clarke (rich.clarke@midkent.gov.uk)</p> <p>Deputy Head of Audit Partnership Ali Blake (alison.blake@midkent.gov.uk)</p> <p>Senior Auditor Andy Billingham (andy.billingham@midkent.gov.uk)</p>	<p>Draft and Final Report Simon Cole, Head of Planning and Development Sharon Dimsdale, s106 Agreements Monitoring Officer</p> <p>Final Report Only Tracey Kerly, Chief Executive Ben Lockwood, Deputy Chief Executive (s151)</p>

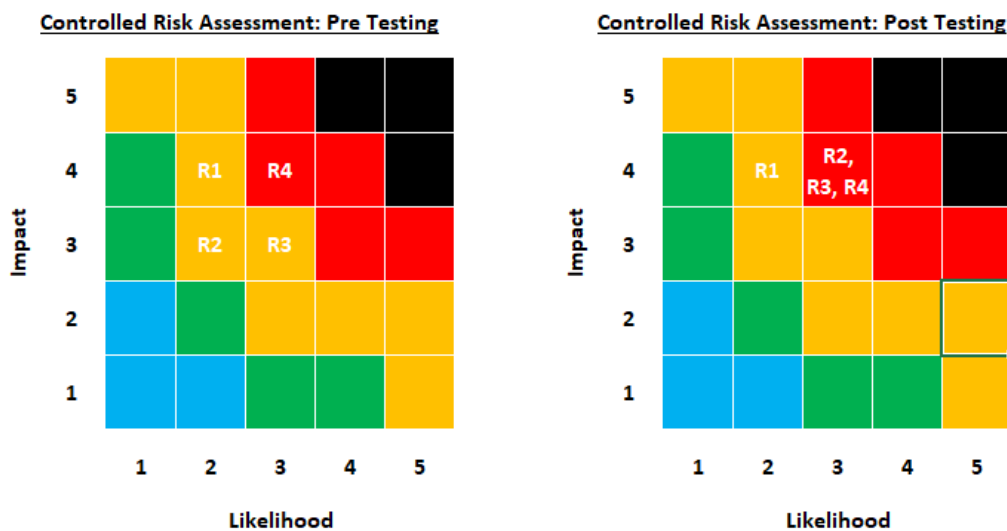
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Detailed Findings

Our work considers the objectives, risks and controls agreed with the service as in the review’s scope. We assessed each risk during planning as either **Critical**, **High**, **Medium**, **Low** or **Minimal** based on the controls reported and the service’s understanding of how well the controls work. We base our assessments on controlled risk and score using the Council’s Risk Framework.

This detailed report sets out our results and findings from testing each agreed objective, risk and control. We also describe the effect of our findings on assessed risk.

The post-testing risk assessment takes into consideration the adequacy and effectiveness of the controls. We have increased the exposures for **2 (R2 and R3)** risks following our testing of the controls. Where these risks have increased it has taken them above the Council’s risk appetite and tolerance, as set out in the Council’s risk management framework.



Control Assessment

The table below summarises our assessment of **control effectiveness** following our testing and how each control links to the risks:

Risk	Mitigating Control	Post Testing Control Effectiveness
1. Planning obligation details aren’t fully recorded	Roles and responsibilities	Partially effective
	Recording System	Partially effective
2. Trigger points on agreements are missed	Identify and act on trigger points	Partially effective

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Risk	Mitigating Control	Post Testing Control Effectiveness
	Financial monitoring	Partially effective
	Enforcement/follow up	Partially effective
	Post development assessment	Ineffective
	Liaison	Partially effective
	Reporting	Partially effective
	Index calculations	Partially effective
3. Failure to release and spend monies timeously	S106 group	Ineffective
	Procedure for releasing monies	Partially effective
	Outstanding amounts reported at year end	Partially effective
	Unspent income returned to developer	Partially effective
4. Monies not spent on intended purpose	<i>No controls in place</i>	Unable to make an assessment

Of the **13** controls tested, **0** were found to be working effectively. The remainder of the report sets out in greater detail the evidence to support our conclusions along with our findings and action plan, including our recommendations.

Objective 1: To make sure development is appropriately supported with the necessary infrastructure

Risk 1: Planning obligation details aren't fully recorded

Control 1: Roles and responsibilities

The s106 Agreements Monitoring Officer (responsible officer) job description suitably defines responsibilities. Our discussions with the responsible officer confirmed she has been in post for two years and has over 20 years' experience within the Planning department. However, she hasn't received any specific training regarding monitoring s106 agreements and obligations. Although she has a good understanding of her role, this has been largely self-taught. The Service should investigate the possibility of training to enhance the skills in place and identify areas for improvement. (See R02)

We identified there is no resilience in place if the responsible officer is absent for an extended period. There are no documented procedures, aside from how to use the

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monitoring system Acolaid and there is limited knowledge elsewhere in the service. (See R03)

Control 2: Recording system

S106 obligations are currently recorded using a hybrid of Acolaid and Excel spreadsheets. The Service has acknowledged the recording system is inadequate and are investigating the possibility of implementing a new system (Arcus). We reviewed the Excel monitoring records and found that they are incomplete. The Service is currently unaware if all s106 obligations are completed. In addition, they are not aware whether funds have been collected for any of the agreements prior to 2010 and for 61 or the 245 agreements post 2010. (See R01 and R04)

We examined the procedure notes in place for recording agreements in Acolaid and they are up to date and clear/easy to understand. However, as noted prior, there are no other procedure notes in place to cover the elements of the process that exist outside of the system.

We tested a random sample of 10 agreements and found the following details were recorded correctly in Acolaid:

- Application number
- Address
- Applicant/Agent
- Development
- Date of s106 agreement
- Description of trigger points and amounts due
- Land charge applied

Our initial testing did not look at whether s106 obligations had been completed and funds collected, this is covered later in the report under Risk 2: Control 1.

We were unable to reconcile s106 records maintained by Legal Services to the monitoring records maintained by Planning, by a discrepancy of 14 agreements (in favour of the Planning records). The Planning records also don't include Legal's DC reference from 2010, making a historic reconciliation much harder. (See R05)

Conclusion

During our planning of the audit we established that the controls in place to mitigate the risk of planning obligation details, as being only *partially effective*. This was reflected in the original risk assessment. Our testing has confirmed these control assessments to be true, therefore our risk assessment remains unchanged, and the service continues to be exposed to a risk that sits above the tolerance for the Council.

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Risk 2: Trigger points on agreements are missed

Control 1: Identify and act on trigger points

Our testing confirmed that although there is a monitoring record used by the service, there are no trigger points or alerts built into the process. Instead, the Officer uses her Outlook calendar to prompt when a trigger point is due or needs following up. Registering trigger points outside of the monitoring system carries an increased risk that triggers will be missed, and access to these notifications will solely appear for the Officer only, and are not accessible by anyone else. Our testing of this process was made more difficult as it is not possible to perform a targeted search in Outlook to check if triggers are registered. **(See R01 and R06)**

The responsible officer confirmed she is planning to contact developers with an introductory letter once they sign the s106 agreement and has designed a template. However, this is not planned to be implemented until the new monitoring system before is live. The introductory letter will strengthen the trigger point process by placing onus on the developers to pro-actively contact the Council when a trigger point is reached and therefore, in the absence of other controls, implementing this sooner rather than later would be provide a greater degree of control over the process. **(See R07)**

We intended to test a sample of 10 completed agreements to confirm registered trigger alerts, however its unknown how the previous responsible officer did this. We did test whether trigger and action dates were added to Acolaid and found the following:

- Trigger dates fully recorded for 1/10.
- Action dates and funds received fully recorded for 6/10. **(See R01 and R04)**

We also tested five incomplete agreements to ensure triggers had been set up in Outlook and found no issues.

