



## AUDIT COMMITTEE

Notice of a Meeting, to be held in the Committee Room 2 (Bad Münstereifel Room) -  
Ashford Borough Council on Tuesday, 3rd October, 2023 at 6.00 pm.

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The Members of the Audit Committee are:-

Councillor Krause (Chair)  
Councillor Gambling (Vice-Chair)

Cllrs. Dean, Feacey, Hallett, Hayward, McGeever and Smith

### Agenda

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| 1. | <b>Apologies/Substitutes</b>   |         |
|    | To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)                      |         |
| 2. | <b>Declarations of Interest</b>  | 3 - 4   |
|    | To declare any interests which fall under the following categories explained on the attached document: |         |
|    | a) Disclosable Pecuniary Interests (DPI)   |         |
|    | b) Other Significant Interests (OSI)   |         |
|    | c) Voluntary Announcements of Other Interests  |         |
|    | See Agenda Item 2 for further details  |         |
| 3. | <b>Minutes</b>   | 5 - 8   |
|    | To approve the Minutes of the Meeting of this Committee held on 20 <sup>th</sup> June 2023.            |         |
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| 8. | <b>External Audit Progress Report</b><br><br>Verbal update from Grant Thornton. |         |
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25 September 2023

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

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

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

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

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

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

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

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

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

### **Advice to Members on Declarations of Interest:**

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

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

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## Ashford Borough Council: Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Room No. 2, Civic Centre, Tannery Lane, Ashford on the **20<sup>th</sup> June 2023**.

### **Present:**

Cllr. Krause (Chair);

Cllrs. Mrs Bell, Dean, Gambling, Hallett, Hayward, McGeever, Smith.

In accordance with Procedure Rule 1.2(c) Councillor Mrs Bell attended as Substitute Member for Councillor Feacey.

### **Apologies:**

Cllr. Feacey.

### **In attendance:**

Cllr. Bartlett.

Deputy Chief Executive, Head of Internal Audit, Member Services Manager.

### **Also in Attendance (virtually):**

Finance Service Lead.

Key Audit Partner – Grant Thornton UK.

## **37 Election of Chair**

### **Resolved:**

**That Councillor Krause be elected as Chair for this Meeting of the Committee.**

## **38 Declarations of Interest**

<b>Councillor</b>	<b>Interest</b>	<b>Minute No.</b>
Hayward	Made a Voluntary Announcement as a Member of Stanhope Parish Council.	40

## **39 Minutes**

A Member quoted from the last Minutes and references to Eurostar International services not stopping in Ashford under the Corporate Risk Register item. He asked what the latest position on this was. The Deputy Chief Executive advised that in the context of the Corporate Risk Register, it had been more of a technical discussion about the status of the risk, but perhaps this did need to be reframed as it was now

more about when services would start again. The Council had a limited sphere of influence as it was ultimately a commercial decision but the Chief Executive held regular meetings with the Chief Executive of Eurostar and they were lobbying, including via MPs, to recommence the International services from Ashford. The Council's Head of Economic Development would be able to provide a fuller update should any Members so wish.

**Resolved:**

**That the Minutes of the Meeting of this Committee held on the 21<sup>st</sup> March 2023 be approved and confirmed as a correct record.**

## **40 Internal Audit Annual Report and Opinion 2022/23**

The Head of Internal Audit introduced the report. She drew particular attention to the recommendations, her Opinion Statement and the reconciliation of the approved 2022/23 Internal Audit Plan. She explained that the Public Sector Internal Audit Standards required her to deliver an annual opinion that the Council could use to directly inform its Annual Governance Statement. This annual opinion provided a conclusion on the overall adequacy and effectiveness of the Council's framework of corporate governance, risk management and system of internal control. She advised that her opinion was that Ashford Borough Council had "adequate and effective management, control and governance processes in place to manage the achievement of their objectives" – and this was the highest assurance rating that she could give.

The Head of Internal Audit confirmed that with regard to Internal Audit coverage, there had been a reduced number of audits due to knock on effects of the late completion of the previous year's work and the significant churn of staff. They had however been able to deliver a significant amount of work during 2022/23 (outlined at Annex D to the report) with only one audit with a partial weakness and had been able to rely on other sources of assurance. With regard to the IT Backup and Recovery Audit, this had now been completed and received a 'sound' assurance. She was also pleased to advise the Committee that they had now appointed two new Auditors.

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

- The Head of Internal Audit said she was confident of being able to deliver a full audit service going forward. It was a difficult market in which to recruit/retain staff, but the two new starters meant she expected the team to be able to complete a higher volume of work in the coming year.
- The audit of PFI Management of the Stanhope Estate had been dropped during 2022/23 due to a change of the programme management staff. This would remain in the five year rolling plan and would be picked up again in the future.

- A new contractor had been appointed for parking cash collection and the Council had a good working relationship with them. This had been a 'sound' element of the follow up report and would continue to be monitored.
- Following on from the Data Breach audit, all elected Members had been required to undertake Cyber Security training following the May 2023 Elections and the Member Services Manager advised that they were now almost at 100% completion.

**Resolved:**

- That (i) the Internal Audit Report and Annual Opinion be noted. The opinion states that, for the 12 months ending 31<sup>st</sup> March 2023, the Council operated an effective framework for corporate governance, risk management and internal control.**
- (ii) it be noted that the work to support the opinion was completed with sufficient independence and in conformance with Public Sector Internal Audit Standards.**

## **41 External Audit Progress Report**

The Key Audit Partner – Grant Thornton UK introduced the report. The report advised of progress with both the 2021/22 audit and the intended timings for the 2022/23 audit work. It also highlighted other areas of interest in the sector.

A Member asked about the implications of the staffing shortfall in the audit sector and questioned whether Grant Thornton could provide any assurance that the Council would get the service it was paying for. They were still waiting for the 2021/22 financial statements audit to be completed and she asked if Grant Thornton were doing anything to try and improve the situation and resolve their staffing issues.

The Key Audit Partner – Grant Thornton UK, advised that they were doing their best to resolve their staffing situation, but as previously discussed, staff recruitment and retention was an industry wide issue and there was a shortage of candidates in the market and across the sector. Grant Thornton was constantly recruiting staff and they were active in the market, but there was a need to try and make it as attractive a career as possible to assist retention. They did recognise the situation, and were looking to tender for less work through the PSAA process, but they remained the biggest individual supplier in the industry. They were still delivering services, although not at the pace they would like. He advised that they should be in a position to complete the 2021/22 audit very soon.

**Resolved:**

**That update be received and noted.**

## **42 Report Tracker and Future Meetings**

The Deputy Chief Executive advised that work was ongoing to review the timetable of meetings and to structure agendas to make sure that the relevant timings worked for everyone, so there may be some changes going forward and the Committee would be advised if that was the case.

The issue of Meeting start times was raised and the Committee unanimously agreed to revert to a 6pm start time.

**Resolved:**

**That the report be received and noted and Audit Committee Meetings commence at 6pm going forward.**

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ASHFORD  
BOROUGH COUNCIL

**Agenda Item No:**

**Report To:** Audit Committee

**Date of Meeting:** 3 October 2023

**Report Title:** Corporate Risk Register – update October 2023

**Report Author & Job Title:** Charlotte Hammersley, Head of Policy and Performance

**Portfolio Holder:** Cllr. Hayward

**Portfolio Holder for:** Performance and Direction

**Summary:** 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.

The Corporate Risk register is assessed using the Risk Management Framework.

**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 determine if there are any specific risks that would benefit from a further report 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.**

**Contact:** charlotte.hammersely@ashford.gov.uk

## **Report Title: Corporate Risk Management – update report October 2023**

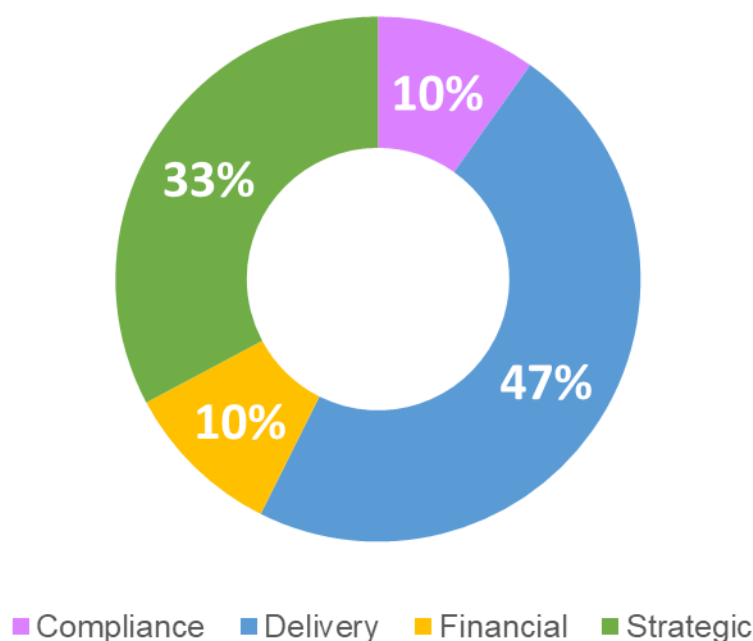
### **Introduction and Background**

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.
2. The Corporate Risk Register is set out at Appendix A.