Control 2: Financial monitoring

Finance maintains a financial monitoring spreadsheet to reflect incoming and outgoing s106 receipts and perform a year-end reconciliation. The spreadsheet is sent to the responsible officer monthly to review and apply any changes to the planning monitoring records. The current format of the financial monitoring records makes it very difficult to perform a check and reconciliation across the various records being maintained. In fact, we found that the only way to check the records was by undertaking a line-by-line check, which is both time consuming and carries the risk of error or missing records.

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The service should spend some time with finance officers to better design and implement a more efficient and effective process, including a better way to highlight and apply changes. **(See R01 and R08)**

Control 3: Enforcement / follow up

There are no documented enforcement procedures in place, however, we noted that there is currently a 'live' enforcement case being progressed. As there is enforcement action currently happening, having a clear documented procedure would help ensure a consistent approach is followed and that enforcement cases are appropriately compiled. This is particularly important if the Service identifies historic obligations not met or if developers dispute payment. **(See R09)**

Control 4: Post development assessment

Officers don't conduct post development reviews for completed agreements. Reviews should be conducted to ensure all aspects of the agreement are met. Acolaid also has the function to show when an agreement is complete so the applicable land charge can be removed, however this isn't being used. As the service is unaware if all historic agreements are complete and doesn't use the complete function in Acolaid it is likely there are land charges which are incorrectly still applied. As this initial control is not in place, we did not extend our testing further, however, there would be value in the service undertaking a check on the application of land charges to ensure accuracy and completeness. **(See R10)**

Control 5: Reporting

All Councils must produce an annual Infrastructure Funding Statement in line with the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019. The statement must be compiled before 31st December each year. We reviewed the latest statement and found the contents were in line with legislation and published online before the deadline, however it wasn't approved by Cabinet until 25th February 2021.

Control 6: Index calculations

Indexation ensures monies collected doesn't lose value before it's spent. Acolaid doesn't have the function to perform indexation calculations therefore officers use Excel spreadsheets and an external BCIS website. We walked through the process and its sound with all developers asked to confirm they're happy with the final calculations.

We tested a random sample of five completed agreements and found:

1. Indexation clauses included in 5/5 agreements.
2. Indexation occurred in 4/5 cases.

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We investigated the missing indexation with the service and confirmed that the indexation wasn't applied as the payment was made direct to the Legal department. It is therefore likely that the officers were not aware that the indexation needed to be applied so it was missed. (See R11)

Conclusion

Our testing found the controls in place are only partially effective at mitigating the risk that trigger points are missed. Consequently, we have re-assessed this risk and have increased the likelihood and impact. Where this risk has increased, it now sits above the tolerance levels set within the risk management framework for the Council.

Risk 3: Failure to release and spend monies timeously

Control 1: s106 group

There currently isn't a s106 officer group which integrates with the other services involved. This means there is no oversight of s106 processes in particular the use of s106 monies. The Service may choose to address this by re-introducing an oversight group. (See R12)

Control 2: Procedure for releasing monies

There is no agreed, documented procedure for releasing funds internally or externally to 3rd parties. Funds are also not currently released to the NHS at their request. When funds are released to 3rd parties, they don't include a covering email advising what they must be spent on to ensure it's in line with the original s106 agreement. There is also no follow up to confirm where the funds are spent. (See R13)

Control 3: Outstanding amounts reported at year end

We confirmed outstanding s106 monies are annually reported in the Council's Statement of Accounts. Officers provided evidence the figures reconciled to the Council's financial monitoring system (Efin), however we were unable to reconcile the figures to the s106 financial monitoring spreadsheet (see R08).

Control 4: Unspent income returned to developer

All s106 receipts not spent in the agreed period should be returned to the developer. This time frame can vary depending on the original s106 agreement. The monitoring records for historic s106 agreements do not include this timeframe, therefore, it's not possible to determine whether (or how many) agreements might have expired or be close to expiring. We are aware that the service is aware of this, and have been working to trace agreements back, however, this work is not complete. (See R01 and R14)

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We tested the five oldest cases detailed on the financial monitoring spreadsheet and found the Council is holding funds totalling £3,500 for the 75 High Street development, which should be returned. (See R14)

Conclusion

There is no joint process or documented procedures to oversee the release of s106 funds. Our testing also identified one instance where funds should have been returned to the developer. We therefore consider there is an increased impact to the risk.

Risk 4: Monies not spent on intended purpose

The Service identified the above risk, which isn't currently mitigated. S106 receipts must be spent in accordance with the s106 agreement, however, the Service doesn't know where monies paid to 3rd parties go. This risk could be mitigated by introducing the following:

1. Covering emails with each fund transfer to advise where monies should be spent.
2. Regular meetings with 3rd parties to discuss where monies are spent.
3. 3rd party protocols. (See R15)

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Recommendations and Action Plan

01 - s106 project management		High (Priority 2)
<p>Finding Description: We have identified a number of key weaknesses within the existing s106 process. The service is exploring the options around purchasing and implementing a new s106 system. As such, it's imperative that this system is appropriately scoped, designed and that implementation is closely controlled to ensure that the intended improvements are achieved.</p> <p>Cause: Internal controls are not designed into the system and implemented affectively.</p> <p>Effect: If controls are not designed into the system and implemented effectively, existing issues and weaknesses will not be addressed.</p> <p>Recommendation: Put in place a project team and apply the Councils project management approach to plan, deliver and oversee design and implementation of the S106 system.</p>		
Management Response		
<p>Response Type: Agreed</p> <p>Response Comments: New software is going live on 4th July 2022 any work in advance on non software matters that can be undertaken will be done.</p>		
Agreed Action		
Put in place a project team.		
<p>Responsible officer: Dan Carter</p>	<p>Implementation date: 31 March 2022</p>	
Apply project management approach to delivery of the s106 software.		
<p>Responsible officer: Dan Carter</p>	<p>Implementation date: 31 October 2022</p>	

03 - Lack of s106 monitoring resilience		High (Priority 2)
<p>Finding Description: There are no resilience arrangements in place to provide cover if the s106 Agreements Monitoring Officer is absent for an extended period. There is a lack of additional officer knowledge and documented procedures.</p> <p>Cause: Inadequate oversight of the monitoring of s106 agreements.</p> <p>Effect: Monitoring of s106 agreements won't take place potentially resulting in missed trigger points, uncollected funds and delays in spending funds.</p>		

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Recommendation: 1. Identify/train an additional officer to provide cover.
2. Develop detailed procedures outlining all processes. These should be saved on a shared drive.

Management Response

Response Type: Proposed Alternative

Response Comments: Procedure notes are the priority. Consideration will be given to additional capacity at later date after new system implemented

Agreed Action

Procedure notes will be developed and shared.