### **Proposal/Current Position**

3. 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.
4. 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.
5. There are currently **61** risks across the four risk types (strategic, delivery, financial, compliance). A percentage breakdown of each type of risk is provided on the opposite page:

Ashford Risk Share by Type

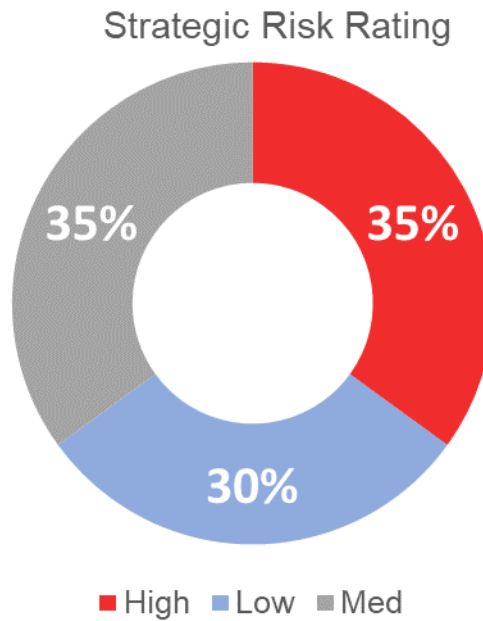


6. The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk within which the council chooses to operate. Risks that fall outside of the council's 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.
7. The risk appetite statement reflects the ambitions in the Corporate Plan 2022-2024 and was adopted together with it. The council's risk appetite will be re-evaluated as part of the development of the Corporate Plan. This ensures our appetite is fully aligned to our aims and objectives as well as external factors.
8. 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.
9. 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 explains those that have been managed down to a level where they no longer require reporting on.

## Strategic Risks

10. There are currently **20** Strategic risks monitored of which seven 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 set out below:



### Key changes

#### Increased risk profiles

11. In light of the risk environment around cyber security nationally and globally being heightened, the risk to the council of a successful cyber-attack (CORP.22.FINIT.R003) has been increased since the last update to this Committee. It has also been elevated following a recent Smishing (SMS phishing) test of staff which returned a higher failure rate than previous exercises. A full package of mitigation measures (including further Smishing training) are in place which are summarised in the risk update at Appendix A.
12. The risk profile relating to the number of people in temporary accommodation (Corp.22.Housing.R001) has increased. The number continues to increase due to the ongoing pressure from households being made homeless from the private sector and the bridging hotel closing. Interventions are being made to fast track anyone presenting from the private sector as well as early engagement to focus on prevention. Properties continue to be purchased and a broader review to help reduce the demand and spend on temporary accommodations is underway. This is also linked to the strategic risk of supply of affordable rented housing keeping pace with demand (CORP.22.Housing.R003) which also maintains a high risk profile.

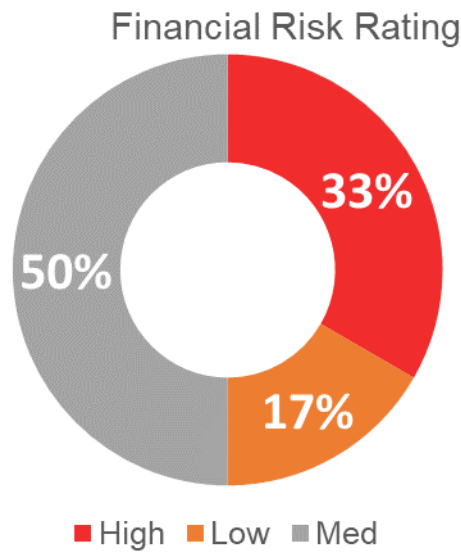
13. The risks associated with the delivery of the Newtown Works project (CORP.22.ECODEV.R.004) have been elevated since the last update to this Committee. The government's latest position on Nutrient Neutrality aims to facilitate housebuilding. However, as its proposed amendment to the Levelling Up and Regeneration Bill fell and a new Bill will need to be brought forward, the timeline presents risk to the delivery timescales. There are risks of increasing costs and the requirements for value engineering; and to deliver the Levelling Up funding by March 2025. The delivery of the education provision is likely to extend beyond 2025 but mitigations are possible through a change request to extend the timescales and re-scope the project. Positive discussions are still being undertaken to deliver out the Film and TV Studios on the site.

### **Reduced risk profiles**

14. There has been a reduction in the likelihood of the withdrawal of Eurostar services having a negative impact on the local economy (CORP.22.ECODEV.R003). As the risk has moved within tolerated levels it does not feature on the risk register this time. Eurostar recently attended the Joint Transportation Board meeting to update on their position. They maintained that services would not return until 2025 but were positive about a review in 2024 based on customers returning in 2023 and technology trials that could see solutions to border issues over the next 12 to 18 months. A campaign is being put together with KCC and other partners to look to bring back international services from Ashford International Station as soon as possible. A public petition has already reached 32,000 people requesting the return of services to Ashford and Ebbsfleet.
15. The risk of transport disruption in Ashford Town (CORP.22.LEGDEM.R004) has further reduced. Operation Brock is still in existence and there are likely to be future cases where it may be utilised such as Channel Tunnel closures; during peak travel times, such as school holidays; and when adverse weather arises. However, in anticipation, we play an active role in the Kent Command and Control structure enabling additional localised contingencies as and when appropriate.
16. There has also been a reduction in the risk profile of supply chain disruption (CORP.22.ENVSPORT.R009). Whilst challenges around material and labour prices remain, and estimating future costs is less certain, successful risk mitigation strategies have been implemented including more flexibility at procurement and budget reviews to ensure costs remain within our appetite.

### **Financial Risks**

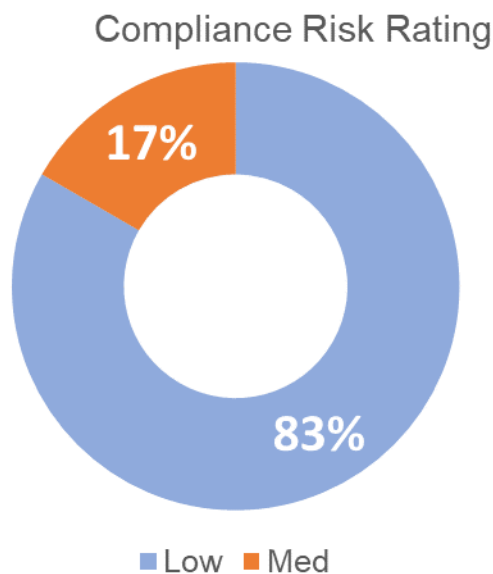
17. There are currently **six** financial risks monitored, all of which feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the financial risk ratings by percentage is provided in the pie chart on the next page:



18. Whilst a number of the financial risks continue to sit outside the council’s risk appetite, there have been no changes to the risk profiles in this reporting period. An explanation of the current position for each risk is provided at appendix A.

### Compliance Risk

19. There are currently **six** 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 below:



## **Emerging risk**

20. Following a Housing Ombudsman case, a new risk has been included on the compliance register relating to the contract management of the Stanhope Public Finance Initiative (CORP.22.HOUSING.R013). Contract review arrangements have been strengthened as set out in the update at Appendix A.