Responsible officer:
Sharon Dimsdale

Implementation date:
28 February 2022

Review need for extra resource in August 2022.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 August 2022

04 - Trigger points on agreements are missed

High (Priority 2)

Finding Description: The Service's s106 agreement monitoring records are incomplete and don't detail if all trigger points have been met.

Our testing of 10 complete agreements found the following:

- Trigger dates fully recorded on Acolaid for 1/10.
- Action dates and funds received fully recorded on Acolaid for 6/10.
- Who obligations should be paid to recorded in 5/10.

Cause: Inadequate s106 monitoring records

Effect: The Service doesn't know if developers have fulfilled their s106 obligations for agreements prior to 2010 or for 61 agreements post 2010.

Recommendation: Review all completed agreements to ensure trigger points are met and complete records are held.

Management Response

Response Type: Proposed Alternative

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Response Comments: Post 2010 records can be reviewed. Pre 2010 most will be complete and any issues should have manifested by now so low priority.

Agreed Action

Review post 2010 records.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 March 2022

Review pre 2010 records

Responsible officer:
Sharon Dimsdale

Implementation date:
31 August 2022

10 - Post development reviews

High (Priority 2)

Finding Description: Officers confirmed post development assessments, to ensure all aspects of the s106 agreement are completed, aren't carried out.

Cause: Lack of established process and officer resources.

Effect: s106 agreements not completed.

Recommendation: Introduce post development reviews.

Management Response

Response Type: Proposed Alternative

Response Comments: Medium – agree it is needed but not as high – potential role for proposed Quality Monitoring Officer (some S106 take more than 10 years to reach completion)

Agreed Action

Introduce post development reviews

Responsible officer:
Sharon Dimsdale

Implementation date:
31 December 2022

14 - Returning unspent s106 monies

High (Priority 2)

Finding Description: There isn't an agreed documented process in place for returning unspent s106 monies.

The Council's monitoring records don't detail spend by dates so the Council is unaware of the exact date without referring to the original agreement.

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We tested five completed agreements and found one case (75 High Street) where funds weren't spent within the required time scale and should be returned. The Council is in the process of returning it.

Cause: Lack of strategic oversight

Effect: The Council may be in breach of s106 agreements and possess funds that should be returned.

Recommendation: Agree and introduce a documented process for returning unspent monies.

Enhance monitoring records to show spend by date and introduce a traffic light system to highlight when funds are nearing said date.

Return funds held for 75 High Street totalling £3,500.

Management Response

Response Type: Proposed Alternative

Response Comments: This example has been discussed with legal and there are no legal requirements to return funds so it is low risk. However we have looked into returning it and cannot find the payee details, so Sharon to contact applicant and ask for evidence they paid funds in first instance.

Agreed Action

Agree and introduce a documented process for returning unspent monies.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 August 2022

Enhance monitoring records to show spend by date and introduce a traffic light system to highlight when funds are nearing said date.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 August 2022

Continue investigation into returning funds held for 75 High Street.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 December 2021

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15 - Monies not spent on intended purpose

High (Priority 2)

Finding Description: The Service has identified a risk, which it currently isn't mitigating. When the Service hands monies over to 3rd parties they do not know if monies are spent in agreement with the s106 agreement.

The service doesn't have any protocols in place with 3rd parties, doesn't send covering emails outlining use of the s106 monies or retrospectively review records.

The Council's Infrastructure Funding Statement is also incorrect if 3rd parties don't provide information back to the Council on how contributions have been spent that reported year and how they intend to spend future contributions.

Cause: Lack of officer oversight

Effect: The Council could suffer reputational damage if monies they collect and hand over aren't used in line with the s106 agreement.

Recommendation: Develop controls to mitigate the risk s106 monies aren't spent on their intended purpose.

Management Response

Response Type: Agreed

Agreed Action

Phase 1 agree a terms of reference for a s106 group at first meeting March 22

Responsible officer:
Simon Cole

Implementation date:
31 March 2022

Phase 2 - Based on discussions at Phase 1 develop controls to mitigate the risk s106 monies aren't spent on their intended purpose.

Responsible officer:
Simon Cole

Implementation date:
31 December 2022

05 - Reconciliation of s106 agreements between Legal and Planning records

Medium (Priority 3)

Finding Description: Legal records show there are 342 s106 agreements based on their DC codes. Planning records show 356 so the two records don't reconcile.

Legal allocate DC reference numbers to all agreements and these aren't detailed on Planning records from 2010.

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Cause: Officer oversight

Effect: Either Legal or Planning have inaccurate records which could result in agreements not being monitored and obligations missed.

Recommendation: Perform a regular reconciliation between Legal and Planning records to identify discrepancies.

Include DC reference numbers in Planning records to aid reconciliation.

Management Response

Response Type: Agreed

Response Comments: This issue is known, the DC codes list has been reviewed and errors corrected with notes made. Sharon keeps a list which is checked every time a new S106 is signed.

Agreed Action

Ongoing reconciliation between Legal and Planning records to identify discrepancies. Include DC reference numbers in Planning records to aid reconciliation.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 December 2021

Once the new system is in place there will be a box for the DC code, it is recorded on acolaid now in account number box but I will go back over all old records and check they are there.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 August 2022

06 - Trigger Point Alert System

Medium (Priority 3)

Finding Description: There is no trigger point alert system linked to the system that monitors s106 agreements. The s106 Agreements Monitoring Officer relies on Outlook to monitor trigger points, which carries a risk that information isn't copied across correctly or trigger points are missed especially if the responsible officer is absent for an extended period. There is also no targeted search facility in Outlook to check trigger points have been added.

We tested a random sample of 10 complete s106 agreements but couldn't verify whether trigger points were registered as officers didn't know how the previous s106 Agreements Monitoring Officer did this.

Cause: Inadequate s106 monitoring system.

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Effect: Missed trigger points and/or uncollected funds.

Recommendation: Introduce trigger point alerts linked to the s106 monitoring system.

Management Response

Response Type: Agreed

Agreed Action

This will be implemented within new system. A new letter could help with this and possibly a spreadsheet in Teams.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 July 2022

08 - Financial monitoring spreadsheet

Medium (Priority 3)

Finding Description: The s106 Agreements Monitoring Officer doesn't have regular meetings with Finance to discuss payments received. The financial monitoring spreadsheet details payments received but the changes aren't highlighted meaning it takes a while for the s106 Agreements Monitoring Officer to identify them.

We were unable to reconcile the monitoring spreadsheet to the financial monitoring system Efin.

Cause: Lack of communication between Finance and the s106 Agreements Monitoring Officer

Effect: Delays in identifying received payments

Recommendation: Introduce monthly meetings with Finance to go through the financial monitoring spreadsheet to easily identify received payments and ensure integrity and accuracy of records.

Management Response

Response Type: Agreed

Agreed Action

A spreadsheet focusing on the month rather than a full account of every contribution paid would help focus and prevent error. Will explore having an email with receipts within month, or highlighting payments within month.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 January 2022

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12 - Lack of governance to oversee use of s106 receipts	Medium (Priority 3)
<p>Finding Description: There is a lack of governance in place to oversee the use of s106 receipts. Officers independently review applications and issuance of funds.</p> <p>Cause: s106 group disbanded as not deemed necessary by previous management.</p> <p>Effect: Lack of joined up review and discussion</p> <p>Recommendation: Improve governance to oversee the use of s106 receipts. This could involve re-forming the s106 group</p>	
Management Response	
<p>Response Type: Proposed Alternative</p> <p>Response Comments: A high risk as disbanding of the S106 working group has not assisted identification of any potential clawbacks of money (thus dictating priority proposals for S106 spend by other departments) or early discussion of projects coming forward where S106 monies will be relied upon by the project sponsor. In addition the relationship to project management group and management team sign off needs strengthening to ensure that S106 spend would be lawful and assumptions are not made when projects are signed off. In some instances projects have been signed off at management team level without any details being identified by the project sponsor in terms of relationship to the S106 agreement. This hints at a potentially confusing process with too many strands to project sign off and review and rationalisation would be welcome.</p>	
Agreed Action	
<p>We will improve governance to oversee the use of s106 receipts by re-forming the s106 group.</p>	
<p>Responsible officer: Simon Cole</p>	<p>Implementation date: 31 March 2022</p>

02 - Training/Development	Low (Priority 4)
<p>Finding Description: There is no s106 training/development in place for the s106 Agreements Monitoring Officer.</p> <p>Cause: Inadequate succession planning.</p> <p>Effect: Ineffective or inadequate monitoring of s106 agreements. Areas of best practice not obtained.</p>	

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Recommendation: Investigate training/development opportunities for the s106 Agreements Monitoring Officer

Management Response

Response Type: Agreed

Agreed Action

Sharon will be trained and giving training on the new system. Sharon to look for training courses or contact officers from adjoining Councils to share information.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 July 2022

07 - Introduction letter

Low (Priority 4)

Finding Description: The s106 Agreements Monitoring Officer is planning to send introduction letters to developers to introduce herself and advise of the developer's responsibilities. The introduction of the letter is delayed pending the implementation of a new s106 agreement monitoring system. There is no definitive date as to when the system will be enabled therefore the letter should be introduced immediately.

Cause: The s106 Agreement Monitoring Officer is waiting for the introduction of a new monitoring system.

Effect: The s106 Agreement Monitoring Officer has highlighted an area for improvement. Delayed implementation will result in a delay in improving the s106 agreement monitoring process.

Recommendation: Introduce the introduction letter immediately.

Management Response

Response Type: Agreed

Response Comments: We would wish the new system to be developed to help automate this.

Agreed Action

Wording for letter to be agreed by officers.

Responsible officer:
Sharon Dimsdale

Implementation date:
25 December 2021

Letter to be automated once new system in place.

Responsible officer:
Sharon Dimsdale

Implementation date:
31 July 2022

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09 - Enforcement procedures		Low (Priority 4)
<p>Finding Description: There are currently no documented enforcement procedures for agreements that aren't adhered to.</p> <p>The Service is currently unaware if all historic agreements are met. If they discover unfulfilled agreements a documented process will ensure a consistent agreed approach.</p> <p>Cause: Lack of oversight</p> <p>Effect: An inconsistent approach to follow up action, which hasn't been agreed by management. This could result in challenges from developers.</p> <p>Recommendation: Agree and document enforcement action procedures.</p>		
Management Response		
<p>Response Type: Proposed Alternative</p> <p>Response Comments: It is extremely rare for breaches to end in litigation in the courts and the number of challenges from developers is also very low. If there is an issue where there is a breach where we have been unsuccessful in resolving with the developer then we would as a last resort discuss with legal with the intention of enforcing a claim in the courts. We agree a process needed.</p>		
Agreed Action		
<p>Jeremy Baker, Sharon Dimsdale, Dan Carter and Roland Mills will agree a protocol and meet as and when needed.</p>		
<p>Responsible officer: Sharon Dimsdale</p>	<p>Implementation date: 31 March 2022</p>	

11 - Indexation		Low (Priority 4)
<p>Finding Description: Our testing found indexation wasn't received for 1/5 tested agreements (17/1357/AS).</p> <p>Cause: Payment was made directly to Legal Services who didn't check as a matter of course for indexation.</p> <p>Effect: Insufficient funds received.</p> <p>Recommendation: Investigate possibility of retrospectively charging for indexation. Inform all parties who receive s106 monies to check for indexation.</p>		

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Management Response

Response Type: Disagreed

Response Comments: Potentially disproportionate response to very small sums of money

13 - Procedure for releasing monies

Low (Priority 4)

Finding Description: There is no documented agreed process in place for releasing s106 funds.

A covering email/letter isn't sent with the release of s106 monies to 3rd parties advising what the funds have to be spent on.

Cause: Lack of strategic oversight

Effect: Without a documented process an inconsistent approach may be taken.

The Council is unaware where funds are spent and if this is in line with the s106 agreement.

Recommendation: Agree and document process for releasing s106 monies.

Management Response

Response Type: Proposed Alternative

Response Comments: There is a process and an approval to spend monies form. The approval form has been revamped during its 10 year life to make it slicker and avoid unnecessary calls on legal services time in terms of alignment with terms of S106. Some overlap with governance arrangements in terms of S106 working group and project management group need review to ensure S106 spend is not an afterthought and/or proposed spend is not revealed to those signing off projects as potentially falling outside the terms of the S106 agreement and those matters on which the monies can be lawfully spent. Maybe need a process for checking what money spent on.

Agreed Action

Agree and document process for releasing s106 monies.

Responsible officer:
Simon Cole

Implementation date:
31 March 2022

Appendix I: Audit Brief (As Originally Issued)

About the Service Area

Section 106 (s106) of the Town and County Planning Act 1990 allows the Council and developers to form planning obligations as part of the planning application process. This involves negotiating a contribution from the developer at key points in the development process, which are referred to as trigger points.

s106 agreements are drafted when it is considered that a development will have significant impacts on the local area that cannot be moderated by means of conditions attached to a planning decision. They are used to support the provision of services and infrastructure such as affordable housing, highways, education, health and recreational facilities.

About the Audit

We complete all our work in full conformance with [Public Sector Internal Audit Standards](#), [CIPFA's Local Government Application Note](#) and the [Institute of Internal Audit's International Professional Practices Framework](#).

This includes the internal auditors' [Code of Ethics](#) that commits us to work with integrity, objectivity, confidentiality and competence.

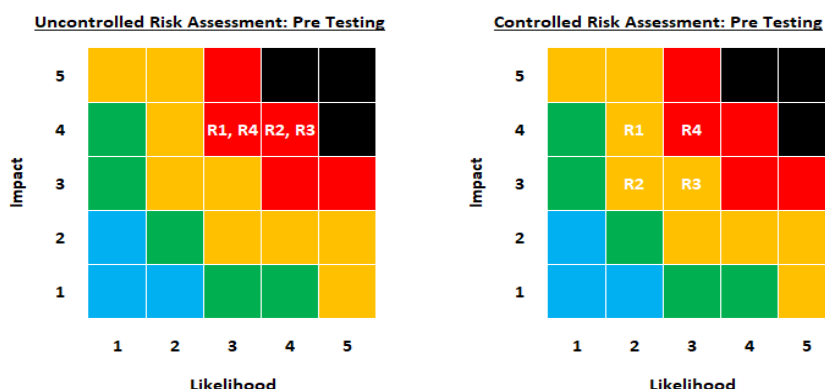
This audit seeks to provide assurance over the controls and procedures in place to manage s106 agreements.