## **Reduced and closed risks**

21. The risk of non-compliance with data protection legislation (CORP22.POLPER.R001) had reduced. 100% of eligible councillors have completed their online cyber and data protection training and there was also good attendance at face-to-face training which complimented the online offer. Staff compliance also remains high which ensures data protection is well embedded across the organisation. This was recently supported by the findings of a breach management audit which found the council to have sound arrangements.
22. At the last meeting of this Committee, a new risk was included on the register associated with the implementation of the Elections Act (CORP.22.LEGDEM.R005). The main risk centred on ensuring voters were aware of the need to provide photographic identification for polls. Whilst this was initially seen as a higher risk, an extensive communications plan both nationally and locally was implemented and locally mitigation plans were successful. This risk has therefore been removed from the register but can be reviewed if the position changes in the future.

## **Conclusion**

23. 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.
24. Members 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.
25. 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**

Charlotte Hammersley, Head of Policy and Performance

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## Strategic risks

Report Type: Risks Report

Report Author: Charlotte Hammersley

Generated on: 14 September 2023

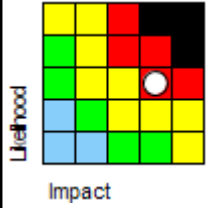
Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. ECO DEV. R004	Newtown Works project delivered to time and budget	Loss of Levelling Up Funding funding Potential further degrading of the listed buildings Reputational damage to the council Holding costs for the development site Planning resubmission		Governance monitoring of LUF Internal project team Monitoring and release of loan funding to Ashford International Company Project Risk register. Contract management	↑	<p>The government's latest position around Nutrient Neutrality provides a solution that mitigates risks around this area once instigated. However, after falling in the House of Lords, the timescales for a solution remain uncertain. Further risks around delivery are impacted by these timescales, increasing costs and the requirements for value engineering, and the requirements to deliver the LUF funding by March 2025. The LUF funded enabling works will be able to be delivered within the project timescales, but the delivery of the education provision is likely to extend beyond this period. This can be mitigated through putting in a change request on the project to extend the timescales and re-scope the project.</p> <p>Positive discussions are still being undertaken to deliver out the Film and TV Studios on the site.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R003	Successful cyber attack	Data breach Loss of service Reputation Financial		Staff training Patching, firewall, policy rules Emergency planning exercise	↑	Note provided below:
<p>A Smishing (SMS phishing) exercise carried out on 99 Ashford Borough Council owned smartphones.</p> <p>Of the 99, 25 undelivered / invalid, 14 of remaining 74 were clicked on giving an 18.92% failure rate. This is higher than our previous phishing email exercises, and highlights further training requirements for staff to safeguard against these types of attack.</p> <p>In response, Smarthub item has been published and further training / exercises will be carried out to ensure staff are aware of all potential risks. These types of exercise form part of a cyber security control package that also includes:</p> <ul style="list-style-type: none"> <li>• All staff and Councillor Cyber e-learning mandatory.</li> <li>• Unchangeable storage solution installed to retain offline encrypted copy of backups.</li> <li>• IT Health Check &amp; external pen test as part of annual Public Sector Network CoCo accreditation.</li> <li>• Regular patching of all devices.</li> <li>• Enforced MFA (multi factor authentication) across all users (inc Councillors)</li> <li>• Mobile devices configured with InTune MDM for protection if lost / stolen.</li> </ul>						

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R009	Recession	Loss of income Increased caseload Increased demand for Housing and Revenues and Benefits Services		Regular communication with Arlingclose Increased minimum reserves balance	<input type="checkbox"/>	Note provided below:
<p>Inflation reduced to 6.8% in July with core inflation remaining at 6.4% as reported in June. There has also been strong pay growth which could increase the risk of the Bank of England increasing interest rates further in September. The increase will have a direct impact on people with mortgages, especially where fixed term deals are coming to an end and will add further pressure to household budgets, although all households will be impacted by prolonged high levels of inflation.</p> <p>A further rate rise while hitting consumers will also hit business confidence which could delay capital projects again slowing the economy to bring inflation back under control.</p> <p>The cost of living crises is already placing pressure on household expenditure and will further increase collection risks for council services such as Council Tax and Housing Rents, the performance of collection rates will need to be monitored and reported over the coming year accordingly.</p> <p>The Council could see a reduction in discretionary fees and charges income (planning applications already reducing) and increased demand for temporary accommodation and other support services. Whilst we may as before avoid a technical recession, the likely impact on council resources has increased.</p>						

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. HOU SING. R001	Increasing numbers of people in Temporary Accommodation	Negative social and educational impacts. Pressure on the General Fund. Increased casework and placements.		Welfare intervention officer Early Intervention Accommodation Officer Communications campaign		A number of interventions have been put in place in order to try and manage the situation- anyone presenting from the private sector is being fast tracked through to ensure early engagement and increase the chances of preventing as many cases as possible. Properties continued to be purchased via the Local Authority Housing Fund to increase the supply of settled accommodation to move on the increased demand of Afghans and Ukrainians. A broader review of the situation is being carried out to look at ways to reduce the demand and spend on Temporary Accommodation.
COR P.22. HOU SING. R003	Supply of affordable rented housing keeping pace with demand	Pressure on the housing waiting list Financial impact		Affordable Homes Programme Securing funding sources Partnership working with registered providers.		We remain stubbornly thwarted by Stodmarsh and there remains a lack of viable sites coming forward to address demands for affordable homes. Without a strong supply of homes constantly being delivered, the waiting list will remain high, and grow higher, unless supply can meet demand. The government's proposed amendment to the Levelling Up and Regeneration Bill was not passed in the House of Lords and therefore a new Bill will need to come forward. Whilst the government aims to enabling house building to progress, the timescales remain

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						uncertain and this risk profile remains at a very high level.
COR P.22. PLAN NING .R010	Managing nutrient neutrality in the Stour	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>Likelihood</p> <p>Impact</p>	<p>Legal advice received being followed</p> <hr/> <p>Relevant stakeholders working on mitigation schemes to allow development to take place.</p>	■	<p>No change in risk assessment.</p> <p>Progress update:</p> <ul style="list-style-type: none"> <li>• Government announcements made on nutrient neutrality on 29 August. However, the proposed amendment to the Levelling Up and Regeneration Bill in support of housebuilding fell so the situation remains unchanged at present.</li> <li>• Work being progressed on alternative nutrient mitigation measures to contribute to a strategic nutrient budget.</li> <li>• Work ongoing to secure land/commercial agreements for strategic wetlands.</li> <li>• Applications proposing on-site mitigation continuing to progress through Appropriate Assessment process.</li> <li>• Regular meetings held as part of the Catchment strategy working group to prepare Catchment-wide nutrient mitigation strategy.</li> </ul>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. POLP ER.R 003	Not meeting our climate commitments	Environmental damage (for example flooding and loss of biodiversity and reduction in residents' health and wellbeing)		Carbon reduction action plan	-	Risks remain high due to the impacts that remain at global and local level. Work is ongoing cross departmentally to ensure climate is considered in all decision making and procurement, our Project Initiation process now requires officers to complete a Climate Impact Assessment to raise awareness and improve project design. Our template has been adopted by other authorities in Kent. The Heat Network Feasibility contract has been awarded. Work is underway to procure a Local Area Energy Plan which will help us devise a decarbonisation path for the whole Borough, allowing us to support Parishes in localised energy planning as well as informing the Local Plan and wider strategic renewable energy generation and consumption requirements. The Handle Bars vc Cars campaign was well received with thousands of views on social media and ongoing TV media interest. The aim of the project was to highlight all the co benefits of commuting as well as recreational cycling, including speed and cost.
				Members of Kent Climate Change Network		
				Green principles embedded in decision making and project management processes		
				Ashford Climate Action Campaign		

## Financial risks

**Report Type:** Risks Report

**Report Author:** Charlotte Hammersley

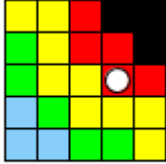
**Generated on:** 14 September 2023

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R008	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.	<p>Likelihood</p> <p>Impact</p>	<p>Regular communication with Arlingclose</p> <hr/> <p>Lobbying</p>	<p>■</p>	<p>No change to the risk profile. There was originally a statutory override for the 5 years from 1 April 2018 to 31 March 2023 that stops the requirement for Councils needing to budget for investment fair value movements.</p> <p>Following consultation the statutory override has now been extended until 31 March 2025, with the standard then to be fully applied.</p> <p>We will continue to monitor this position and the potential impact if the standard needs implementation post march 2025.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R010	Insufficient reserves to respond to an unforeseen event	Section 114 Notice Inability to deliver services		MTFP and budget monitoring processes Savings target Commercial income target		Note provided below:
<p>The Medium Term Financial Plan (MTFP) for 2023-2028 identified and £2.6m deficit in 2023/24 and £10m over the 5 year period. At present there are sufficient reserves in place over the medium term to cover the losses in 2023/24 and this is the proposed strategy. However, Cabinet has recommended through the draft budget that Portfolio Holders and Officers will need to work together to reduce the budget deficit and return the council back to a sound financial footing. The current budget report for 2023/24 has reduced the deficit to be funded from reserves to £1.5m due to additional government funding during the Financial Settlement. This is a positive short term change although there is continued uncertainty around future levels of government funding.</p> <p>Due to the reduction in deficit and positive action currently being undertaken by Management and Members on saving proposals, the likelihood has reduced but this will be closely monitored against delivery of saving objectives.</p> <p>Without making savings the level of reserves will diminish quickly leaving the Council financially vulnerable.</p> <p>Operational reserves were used heavily in 2022/23 and are forecasted to be further utilised in 2023/24. The 2024/25 MTFP is about to be developed which will give a clearer steer over the long term position of reserves and will better inform this risk.</p>						



Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R010	Medium Term Financial Plan Delivery	An unbalanced budget Corporate Plan delivery	<p>The Risk Matrix is a 4x4 grid. The vertical axis is labeled 'Likelihood' and the horizontal axis is labeled 'Impact'. The grid cells are colored as follows: (1,1) Yellow, (1,2) Yellow, (1,3) Red, (1,4) Black; (2,1) Green, (2,2) Yellow, (2,3) Red, (2,4) Red; (3,1) Light Blue, (3,2) Green, (3,3) Yellow, (3,4) Yellow; (4,1) Light Blue, (4,2) Light Blue, (4,3) Green, (4,4) Yellow. A white circle with a black outline is centered on the cell at (2,3), which is colored red.</p>	<p>Budget monitoring</p> <p>savings and investments strategy</p> <p>commercial and digital programmes</p> <p>Economic Resilience Reserve</p> <p>Use of Orchard analytics</p>	<p>—</p>	<p>The MTFP will be revised based upon the 2022/23 outturn and 2023/24 approved budget. This will also need to factor in higher than previously anticipated interest rate costs that may take longer to come down, but also the impact of continuing high inflation which will add cots pressures to service contracts in 2023/24.</p> <p>With the continued uncertainty in the national and local finances this is being kept as a high strategic risk to ensure that focus over the challenging financial outlook is not lost.</p> <p>As per the reserves risk the 2024/25 MTFP is about to be developed that will better inform this risk moving forward.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. STRA T.R00 4	Inability to make expected return on commercial investment portfolio	<p>Reputational damage of not delivering strategic projects.</p> <p>Financial loss to the council which would impact on the councils Medium Term Financial Plan.</p> <p>Potential loss of income by not achieving the minimum rent at Elwick Place to cover quality maintenance.</p> <p>Inability to let the units at Carlton Road could lead to the need to repurpose or sell the site.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Regular review of tenancies at International House with portfolio holder and marketing agent.</p> <hr/> <p>Established tenants on mid-term leases at International House.</p> <hr/> <p>Current demand for similar product to Carlton Road elsewhere</p>	-	<p>Current market conditions have not moved from former quarters performances. Although 1 unit at Elwick Place has been let, and we are negotiating on other voids, the risk is still relatively high being the early phases of their business and unpredictable changes in central Government objectives, available grants/support, local and national economy and online competitions. Food and Beverages continue to struggle and office space is in similar low demand prior to Covid. A tenant has served their break notice at Commercial Quarter leaving 1/4 of the floor vacant but we are in negotiation with a prospective tenant. Although the performance of the Council's assets are slowly improving, the market conditions and other external factors indicates a high risk still.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. STRA T.R00 8	Ongoing maintenance liabilities exceeding available budget.	Standard of maintenance reduced. Only necessary maintenance carried out.		Programme management & PID process	-	Same assessment as before applies. Conditions surveys are underway across the estate which will look at both the condition of buildings and their commercial viability. The risk remains high as the obligations to maintain our buildings in good condition to meet health and safety requirements. Until the conditions surveys are complete it is expected that we will have unexpected spend to meet our obligations. Once a plan is in place a strategy will be developed for the overall estate.
				Corporate asset management review		
				Expenditure in line with Asset Management Strategy and prioritised.		
				Stock condition survey		

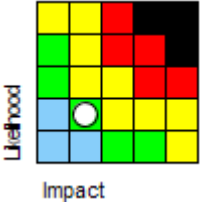

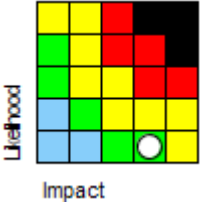

## Compliance risks

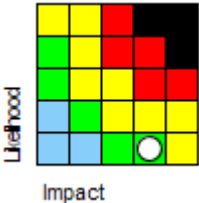
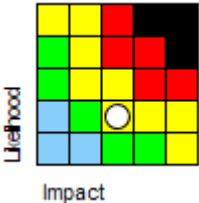
**Report Type:** Risks Report

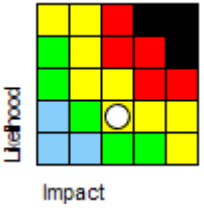

**Report Author:** Charlotte Hammersley

**Generated on:** 14 September 2023

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Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R001	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		No real change, and we continue to add any new device issued to users & councillors to the Microsoft InTune Mobile Device Management solution. This solution allows us to remotely wipe devices of corporate data if device is lost / stolen when it connects to the internet, it also has additional functionality such as audible alarm to help locate lost device etc.
COR P.22. FINIT .R002	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		Public Service Network connection compliance certification achieved, covering period 31/04/23 - 31/04/24. Investigating solution to be able to run our own external penetration tests on external services, in addition to the annual scan run as part of our IT Health Check.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R005	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	■	No change to the current risk assessment is anticipated until the migration to the data centre on the KPSN starts.
COR P.22. HOU SING .R013	Stanhope Public Finance Initiative (PFI) contract failure	Negative impact on tenant. Reputational impact to council, complaints not dealt with in appropriate manner. Officer time overseeing complaint process.		Regular performance monitoring and scrutiny of service delivery	■	Reviewed and no change to risk. Following a Housing Ombudsman case we have implemented a number of improvements to the contract arrangement with Stanhope PFI. This includes a review every month at contract management meeting, review of the agenda and oversight of response. An audit of repairs is planned.
				Monthly contract management meetings		
				Housing review of all complaints		

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. POLP ER.R 001	Non-compliance with data protection laws	ICO fines Enforcement notices Reputational damage Customer dissatisfaction	 <p>Likelihood</p> <p>Impact</p>	GDPR action plan Service briefings Dedicated resource Staff training Information Governance Group Consultant legal support for key policies Information Commissioner Office registration		The Data Protection Policy was reviewed and approved by Cabinet in November 2022. The recent Member Induction training has gone well with 100% of eligible councillors having completed the online cyber and data protection training and face-to-face training also attended by approximately a third of councillors. Staff training compliance also remains high. Progress has also been made on updating the council's Record of Processing Agreements, although about 50% are still under review. Once this exercise is completed our retention compliance risks should reduce. A recent Breach Management Audit found the council to have 'Sound' arrangements.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. SAFE WEL L.R00 7	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	<p>Likelihood</p> <p>Impact</p>	Risk assessments	-	Note provided on the next page.
				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>Corporate Health and Safety (CHS) is currently delivered by the Food and Health and Safety Team (FHST). The Team Leader of this function has resigned leaving the post currently vacant as of 31 March 2023. A temporary agency worker has been appointed to the post however they are not undertaking CHS duties due to other work priorities.</p> <p>Another two officers from the FHST resigned both leaving the organisation in January 2023. As an interim measure, an APH officer has been seconded to the Insurance and CHS vacancy for 6 months up to 11 September 2023.</p> <p>A review is underway to explore options to deliver these two functions while securing efficiencies. Discussions are taking place between directorates to firm up plans involving the Health, Safety, Environment and Quality Manager in the Environment Property and Recreation department to continue his support for this function by providing expertise.</p> <p>An external assessor undertook a 'health check' of CHS in October 2022, with a report provided in December 2022. Officers delivering CHS are working with relevant managers to implement the report recommendations within agreed timescales to maintain and secure compliance, with a draft action plan progressing. However, due to the vacancies held in the team, this work has not progressed which may present a risk to the authority. Once the decisions about vacancies and matrix working across the authority have been agreed upon, work can start.</p> <p>An active safety and wellbeing training programme is maintained and CHS continually liaise with HR.</p> <p>The three named individuals Management Team identified and appointed as Competent Person(s) under the Fire Safety Regulatory Reform Order 2005 matrix work to provide fire safety expertise and resilience across the organisation.</p>





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# Agenda Item 5



ASHFORD  
BOROUGH COUNCIL

**Agenda Item No:**

**Report To:** Audit Committee

**Date of Meeting:**

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

**Report Author & Job Title:** Abi Sheppard, Scrutiny and Partnerships Manager

**Portfolio Holder** Cllr. Heather Hayward  
**Portfolio Holder for:** Performance and Direction

**Summary:** This report updates on the progress made towards the areas of review highlighted by the 2022-2023 Annual Governance Statement

**Key Decision:** NO

**Significantly Affected Wards:** N/A

**Recommendations:** **The Audit Committee is asked to note the progress made towards the areas of review highlighted by the 2022-23 Annual Governance Statement as detailed in this report.**

**Policy Overview:** Each year the council must produce and approve an Annual Governance Statement (AGS). The production of an AGS is a requirement of the Accounts and Audit Regulations 2015, regulation 6(1).