We have agreed the following 4 risks in relation to s106 agreements:

- 1) Planning obligation details aren't fully recorded.
- 2) Trigger points on agreements are missed.
- 3) Failure to release and spend monies timeously.
- 4) Monies not spent on intended purpose.

We used the risk assessments detailed below to guide the testing we will undertake.

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No existing controls are in operation for R4 so we are unable to test this area. We will however work with the service to understand what controls can be introduced.

Our findings in this review will contribute towards the **internal controls** aspect of the Head of Audit Opinion, to be issued in June 2022.

Evaluation Criteria

We will assess s106 performance against the Town and Country Planning Act 1990 and the National Planning Policy Framework.

Audit Testing

Audit Tests	Sample Size
Evaluate responsible officer job description	N/A
Confirm responsible officer is suitably trained/ experienced	N/A
Evaluate trigger points alert system	N/A
Test sample of agreements for action taken on past trigger points	10
Test sample of incomplete agreements to ensure triggers points set up	5
Review recording system procedure notes	N/A
Evaluate financial monitoring process	N/A
Confirm s106 balances to the general ledger	1
Sample test whether agreements are recorded correctly	10
Reconcile s106 Legal records to monitoring spreadsheet	N/A
Walkthrough enforcement action process	1
Test enforcement action is taken	5
Evaluate process for reviewing completed s106 agreements	N/A
Test a sample of completed agreements to confirm review took place	5
Review meetings held between services with involvement of s106 process and test meeting notes	3
Evaluate and verify the reporting process in line with legislation	N/A
Walkthrough index calculation process	1

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Audit Tests	Sample Size
Test agreements to ensure provision for indexing and its occurred	5
Evaluate process for releasing s106 monies	N/A
Test a sample of cases to confirm the correct release of monies	10
Confirm outstanding developer contributions are reported	N/A
Reconcile EOY financial statement to capital grants and s106 monitoring sheet	1
Evaluate the process for returning unspent s106 monies	N/A
Test a sample of cases where monies have been collected to ensure that they have been used before the agreed deadline	5

Audit Resources

Based on the objectives, scope and testing identified we expect this review will need 21.00 days' work to complete.

Audit Timeline

- Fieldwork Begins 12 July 2021
- Draft Report Issued 16 August 2021

Audit Resources and Timeline Outturn

We completed this engagement in 1 day longer than originally planned owing to the nature of the issues identified. Additionally, we extended the timeline to allow sufficient time to discuss the issues.

Disclaimer and Report Distribution

There are inherent limits to internal audit's work. All control systems, no matter how well designed, are vulnerable to risk of failure. This might arise, for example, following poor judgement, human error, deliberate subversion or unforeseeable circumstances. Our assessment of controls covers the period set out in scope detailed in the *About the Audit* section. As a historical review it may not provide assurance for future periods. This may be, for example, where control design becomes inadequate in changed circumstances or compliance with procedures weakens over time.

It is the responsibility of management to develop and preserve sound risk management, internal control and governance. Internal audit work cannot substitute for management's responsibilities over system design and operation. We plan our work in line with relevant Standards and our agreed Audit Charter(s) to maximise the reasonable assurance we can

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provide. However, internal audit procedures alone, even when conducted with due professional care, cannot guarantee detection of fraud or error or eliminate risk of failure. We prepare and deliver this document for and to the individuals and organisations named on the front cover and in the *Report Distribution List* section. We may use all or part in reporting to Members. We can accept no liability to any third party who claims to use or rely, for whatever reason, on its conclusions or any extract. Recipients should not share this document, in whole or part, without seeking permission of the Head of Audit Partnership. This includes where the document is subject to a statutory request under, for example, the Freedom of Information Act 2000.

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Appendix II: Assurance & Priority level definitions

Assurance Ratings

Full Definition	Short Description
<p>Strong – 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>Sound – 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>Weak – 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>Poor – 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>

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Finding, Recommendation and Action Ratings

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.



Agenda Item No: 9
Report To: Audit Committee
Date of Meeting: 15 March 2022
Report Title: Presentation of Financial Statements
Report Author & Job Title: Monica Hutanu - Senior Accountant
Portfolio Holder Cllr. Shorter
Portfolio Holder for: Finance & IT

Summary: The Council is required to follow statutory guidance for the publication of its published accounts and each year this guidance is reviewed and updated. This report will look at the impact of these updates on the Council's accounts for 2021/22.

Like in the prior year, the Covid19 pandemic had an impact on 2021/22 financial year and the Governments response which has included this Council administering a number of grants and reliefs that will flow through the 2021/22 statement.

The Council has completed a review of its accounting policies that will be used for the publication of the statement of accounts; they are presented in **Appendix A**.

The accounts will be prepared on a 'going concern' basis.

Key Decision: No

Significantly Affected Wards: None specifically

Recommendations: **The Committee is recommended to:-**

- I. Note the report**
- II. Approve the accounting policies for the 2021/22 accounts in Appendix A**
- III. Approve delegation to Head of Finance and IT to make changes to the accounting policies following an emergency consultation on the update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom**

Financial Implications: None

Legal Implications	The Council is required to produce an annual set of accounts
Equalities Impact Assessment	Not Required
Other Material Implications:	None
Exempt from Publication:	NO
Contact:	monica.hutanu@ashford.gov.uk

Presentation of Financial Statements

1. This report is to update members on the progress of the production of the Statement of Accounts 2021/22 (the Statement) and how changes are to be managed and implemented.
2. Members are asked to note the report and approve the 2021/22 Accounting Policies.
3. Subject to the results of the emergency consultation, members are asked to approve delegation to Head of Finance and IT to make changes to the accounting policies impacting 2021/22 accounts.

Introduction and Background

4. The Council is required to produce an annual statement of accounts for the financial year ending 31 March. These are then audited by the Council's external auditor and an opinion issued by the end of November.
5. The timetable for closedown has been finalised for the financial year ending the 31 March 2022 with an estimated production date of 30 June 2022, with a statutory date to publish draft accounts being 31 July 2022. Grant Thornton will then audit the Accounts with an opinion issued by 30 November 2022.
6. This year there are no significant changes to the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) so far, however, an emergency consultation is ongoing and the results of this consultation might have an impact on the changes brought into the Code for the financial year 2021/22.

2021/22 Statement of Accounts Audit

7. The audit timescales has changed for the 2021/22 accounts; in previous years the deadline set for signoff was 31 July after the financial year-end, this has now been moved to 30 November. This will release some of the pressure on the External Audit teams as the original timescales are not achievable at present. The Council is still aiming to finalise the draft accounts for end of June deadline.
8. The Grant Thornton audit team is expected to remain the same with Audit Manager Trevor Greenlee and Principle Auditor, Ke Ma, both having experience of auditing Ashford Borough Council. This team is headed up by Audit Lead; Darren Wells (Director).
9. Internally the accounts closedown process will be co-ordinated by the Senior Accountant, Monica Hutanu, with the Accountancy Manager overseeing the process.

10. 2020/21 accounts are still being audited and Grant Thornton will be providing an update at this meeting.
11. The target is to have a completed final draft by 30 June, key deadlines below:
 - a. Service Accounts and Collection Fund to be closed by 13 May
 - b. Balance Sheet Codes to be closed by 29 May
 - c. Draft Statement by 30 June

Changes to the Code

12. There are no significant changes to the code for 2021/22 so far, however, an emergency consultation is ongoing and the results of this consultation might have an impact on the changes brought into the Code for the financial year 2021/22. The reason behind the consultation is that 91% of local bodies in England missed the statutory deadline of 30 September 2021 for publication of their audited 2020/21 accounts, and a considerable number of 2019/20 audits are also still outstanding. It is looking whether there are short-term solutions that could help reduce current delays to the publication of audited financial statements. The Council has already replied to this consultation.

These changes refer to:

- a. pausing the valuation of Property Plant and Equipment and Housing Revenue Account assets for 2021/22 and 2022/23 accounts
 - b. postponing IFRS lease implementation until 2023/24 accounts.
13. Once we are aware of the results of the public consultation and legislation has been passed in this respect, there will be an update to the Committee accordingly.

Going Concern Principle

14. The Council has set a balanced budget for 2022/23 and has a Medium Term Financial Plan that demonstrates that the Council is a 'going concern' and will operate for the foreseeable future. As such the accounts will be prepared on this basis.

Looking ahead Accounting Changes

15. The introduction of further changes to the accounting standards that manage the accounting for Financial Instruments and Leases was going to be adopted in 2020/21 however this has been postponed to 2021/22 accounting period. Nonetheless, as mentioned above there is a proposal for a further delay to 2023/24 accounts.
16. IFRS 16 Leases change from finance leases to Right of Use Assets. Fundamentally this change will see all leases recognised on the balance sheet where the Council is the lessee.
17. A review is ongoing to assess the impact of this accounting change and the impact on the accounts, it is not expected to be significant.

Accounting Policies for 2021/22

18. There are no major changes to the Accounting Policies so far, and these are at **Appendix A**. Should there be any significant changes due to the emergency consultation, the Head of Finance and IT will ensure these are appropriately disclosed and implemented.

Next Steps in Process

19. There will be a Members training session prior to the presentation of the draft statement to this Committee, where any questions or issues from Members can be discussed with officers.
20. In November the Statement of Accounts will be submitted for signing to the Audit Committee and the external auditors audit findings will be presented.

Conclusion

21. Members are asked to note the changes to the final accounts process, approve the Accounting Policies in **Appendix A** and approve delegation to Head of Finance and IT to make changes to the accounting policies following the emergency consultation.

Portfolio Holder's Views

22. This year has been challenging and it is good to see the Accountancy team are aiming for the end of June closedown. There are many external factors that could affect the completion of the Statement of Accounts and the audit of the statement predominately 2020/21 accounts still not being signed and pressure of resourcing within the external audit team.

Contact and Email

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Accounting Policies

General Principles

The Statement of Accounts summarises the Authorities transactions for the 2021/22 financial year and its position at the year ending 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are being prepared in accordance with proper accounting practices. These practices primarily comprise the 'Code of Practice on Local Authority Accounting in the United Kingdom 2021/22' (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1. Accounting Concepts and Conventions

2.

The Going Concern basis has been selected for the preparation of these accounts based on the assumption that the Council will operate for the foreseeable future.

Qualitative characteristics are the attributes that make the information provided within this Statement of Accounts, useful to users. The International Accounting Standards Board (IASB) Framework sets out the two fundamental, qualitative characteristics and four enhancing, qualitative characteristics of financial statements, which have been adopted by the Code:

- Fundamental
 - relevance
 - faithful representation
- Enhancing
 - comparability
 - verifiability
 - timeliness
 - understandability
 -

The Code also includes consideration of materiality as a qualitative characteristic and the Framework considers it as part of the fundamental characteristic of relevance.

3. Accruals of Income and Expenditure

With the exception of the Cash Flow Statement, including its notes, and the Collection Fund, the Statement of Accounts is presented on an accruals basis.

The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts for the year in which those effects are experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted

for as income at the date the Council provides the relevant goods or services; interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

As per IFRS 15, revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. There is a de minimis limit for manual accruals (not automatic accruals) which has been increased to £10,000 to aid faster closing, transactions below this limit are not accrued for as they are deemed not material to the understanding of these accounts.

4. **Estimation Techniques**

Estimation techniques are the methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation of the change is provided and its effect on the results for the current period.

5. **Costs of Internal Support Services**

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration are outlined below:

Cost	Basis of Allocation
Accounting and other services	Budgeted time spent by staff, as predicted by budget managers
Legal services	Actual time spent by staff, as recorded on time recording systems
Administrative Buildings	Per capita
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network/PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction

6. **Council Tax and National Non-Domestic Rates**

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year, which consists of:

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rates surplus or deficit on the fund at the preceding year-end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves on the General Fund balance.

The Council, as billing authority, recognises the creditor in its balance sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors.

7. Charges to Revenue

Service and Support Service Accounts are debited with amounts to record the cost of holding non-current assets used in the provision of services. These amounts include the annual provision for depreciation, certain revaluation gains/losses and impairment losses and the amortisation of intangible assets. The amounts are subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account so that they do not impact on the amounts required from local taxation.

Capital charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

External interest payable is debited in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement and amounts set aside from revenue for the repayment of external loans, are charged to the General Fund Balance in the Movement in Reserves Statement.

8. Revenue Expenditure Funded from Capital Under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as Property Plant and Equipment. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and have a direct impact upon Council Tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to Cost of Services in the Comprehensive Income and Expenditure Statement but subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

9. Government Grants and Contributions

Grants received are credited to the Comprehensive Income and Expenditure Statement when the income is recognised and, once conditions have been met. Revenue Grants specific to a particular service will be shown against the service expenditure section. General Revenue Grants, in the form of Revenue Support Grant, and Capital Grants are credited and disclosed separately in the Taxation and Non-specific Grant Income section in the Comprehensive Income and Expenditure Statement.

Capital Grants and Capital Contributions will subsequently be transferred through the Movement in Reserves Statement to the Capital Adjustment Account or the Grants Unapplied Account, if expenditure has not been incurred.

If conditions have not been met, grants will be held as a creditor (Grants received in advance) on the Balance Sheet until conditions are met or grants are repaid.

10. VAT

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

11. Heritage Assets

Heritage assets are carried at valuation (e.g. insurance valuation) rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon. Valuations are determined by the insurance valuation or where not available, the historical cost. Although there are no prescribed minimum periods for review, the assets will be reviewed in line with the insurance policy and material changes will be incorporated into the accounts. A de-minimis level has been set at £10,000 for heritage assets based on the method of valuation above.

12. Assets Held for Sale (Current Assets)

These assets have been declared surplus to the Council's operational requirements, are being actively marketed for disposal and have an estimated sale date within twelve months of the Balance Sheet date. They are reported on the Balance Sheet, at the lower of the carrying amount or the fair value (market value) of the asset, less the costs to sell the asset. Assets held for sale are not subject to depreciation. Potential 'Right-to-buy' sales are not accounted for until the date of sale, as they are not actively marketed in any conventional way.

13. **Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will benefit the Council for more than one financial year.

An intangible asset is initially measured at cost but will be revalued where the fair value of the asset differs significantly from its carrying value. The depreciable amount is amortised over its useful economic life to the relevant service section in the Comprehensive Income and Expenditure Statement, but subsequently reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

14. **Investment Assets**

15.