The AGS sets out how we are delivering governance arrangements in accordance with the Local Code of Corporate Governance, which follows principles contained in national guidance and produced by CIPFA and SOLACE. Any areas for review are identified in the AGS and progress reported upon through this report during the course of the year.

**Financial Implications:** None

**Legal Implications** None

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

<b>Data Protection Impact Assessment Risk Assessment (Risk Appetite Statement)</b>	Not required. The council has a low risk appetite towards compliance matters. The Annual Governance Statement makes recommendations for improvements to ensure that any potential risks highlighted are mitigated against.
<b>Other Material Implications:</b>	None
<b>Exempt from Publication:</b>	NO
<b>Contact:</b>	Abi.sheppard@ashford.gov.uk

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

### Introduction and Background

1. Each year the council must produce and approve an Annual Governance Statement (AGS). The AGS is designed to summarise for Members and residents the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector. The AGS draws conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements.
2. The 2022-2023 AGS was agreed at the March 2023 meeting of the Audit Committee. The AGS identified eight areas for continued work and review which are set out in this report together with an update on their progress towards completion.

### Progress to Date

Governance Area No. 1	Responsible	To be delivered by
Changes to the Constitution should be track changed and presented to Full Council annually for approval.	Solicitor to the Council and Monitoring Officer	May 2023
<p><b>Latest position:</b> A report was received by Full Council in April 2023 to provide an update on the changes made during the review of the Constitution to date.</p> <p>In the report, it was recommended that the Solicitor to the Council and Monitoring Officer undertook a re-representation exercise of the Constitution before it was finalised and published. Since different groups have worked on different parts of the Constitution, it was necessary to undertake a final consistency and legal verification check prior to production and use of the revised format Constitution. This would include ensuring that all relevant substantive provisions of the previous Constitution have been carried forward into the appropriate Parts of the revised Constitution and making any required corrections after publication.</p> <p>Following this exercise, it was advised that there would be an opportunity to continue the improvement work by identifying areas where change (as opposed to re-representation) could lead to greater efficiency. Any recommendations from such an exercise would need to be brought to the Selection and Constitutional Review Committee for consideration in the new municipal year.</p>		

<b>Governance Area No. 2</b>	<b>Responsible</b>	<b>To be delivered by</b>
To explore alternative ways of consulting with residents regarding the draft budget proposals for 2024/25.	Head of Policy and Performance  Service Lead Finance	November 2023
<b>Latest position:</b> Officers are currently reviewing the way we consult with residents on the draft budget. Different ways of consulting will be considered including having an interactive budget where residents are presented with a mini budget and can then allocate resources accordingly.		

<b>Governance Area no 3</b>	<b>Responsible</b>	<b>To be delivered by</b>
The Project Management Toolkit should be updated to reflect the changes in the council's governance arrangements.	Head of Policy and Performance	September 2023
<b>Latest position:</b> The council's Project Management Toolkit has been updated to reflect a number of changes for example, the council's Programme Management Group membership and reporting cycles and how we plan and deliver IT projects.		

<b>Governance Area no 4</b>	<b>Responsible</b>	<b>To be delivered by</b>
A Corporate Policy Tracker is created to store all of the council's policies to ensure they are reviewed and kept updated.	Head of Policy and Performance	May 2023
<b>Latest position:</b> The Policy team have been working with services to develop a corporate policy tracker. A list of the council's policies has been collated so far and are being included with review dates on pentana. Once finalised, the tracker will be included on individual service's performance portal for corporate oversight.  The tracker is expected to be finalised by the end of 2023.		

<b>Governance Area no 5</b>	<b>Responsible</b>	<b>To be delivered by</b>
To ensure that the council puts in place governance arrangements for monitoring the delivery of its savings programme for 2023/24 to close the financial deficit within	Service Lead	May 2024

the council's MTFP.	Finance	
<p><b>Latest position:</b> In addition to the budget monitoring report schedule which is presented to Cabinet on a quarterly basis, the savings programme is also being closely monitored through quarterly reporting to the Cabinet and the council's Overview and Scrutiny Committee.</p> <p>The savings programme will also be subject to the council's budget scrutiny process for the draft 2024/25 budget should Members wish to scrutinise it further.</p>		

### **Conclusion and Next Steps**

3. Good progress has been made towards completion of the actions arising from the 2022/23 Annual Governance Statement. Further updates will be provided in the annual review of the Annual Governance Statement in March 2024.

### **Contact and Email**

Abi Sheppard, Scrutiny and Partnerships Manager

[Abi.sheppard@ashford.gov.uk](mailto:Abi.sheppard@ashford.gov.uk)

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# Agenda Item 6



ASHFORD  
BOROUGH COUNCIL

**Agenda Item No:**

**Report To:** Audit Committee

**Date of Meeting:** 3 October 2023

**Report Title:** Annual Report - Investigation & Enforcement Support Team

**Report Author:** Debbie Dansey – Investigation and Enforcement Support  
**Job Title:** Manager

**Portfolio Holder:** Cllr. Ovenden

**Portfolio Holder for:** Prosperity and Resource

**Summary:**

2022/23 was positive year for the Investigation and Enforcement Support Team who were finalists in two categories at the IRRV (Institute for Revenues, Rating and Valuation), awards, ***Excellence in Counter Fraud*** and ***Excellence in Education/Development***.

Operationally the team received 438 cases across a diverse range of Council activities, and through intervention generated a mixture of tangible and non-tangible savings of £441,000 have been made to the public purse.

The service continues to achieve its core objective of supporting the Council with the prevention, detection and investigation of Fraud. The service has also secured ongoing contracts with Thanet and Dover which provides an income stream to the service.

In 2022/23 the Council worked with Moat Housing Association in a pilot scheme to perform tenancy audits in Stanhope (PFI Properties). Although no fraud was detected, this work provided positive results in relation to tenancy management and has now been extended to the remainder of the Council stock.

**Key Decision:** NO (delete as appropriate)

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

- I. **Note the performance of the Investigation and Enforcement Support Team for 2022/23.**

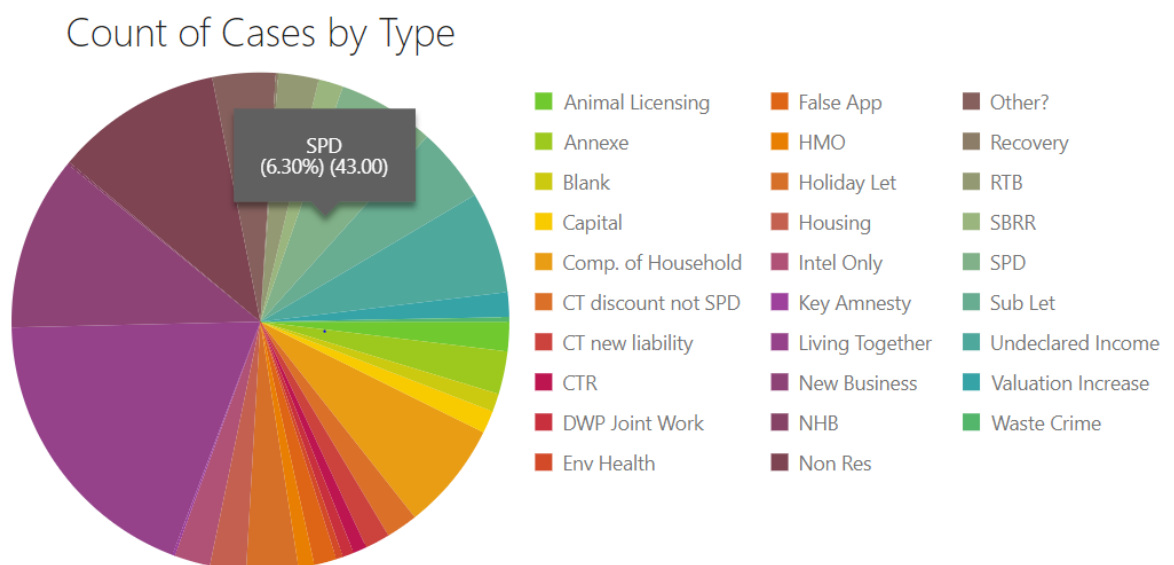
**Exempt from Publication:** No

**Contact:** Debbie.Dansey@ashford.gov.uk – Tel: (01233)

## Report Title: Annual Report - Investigation & Enforcement Support Team

### Introduction and Background

1. This report provides an update on the work of the Investigation and Enforcement Support Team for 2022/23, where the team represented the Council as finalists in the 2022 IRRV (Institute for Revenues, Rating and Valuation) awards in two categories. ***Excellence in Counter Fraud*** and ***Excellence in Education/Development***.
2. The objective of the team is to provide high quality investigation services, designed to prevent and detect fraud and error for the Council and also partner organisations on a commercial basis. Through this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured through the supply of services and redress is sought in cases of civil or criminal offending.
3. The Corporate Investigations & Enforcement Support Team works across the whole authority to support Services where fraud is a risk, and develop processes which will prevent, detect and deter fraud
4. The team's workload is varied, and covers a wide programme of both reactive and pro-active investigations, as well as providing support for teams with an enforcement role. The diagram below demonstrates the diverse nature of the 438 referrals received, and range of case types covered within the year;



## Project Areas and Savings

5. **Investigations** have taken place throughout the year to identify fraud and error and the benefits received are detailed below. It should be noted that the savings use a standard methodology which covers a number of years. The figures for council tax and business rates are based on total liability so the benefit is split between major preceptors, predominantly KCC who provide a grant to the Team.

Amended Council Tax Liability	£165,455
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Invoicing Fraud and Recovery	26,807
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6. **Single Persons Discount Fraud** (this continues to be highlighted as an area of high financial risk) following 128 reviews by the Revenue and Benefits Team the following savings have been attributed;

Single Persons Discount	£64,000
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7. **Business Rates** is another high risk area for the Council. We identify Businesses' that have not registered, as well as property amendments/changes of use which are not on the rating list. Ongoing additional income attributed is as follows;

Undeclared Business Rates	£95,439
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8. **Housing** - In partnership with our Housing Team, we aim to safeguard our homes to ensure that only those with genuine entitlement are allocated Housing. Investigations into unlawful possession resulted in 2 properties being returned, and one duty to re-house refused.

9. The Team, alongside Private Sector Housing identified an unlicensed House being used as a House in Multiple Occupation resulting in additional licensing income;

Properties Returned for Use	£84,000
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Housing Duty Discharged	£4,700
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HMO Licenses	£564
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<b>Total benefit to the public purse</b>	<b><u>£440,965</u></b>
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### Commercialisation

10. Extensive work has taken place to promote and develop the team to secure external contracts with neighbouring authorities and Housing associations who do not have our expertise.
11. Following two successful one year trial periods, the Team has now secured 2 x 3 year contracts to investigate Social Housing Fraud for Dover and Thanet District Councils. These contracts provide an income stream to the team

which has reduced the overall costs of the service, while maintaining performance levels.

12. This investment has also enabled further training and development to be undertaken to strengthen the skills base of the team to further enhance our reputation, and potentially bid for further work if capacity allows. (total enhanced contracts for 2023/25 £49,100)
13. Income Generation from Contracts **£32,000**
14. There are benefits to both Ashford and contracted authorities in providing this service and a summary of the benefits to Dover and Thanet and these are briefly covered below:-
  - a. **Dover District Council** – In year one for Housing we investigated 17 cases and were successful in with 4 properties being returned for use, one Right to Buy application being refused and the issue of 2 notices to quit occupation. The overall notional savings amounted to £252,000.
  - b. **Thanet District Council** – In year one for Housing we investigated 18 cases and verified 15 Right to Buy Applications. We were successful in 2 properties being returned to use and the issue of 2 notices to quit occupation. The overall notional savings amounted to £168,000.
15. In addition to working with other district Councils, in 2022/23, a joint pilot project was undertaken with Moat Housing Association who manage the Council PFI Contract to identify potential abuse/error/fraud through a visiting regime and data matching.
16. The project entitled **Prevention and detection of Social Housing Fraud and Error – Stanhope Estate, Partnership Approach Between: Ashford B.C. & Moat H.A.** covered the following areas.
17. **Data Matching:** To filter correct data sets and match the remaining files to produce a highlighted risk register with a RAG (Red Amber Green) identifier. Data Matching will be facilitated through the IDIS data warehouse within Ashford Borough Councils Investigations Team.
18. **Visiting/Tenancy Audit:** To visit high and medium risk tenants to undertake a tenancy audit for Identification and Verification of the tenants circumstances. The tenancy audits will be undertaken with Officers from both partners jointly.
19. **Case Management:** Investigation cases - details will be kept securely on the Investigations Teams 'Incase' Fraud management system, the system is fully auditable and secure, and access is restricted to Investigation Officers only.
20. As the project developed we identified benefits of joint visits and the update on the data held by both parties. It was then agreed we would conduct tenancy audits on all properties within the Estate.

## Outcomes:

No issues	151	49%
Name change	8	2%
Change in household	62	20%
Outstanding repairs	75	24%
Deceased householder	9	3%
purchased	1	<1%
Card left - no reply MOAT DEALING WITH	13	4%
DWP advised of household	1	<1%
Health/safeguard issues	8	3%
Overcrowding	3	1%
CTax large credit	1	<1%
Downsize request	3	1%
RTB request	2	<1%
Signposted to ABC	2	<1%
Fraud Invoice	3	1%

21. As you can see from the above statistic the benefits of carrying out the audits and interacting with residents was amazingly successful picking up on :-
- Downsizing
  - DA reported
  - Elderly residents
  - Updating records
  - Property condition
  - Deceased residents
22. The Investigations team received an official ‘thank-you’ from Moat’s management team commenting on ‘the great work undertaken by both team’s’ and the value to its residents.

## Current Position (2023/24)

23. The Investigation Team has 5 full time equivalent staff consisting of; 1 Manager, 1 Senior Investigator, 1 Investigator and 1 Trainee Investigator, 0.75 Intelligence Officer (vacant), and 1 Trainee Intelligence Officer, both trainee posts are career grades.
24. Commercialisation – further contracts are being discussed with Moat Housing Association, Canterbury CC and Southern Area Housing as well as maintaining a pipeline of potential opportunities.
25. Ashford Tenancy Audits. Following the success of the work with Moat Housing Association, a programme of tenancy audits is being planned for the Council’s wider stock in partnership with the Housing Team, this work will be funded by the Housing Revenue Account. This is a key piece of work for the authority and based on the Stanhope outcomes could provide real benefits to the Council, especially around identification of downsizing where we have the opportunity to rotate larger units and support overcrowding. (commenced)

26. Joint Project planned with Housing Options team to undertake identification and verification of all Homeless applications to safeguard our scheme and finances. (commenced)
27. Fraud Awareness Training Package for all staff has been purchased and will be rolled out. The plan is for this to become mandatory and replace the face to face training that was undertaken during corporate induction days. (now launched)

## **Conclusion**

28. This has been another successful year for the team who have also secured 2 x 3 year external commercial contracts.

## **Portfolio Holder's Views**

29. The Team has developed in 2022/23 and this was recognised through being finalists at the IRRV awards.
30. The service continues to provide positive results in identifying fraud and this acts to deter others and protect public funds, for both Ashford and our preceptors.