These assets are held solely to earn rentals and/or capital appreciation. The property cannot be used for any other purpose to be classed as an investment asset.

They are held initially at cost and subsequently at fair value, being the price that would be received to sell such an asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end.

16. **Property, plant and equipment**

16.1. **Recognition**

All expenditure on the acquisition, creation, or enhancement of these assets is capitalised on an accruals basis. These assets are depreciated on a straight-line basis.

16.2. **Recognition Definition**

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

The category is split into seven subcategories.

- Council Dwellings;
- Other Land and Buildings;
- Vehicles, Plant, Furniture and Equipment;
- Infrastructure Assets;
- Community Assets;
- Surplus Assets;
- Assets Under Construction.

The Accounting policy for each type of asset is detailed below:

16.3. **Council dwellings**

These assets are held on the Balance Sheet at current value but discounted to allow for the Existing Use Value for Social Housing (EUV-SH).

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) as at 31 March. Material changes will be reflected in the accounts if they arise after the valuation.

16.4. Other Land and Buildings

These assets are held on the Balance Sheet initially at cost, however are revalued and updated with a desktop revaluation annually. All property and land will be fully valued at least once within the 5-year cycle.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

16.5. Vehicles, Plant, Furniture and Equipment

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

16.6. Infrastructure Assets

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

16.7. Community Assets

These are defined as assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and allotments. These assets are held on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

16.8. Assets under Construction

This covers assets currently not yet ready for operational purposes. The Council does not depreciate nor revalue assets under construction. These assets are held at cost on the Balance Sheet.

16.9. Surplus Assets

These assets are not being used to deliver services and are held at fair value which is the price that would be receivable if sold.

16.10. Valuations

Increases in valuations are matched by credits to the Revaluation Reserve to recognise revaluation gains. However, where the increased valuation follows a previous reduction in the carrying value below its historic cost, gains would be credited to the service expenditure in the Comprehensive Income and Expenditure Statement to reverse the loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. On revaluation, accumulated depreciation is written out.

16.11. Depreciation

Depreciation on assets with a finite useful life, in line with International Accounting Standard (IAS) 16, is calculated on a straight-line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight-line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life.
- Newly acquired assets and enhancements are depreciated in year one, assets in the course of construction are not depreciated until they are ready for use, starting in the following year.
- In accordance with recognised accounting practice, land owned by this Council is not depreciated.

Following removal of the transitional arrangements from 1 April 2017, Council Dwellings and other HRA land and property are depreciated in line with proper accounting practices.

16.12. Impairment of Non-current Assets

A review for impairment of non-current assets, whether carried at historical cost or valuation, is carried out at year-end to ascertain whether events or changes in circumstances, indicate that the carrying amount of the asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in the asset's fair value during the period;
- evidence of obsolescence or physical damage to the asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that an impairment is identified, the value will either be written off to the Revaluation Reserve where sufficient reserve levels for that asset exist, or written off to Service Expenditure through the Comprehensive Income and Expenditure Statement where the carrying value falls below the historic value of the asset. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment. If the impairment is identified on an investment property, the value is written out to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement.

16.13. Gains or Losses on Disposal of Property Plant and Equipment

When an asset is disposed of or de-commissioned, the carrying value of the asset and any receipts from the sale, together with the costs of disposal, are shown on the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement which, therefore, bears a net gain or loss on disposal.

Where the receipt is in excess of £10,000, it is appropriated to the Capital Receipts Reserve, via the Movement in Reserves Statement, where it can be used for any approved capital purpose, e.g. for new capital investment. The carrying value of the disposed asset is appropriated to the Capital Adjustment Account from the Movement on Reserves Statement. Costs of disposal are accounted for within the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

17. Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

17.1. Finance Leases

As lessee, the Council shall recognise finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge (interest) and the reduction of the outstanding liability. The finance charge is calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

The Council recognises an asset under a finance lease in the Balance Sheet at an amount equal to the net investment of the lease.

Assets recognised under a finance lease are depreciated; the depreciation policy for leased assets is consistent with the policy for other property, plant and equipment. Where it is not certain that ownership of the asset will transfer at the end of the lease, the asset is depreciated over the shorter of the lease term and its useful economic life. After initial recognition, assets recognised under a finance lease are subject to accounting policies in the same way as any other asset.

As lessor, the Council derecognises the asset and show this as a long-term debtor. Lease rentals receivable are apportioned between a charge for the acquisition of capital (applied to write down the lease debtor) and finance income – which is credited to the Financing and Investment Income section in

the Comprehensive Income and Expenditure Statement. The Code required this income to be treated as a capital receipt and therefore, it is reversed out via the Movement in Reserves Statement to the Capital Receipts Reserve. For finance leases that existed at 31st March 2010, regulations allow these capital receipts to remain credited to the Comprehensive Income and Expenditure Statement.

17.2. Operating Leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Council.

18. Current Assets and Liabilities

18.1. Short term Debtors and Creditors

18.2.

With exception set out above (policy no 2), the Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IASs. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

18.3. Impairment Allowance for Bad and Doubtful Debts

18.4.

The figure shown in the Statement of Accounts for Debtors is adjusted for bad debts. This amount is to provide for debts that are unlikely to be collected in future years. The percentage used to reduce the Debtors figure is based on historical evidence of collection and management judgements.

19. Contingent Assets and Contingent Liabilities

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability, the nature of the liability is disclosed together with a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

20. Short term and long-term Provisions

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss. When utilised, the payment is charged to Provisions and not to Service Expenditure.

21. Reserves

The Council holds Usable and Unusable Reserves. Usable Reserves give the Council discretion to meet expenditure without having a direct impact on Council Tax. In contrast, Unusable Reserves do not give the Council such discretion and are kept to manage the accounting processes for non-current assets, financial instruments and employee benefits.

Usable Reserves are created when the Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. No expenditure is charged directly to a reserve but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement; this is then offset by a reserve appropriation within the Movement in Reserves Statement. The exception is amounts required for the repayment of external loans and for financing capital expenditure from revenue sources. Where this applies, amounts are appropriated from the General Fund Balance in the Movement in Reserves Statement.

The General Fund Balance acts as a working contingency to meet unforeseen and unforeseeable costs including those relating to emergencies. Earmarked reserves, such as the repairs and renewals reserve, are for specific purposes. The Capital Receipts Reserve can only be used for certain statutory purposes such as financing capital expenditure.

The Major Repairs Reserve is required by statutory provision to be set up in relation to the Housing Revenue Account.

22. Employee Benefits

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits, as detailed below.

22.1. Benefits payable during employment

22.2.

- Short-term employee benefits arise during a financial year or are those due to be settled within 12 months of the year-end. They include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year employees render service to the Council.
- Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.

Where considered of a material nature these are accrued.

22.3. Termination benefits including Exit Packages

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those

benefits. These are often lump-sum payments, but also include enhancement of retirement benefits and salary until the end of a specified notice period, if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee, the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred. These costs are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement where the Council is committed to the termination of employment.