## **Contact and Email**

31. Debbie Dansey  
Investigation and Enforcement Support Team Manager  
Debbie.Dansey@ashford.gov.uk



**Agenda Item No:**

**Report To:** Audit Committee

**Date of Meeting:** 3 October 2023

**Report Title:** Audit Committee Annual Report for 2022/23

**Report Author:** Katherine Woodward

**Job Title:** Head of Mid Kent Audit Partnership

**Summary:** This report outlines how the Audit Committee has effectively discharged its duties during 2022/23. The report provides assurance to the Council that important internal control, governance and risk management issues are being monitored and addressed by the committee.

**Key Decision:** NO

**Significantly Affected Wards:** All

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

- I. That the annual report of the Audit Committee activity for 2022/23 is **agreed**.
- II. That the Chair of the Audit Committee **presents** the report to a future meeting of the Full Council to demonstrate how the Committee has discharged its duties.

**Policy Overview:** The Audit Committee is required to monitor audit activity (internal and external), review and comment on the effectiveness of the Council's regulatory framework and review and approve the Council's annual statement of accounts and associated strategies and policies. This report sets out how this has been achieved during 2022/23.

**Financial Implications:** N/A

**Legal Implications:** N/A

**Equalities Impact Assessment:** No direct implications

**Data Protection Impact Assessment:** N/A

**Risk Assessment  
(Risk Appetite  
Statement):** N/A

**Sustainability  
Implications:** N/A

**Other Material  
Implications:** N/A

**Exempt from  
Publication:** NO

**Background  
Papers:**

**Contact:**

[Katherine-woodward@ashford.gov.uk](mailto:Katherine-woodward@ashford.gov.uk)  
[Katherine.Woodward@midkent.gov.uk](mailto:Katherine.Woodward@midkent.gov.uk)



## **Report Title: Audit Committee Annual Report for 2022/23**

### **Purpose of the Report**

1. The report outlines how the Audit Committee has effectively discharged its duties during 2022/23. The report provides assurance to the Council that important internal control, governance and risk management issues are being monitored and addressed by the Committee.
2. The report will be presented to Full Council at a future date to demonstrate how the Committee has discharged its duties during 2022/23.

### **Background**

3. The production and presentation of an annual report is something that the Committee has done for several years and is recognised as good practice.

### **Conclusion**

4. The Committee consists of some new members so this report will be discussed at Audit Committee to gain their views before a final report will be presented to Full Council.
5. The draft report was circulated to the Chair of the Audit Committee prior to submission for this meeting.

### **Implication assessment**

6. The Committee could decide that they no longer wish to publish an annual report, however, this would not be advised. Oversight and monitoring of the Council's activities is a vital part of effective governance. Without an update from the Audit Committee, Council would lose a key source of assurance regarding the effectiveness of the arrangements in place to ensure good governance, risk management and internal control.

### **Contact and Email**

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# Audit Committee

## Annual Report 2022/23

Ashford Borough Council

## **An introduction from Chairman Cllr Larry Krause**

*As the Chair of the Audit Committee, it is my pleasure to introduce the annual report of the Committee's activity during 2022/2023. This report looks back and gives us the opportunity to reflect on the activity of the Committee during the year. I am pleased to confirm that the Committee has been able to discharge its responsibility to provide independent assurance on the adequacy of the Council's risk management framework and the associated control environment.*

*The Committee has met six times in 2022/23, and I am pleased to say that attendance has been high, and contributions during those meetings were of a high quality. As per the Council's Constitution, all the meetings were quorate, with at least a quarter of the committee Members attending.*

*During the year we have received, reviewed and, where necessary, challenged reports relating to the Council's internal and external audit, risk and governance arrangements, and financial activity. We have routinely reviewed the updated Corporate Risk Register, including risks associated with the Ashford Port Health Service and Cyber Security. We also have robust processes in place to review weak assurance internal audit reports and ensure services are taking appropriate action to address the findings from these.*

*Among the highlights for the year, we noted the positive assurance opinion provided by the Head of Internal Audit on the Council's risk, governance and control environment and the positive contribution towards completing the actions on the Annual Governance Statement. However the ongoing delays around delivery of external audit of 2021/22 accounts remain frustrating.*

*Finally, I would like to take this opportunity to thank the Committee Members and the Officers who have supported the Committee over the year and to welcome all new Members to the committee for 2023/24. I hope that we can continue to provide the independent assurances and high standards of the previous year, which are being supported by continuous training and development of the committee.*



Cllr Larry Krause,

Chair of the Audit Committee

## What is the purpose of the Audit Committee?

The Audit Committee operates in accordance with the [Audit Committees, Practical Guidance for Local Authorities 2022](#). This guidance defines the purpose of an Audit Committee as:

*“Audit Committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that arrangements are effective.*

*The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.*

.”

The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

The Audit Committee is independent from executive management and the Cabinet and has clear reporting lines and rights of access to discharge its responsibilities in accordance with its Terms of Reference (Appendix I). This includes direct access to the Council’s Appointed Auditors (Grant Thornton) and Chief Audit Executive (Head of Internal Audit), without the presence of other Officers, where appropriate.

### **Ashford Borough Council – Purpose of the Audit Committee as per the Terms of Reference:**

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority’s financial and non-financial performance to the extent that it affects the Authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process

The Committee monitors internal and external audit activity, reviews, and comments on the effectiveness of the Council’s regulatory framework, and reviews and approves the Council’s annual statements of accounts.

The Committee is not a substitute for the management function in relation to internal or external audit, risk management, governance, or any other review or assurance function. It is the Committee’s role to examine these functions, and to offer views and recommendations on the way the management of these functions is conducted.

## Key challenges this year

The Council, along with most other local authorities, is dealing with the effects of high inflation, cost of living impacts on service delivery and a weakening economic outlook. There have been some very high-profile failures in local government over the last 12 months and combined with the issues identified above creates some key challenges for the Audit Committee. Some of these are noted below:

	<p><b>External Audit Delays</b> External Audit delays has been a national issue over the last three years and has impacted most authorities. The Government are working with various bodies to try and resolve the situation; however, the delays are having an impact on our finance team and the sign off our own accounts.</p>
	<p><b>Financial uncertainty and constraints</b> The Council is currently under financial pressure due to higher inflation and increased costs of service provision, recruitment and retention and uncertainty over future government funding.</p>
	<p><b>High Profile failures on Local authorities</b> The Council and its members are minded to keep a watching brief over events unfolding across the sector regarding financial and governance failings</p>
	<p><b>Internal Audit</b> To support the organisation through the ongoing challenges, Internal Audit needs to provide a robust and committed service. Mid Kent Audit has experienced significant difficulties in recruiting and retaining staff over the last two years, however the bulk of the audit plan was delivered in 2022/23. The service has successfully recruited to several posts, rebuilding the team to continue to provide the service required.</p>
	<p><b>Carbon Neutral targets</b> The Council, as with other authorities, has ambitious targets for being carbon neutral by 2030. As such a key challenge is ensuring delivery of these targets and maintaining momentum as other pressures on the council continue.</p>
	<p><b>Delivering the Port Health Service</b> The Council continues to work with Government to set up the Port Health Service. However there continues to be changes and delays to timescales and the scope of the service provision.</p>

## Membership & attendance during the year

The Committee met six times over the course of the year. These meetings were hybrid meetings, where officers can attend virtually, however as per the legislation regarding council meetings all members need to attend in person to vote. All of the meetings were quorate.

Attendance for each meeting is set out below.

Name	5 April 2022	21 June 2022	19 July 2022	4 October 2022	29 November 2022	21 March 2023
Cllr Krause (Chairman)	✓	✓	Apologies	Apologies	✓	✓
Cllr Buchanan	✓	✓	✓	✓	✓	✓
Cllr Campkin	✓	Apologies	✓		✓	
Cllr Hayward	Apologies	Apologies	Apologies	✓ (V)	✓	Apologies
Cllr Spain	Apologies	✓ (V)	✓	✓	✓	✓
Cllr Shorter	✓	✓	✓	Apologies	✓	✓
Cllr Smith	✓		Apologies	Apologies		Apologies
Cllr Wright	✓	✓ (V)	✓	✓	Apologies	✓
Cllr Suddards	✓ (S)					
Cllr Ledger	✓ (S)	✓ (S)	✓ (V)		✓ (V)	✓ (V)
Cllr Mulholland					✓	
Also in attendance	Cllr Bell Cllr Brooks Cllr Harman Cllr Ovenden	Cllr Overnden (V)			Cllr Harman (V)	

The majority of members have continued to serve on the Committee since the last annual report in October 2022. Throughout the year the Committee has remained politically balanced.

The continuity of membership, experience and knowledge is seen as a key strength for the Committee, certainly due to the technical nature of some of the topics for decision throughout the year. However, this experience is balanced well with the objective and fresh perspectives brought by new members. This has enabled healthy and robust challenge of items and decisions throughout the year.

## Officer support

The Committee has continued to be well supported by officers and experts throughout the year, including:

- Deputy Chief Executive
- Finance Service Lead
- Senior Accountant
- Head of Mid Kent Audit
- Interim Head of Mid Kent Audit
- Head of Policy & Performance
- Policy and Scrutiny officer
- Director of Customer, technology and Finance
- Assistant Director Planning and Development
- Assistant Director Environment and Land Management, Sports and Leisure
- Assistant Director Safety and Wellbeing
- Safety and Wellbeing Manager
- Member Services
- Grant Thornton (External Auditors)

Officers have presented a mix of written reports, presentations, and briefings to the Committee during the year. By using a variety of formats, it has enabled the Committee to explore, challenge and debate topics in detail as well as to request specific items for presentation and consideration.



## Key decisions & insights

The reports presented to members by Officers and External Audit throughout 2022/23 are noted in the table below. They detail the content of the report and the action taken by members.

Internal Audit Activity	
Report	Key Decision / actions
1. Internal Audit report – Section 106 Weak assurance <b>(April 22)</b>	1. Noted the report and requested progress reports at a future meeting.
2. Internal Audit Annual Report and Opinion 21/22 <b>(June 22)</b>	2. Noted the Annual report and opinion in conformance with the Standards.
3. Internal Audit Report – Section 106 Follow up report <b>(Nov 22)</b>	3. Report noted and further follow required in March 2023
4. Internal Audit Report – Section 106 Follow up report <b>(March 23)</b>	4. Noted the progress and consider the actions to have been met.
5. Internal Audit report – Parking Cash Collection Weak Assurance <b>(Mar 23)</b>	5. The report was noted.
6. Internal Audit and Assurance Plan 2023/24 <b>(Mar 23)</b>	6. Approval of the Audit plan, resources to deliver the plan and its compilation independently from undue influence.

Finance Activity	
Reports	Key Decisions / actions
1. Draft Statement of Accounts & Financial Statements 21/22 <b>(July 22)</b>	1. Scrutinised and noted the accounts. Approved delegated authority to the Deputy Chief Executive to make any changes before publication.
2. Statement of Accounts 2020/21 and External Audit Findings <b>(Nov 22)</b>	2. The Accounts were now complete and ready for the formal delegated sign off process to begin.
3. Presentation: Corporate Enforcement Support & Investigations Team Annual Report 2021/22 <b>(Oct 22)</b>	3. Report discussed and noted.
4. Presentation of Financial Statements <b>(Mar 23)</b>	4. Noted the report and approve the accounting policies for 2022/23 accounts/

External Audit Activity	
Reports	Key Decision / actions
1. Progress report ( <b>June 22 and Oct 22</b> )	1. Report Noted and a letter to be sent from the Committee to PSAA expressing its concern with the delays to the 2020/21 audit.
2. Annual Report ( <b>Oct 22</b> )	2. Noted
3. Audit Fee Letter ( <b>Oct 22</b> )	3. Noted
4. Audit Plan 2021/22 ( <b>Nov 22</b> )	4. Noted
5. Progress on 2021/22 audit ( <b>Mar 23</b> )	5. Noted

Risk and Governance Activity	
Report	Key Decision / actions
1. Informing the Audit Risk Assessment 21/22 ( <b>Jun 22</b> )	1. Confirming Management responses to external audit questions on the risk assessment.
2. Corporate Risk Register ( <b>Oct 22 &amp; Mar 23</b> )	2. Agree the assessment and key controls to manage the risks.
3. Annual Governance Statement & Progress ( <b>Oct 22</b> )	3. Noted the progress made on actions from the 2021/22 AGS
4. Annual Report of the Audit Committee ( <b>Oct 22</b> )	4. Agreed to be presented to Full Council by the Chairman.
5. Annual Governance Statement 22/23 ( <b>Mar 23</b> )	5. Approve the Annual Governance Statement.)
6.	

## Conclusion

The Audit Committee, in partnership with the Council's Internal and External Auditors, and with the support from Officers has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

It is our conclusion that we can demonstrate that we have appropriately and effectively fulfilled our duties during 2022/23.

### Terms of Reference & Responsibilities

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process (Minute No. 408/12/06 refers).

To consider/monitor or advise the council as appropriate upon:

#### Audit Activity

1. The Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's Corporate Governance arrangements.
2. The summary of internal audit reports issued in the previous period.
3. Reports on the management and performance of the Audit Partnership Agreement.
4. Reports from the Head of Internal Audit on agreed recommendations not implemented within a reasonable timescale.
5. The External Auditor's Annual Management Letter and relevant reports.
6. Any detailed responses to the External Auditor's Annual Letter.
7. Specific reports as agreed with the External Auditor.
8. The scope and depth of external audit work and to ensure it gives value for money.
9. Liaison with the Audit Commission on the appointment of the Council's External Auditor.
10. The commissioning of work from internal and external audit.

### Regulatory Framework / Risk Management

1. An overview of the council's Constitution in respect of Contract Procedure Rules and Financial Regulations.
2. The effective development and operation of financial management, risk management and those elements of corporate governance within the remit of the Audit Committee.
3. Council policies on "raising concerns at work" i.e. whistle-blowing in the context of the Anti-Fraud and Anti-Corruption Strategy and the council's complaints process.
4. To recommend the Authority's Annual Governance Statement for approval to the Executive. (Minute No. 531/5/10).
5. The council's compliance with its own and other published financial standards and controls.
6. The External Auditor's report on issues arising from the Audit of the Accounts.
7. The ability to refer matters to the Overview and Scrutiny Committee for their consideration (Minute No. 62/6/09).

**Note:** The Overview and Scrutiny Committee has a similar provision to refer matters to the Audit Committee.

### Delegations

To exercise the powers and duties of the council relative to:-

1. The approval of the Annual Statement of Accounts in line with the statutory requirements including those relating to the publishing deadlines. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the Audit that need to be brought to the attention of the council.

## Audit Committee - Future Meetings - 2023/24

<b>Dates to Note</b>		
Date of Meeting	<b>03/10/2023</b>	
Publication of Agenda Date	21/09/2023	
Reports to Management Team	07/09/2023	
Full Council	19/10/2023	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
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 2022/23	DD
4	Annual Report of the Audit Committee	KW
<b>Part II - Monitoring/Information Items</b>		
5	External Audit Progress Report	Gr Th
6	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>		
Date of Meeting	<b>28/11/2023</b>	
Publication of Agenda Date	16/11/2023	
Reports to Management Team	02/11/2023	
Full Council	14/12/2023	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
1	Statement of Accounts 2021/22 and External Auditors Findings	LF
2	Homes England – Compliance Audit Annual Report for Ashford Borough Council	MJ
3	Audit Fee Letter	MH
<b>Part II - Monitoring/Information Items</b>		

4	Informing the Audit Risk Assessment 2023/24	LF/Gr Th
5	Internal Audit Interim Report	KW
6	2022/23 Audit Plan (External Audit)	Gr Th
7	External Audit Progress Report	Gr Th
8	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>			
Date of Meeting	<b>19/03/2024</b>		
Publication of Agenda Date	07/03/2024		
Reports to Management Team	07/03/2024		
Full Council	16/05/2024		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Part I - For Decision</b>			
1	Corporate Risk Register (on agenda every six months)	CH	
2	Approval of Annual Governance Statement	AS	
3	Internal Audit and Assurance Plan 2024/25	KW	
4	Progress update on the 2022/23 External Audit	Gr Th	
5	Presentation of Financial Statements	MH	
<b>Part II - Monitoring/Information Items</b>			
6	Report Tracker for Future Meetings	KM	

<b>Dates to Note</b>			
Date of Meeting	<b>18/06/2024</b>		
Publication of Agenda Date	06/06/2024		
Reports to Management Team	30/05/2024		
Full Council	18/07/2023		
<b>Items for Inclusion on the Audit Agenda</b>			
<b>Part I - For Decision</b>			
1	Internal Audit Annual Report & Opinion 2023/24	KW	
<b>Part II - Monitoring/Information Items</b>			

2	External Audit Progress Report	Gr Th
3	Report Tracker & Future Meetings	KM

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