22.4. **Post-employment benefits**

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Code requires the Council to account for this benefit at the time that employees earn their future entitlement. The amount charged to the Comprehensive Income and Expenditure Statement for employee's pensions is in accordance with IAS19 Retirement Benefits, subject to the interpretations set out in the Code. This is accounted for in the following ways:

- Pension liabilities, attributable to the Council, are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees etc.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return.
- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price;
 - Property – market value.
- The change in net pensions liability is analysed into five components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service where employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs.
 - Net interest on the net defined benefit liability (asset) – the change during the period in the net liability (asset) that arises from the passage of time. This is debited/ (credited) to the Financing and Investment

Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

- Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs.
- Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated - debited to the Comprehensive Income and Expenditure Statement.

Under IAS 19, the Council recognises as an asset or liability, the surplus/deficit in pension costs calculated in accordance with the standard. This surplus/deficit is the excess/shortfall of the value of assets when compared to the present value of the pension liabilities. Where the contributions paid into the Pension Fund do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from the Pension Reserve together with any actuarial gains/losses. The difference between the recognised net pension liability and the amounts attributed to this Council in Kent County Pension Fund are shown in the Balance Sheet as Pensions Liability and this is offset by the Pensions Reserve (an adverse balance). The Local Government Pension Scheme, applicable to this Council, is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets over the average future working life of its employees.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Pension Fund was at 31 March 2019 and changes to contribution rates as a result of that valuation took effect on 1 April 2020.

23. Financial Instruments

The Code has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments. Detailed disclosure of the Council's holding of Financial Instruments is included in Note **Error! Reference source not found..**

23.1. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure classification in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The reconciliation of amounts charged to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed in the Movement in Reserves Statement by a transfer to or from Unusable Reserves (Financial Instruments Adjustment Account).

23.2. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)
-

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure sections in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure section in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services, although they are reversed out through a statutory override.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis. The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

It is the policy of the Council that certain equity assets will be designated as Financial Assets Measured at Fair Value through other Comprehensive Income. Designation is considered when the investment would normally fall into the Fair Value through Profit of Loss classification, the investment meets the definition of an equity instrument and is not held for trading.

Any designation is determined so that a reliable accounting policy is maintained for the investment reflecting the long term strategic nature of each investment. Designation is irrevocable so that gain/losses in movements in fair value are not recognised in usable reserves until the investment matures or is sold.

23.3. Financial Instrument Risk

The Code requires Authorities to estimate the “Fair Value” of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Councils’ Financial Instruments as at 31 March and should reflect prevailing interest rates as at that date.

The Code identifies the following three types of risk associated with Financial Instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The Code requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note 23.

These disclosure requirements are equally applicable to outstanding debtors, see Note **Error! Reference source not found.** for an analysis of debtors. In addition to this, a provision for impairment is also included in the Statement.

24. Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and are shown on the Balance Sheet at their nominal value; these include investments that can be accessed immediately without incurring a penalty, such as call accounts. Cash and cash

equivalents are shown net of any bank overdraft that forms part of the Council's cash management.

25. **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available Property Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the Property Plant and Equipment will pass to the Council at the end of the contract at no charge, the Council carries the Property Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of these Property Plant and Equipment was balanced by the recognition of a liability, for the amounts due to the scheme operator to pay for the assets, net of any capital contributions made.

The stock is recognised at current value less the EUV-SH factor and additions are measured at cost, as per the contractor model. Lifecycle costs are accounted for when they occur.

Property Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year;
- Finance charge – an interest charge on the balance sheet liability;
- Payment towards the liability.

26. **Group Accounts**

Group Accounts are prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries. Where applicable the following principles will be followed:

Basis of Consolidation

Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column.

Accounting Policies

Group Accounts will be prepared using consistent accounting policies where possible; where there are conflicting policies with IFRS requirements, then the requirements of the Code of practice for Local Authority accounting will be adopted for consolidation purposes.

Where Intra-group charges occur, they will be removed during consolidation of the accounts.

The decision to group account is determined by Qualitative and Quantitative materiality, therefore when considering whether to group, not only the values are relevant, the interest to all stakeholders is also taken into account.

27. Exceptional Items and Prior Year Adjustments

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account, if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

Prior year adjustments arise as a result of a change in accounting policies or to correct a material error. When either of the circumstances applies, the Council will show the extent of the adjustment in a table, reconciling the adjusted opening and closing balances and/or comparative amounts shown for a prior period.

28. Events after the Balance Sheet Date

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made, including:

- the nature of the event;
- an estimate of the financial effect.

Events after the Balance Sheet date should be reflected up to the date when the Statement of Accounts is authorised for issue, as per the approved policies by the council.

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Audit Committee - Future Meetings

2022

Dates to Note			
Date of Meeting	15/03/2022		
Publication of Agenda Date	03/03/2022		
Reports to Management Team	03/03/2022		
Full Council	21/04/2022		
Items for Inclusion on the Audit Agenda			
Part I - For Decision			
1	Corporate Risk Register (on agenda every six months) including update on APH risk register and focus on Cyber Security	CH/RJ	
2	Approval of Annual Governance Statement	CH	
3	Internal Audit and Assurance Plan 2022/23	AT	
4	Section 106 Audit – Weak Assurance Report	AB/SC	
5	Statement of Accounts 2020/21 and External Auditors Findings	LF & Gr Th	
6	Presentation of Financial Statements	MH	
Part II - Monitoring/Information Items			
8	Report Tracker for Future Meetings	KM	

Dates to Note		
Date of Meeting		21/06/2022
Publication of Agenda Date		09/06/2022
Reports to Management Team		02/06/2022
Full Council		21/07/2022
Items for Inclusion on the Audit Agenda		
Part I - For Decision		
1	Draft Statement of Accounts 2021/22	LF
2	Internal Audit Annual Report & Opinion 2022	AB
3	Informing the Audit Risk Assessment 2021/22	LF
4	Internal Audit Charter and QAIP 2022/23	AT
Part II - Monitoring/Information Items		
5	Audit Progress Report	Gr Th
6	2020/2021 Annual Audit Letter (Note this title will change)	Gr Th
7	2021 Auditors Annual Report	Gr Th
8	2021/22 Audit Plan (External Audit)	Gr Th
9	Report Tracker & Future Meetings	KM

Dates to Note		
Date of Meeting	04/10/2022	
Publication of Agenda Date	22/09/2022	
Reports to Management Team	01/09/2022	
Full Council	20/10/2022	
Items for Inclusion on the Audit Agenda		
Part I - For Decision		
1	Corporate Risk Register (on agenda every six months)	CH
2	Annual Governance Statement – Progress on Remedying Exceptions	CH
3	Corporate Enforcement Support & Investigations Team Annual Report 2021/22	DD
4	Annual Report of the Audit Committee	AB
5	Audit Fee Letter	GT
Part II - Monitoring/Information Items		
6	Audit Progress Report	Gr Th
7	Report Tracker & Future Meetings	KM

Dates to Note		
Date of Meeting	29/11/2022	
Publication of Agenda Date	17/11/2022	
Reports to Management Team	03/11/2022	
Full Council	02/03/2023	
Items for Inclusion on the Audit Agenda		
Part I - For Decision		
1	Statement of Accounts 2020/21 and External Auditors Findings	LF
2	Homes England – Compliance Audit Annual Report for Ashford Borough Council	MJ
Part II - Monitoring/Information Items		
3	Internal Audit Interim Report	AT/JH
4	Audit Progress Report	Gr Th
5	Report Tracker & Future Meetings	KM

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