

## **Audit Committee**

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **17<sup>th</sup> March 2020**.

### **Present:**

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

Cllrs. Hayward, C Suddards, Wright.

### **Apologies:**

Cllrs. Bell, Shorter, Smith.

### **Also Present:**

Director of Finance & Economy, Head of Finance and IT, Deputy Head of Audit Partnership, Compliance and Data Protection Manager, Senior Accountant (MH), Senior Accountant (LF), Head of Community Safety and Wellbeing, Member Services Officer.

Engagement Lead – Grant Thornton UK.

The Vice-Chairman chaired the meeting for the first item, after which time the Chairman took over the Chair.

## **350 Minutes**

### **Resolved:**

**That the Minutes of the Meeting of this Committee held on the 3<sup>rd</sup> December 2019 be approved and confirmed as a correct record.**

## **351 Certification of Grant Claims – Annual Letter**

The Engagement Lead – Grant Thornton UK introduced the item. The 2018/19 Housing Benefit Subsidy Claim had been completed. There had been some small errors, however the total was below the threshold set by DWP. The item also contained information on the 2019/2020 audit work that Grant Thornton would be undertaking. He drew attention to the information contained within and in particular the sector update. It had recently been announced, in light of COVID19 that the date for conclusion of the audit, had been relaxed from 31<sup>st</sup> July to 30<sup>th</sup> September 2020.

### **Resolved:**

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

## **352 Presentation of Financial Statements**

The Senior Accountant (MH) introduced the report. She drew attention to the timetable for the close down and publication of the accounts, and the issuing of an unqualified audit for the previous years accounts.

The Senior Accountant highlighted three changes to the accounting policies for the 2019/20, these were:

- Change of the de-minimis limit – the limit at which manual accruals were processed, it was decided to increase this limit from £5,000 to £10,000. This change had been agreed with Grant Thornton.
- IFRS15 - the accounting policy for accrual of revenue had been updated to reflect the change to IFRS15 Revenue from Contract with Customers.
- IFRS9 - the policy for financial instruments had been updated to reflect changes arising from IFRS9 Financial Instruments which was implemented last year.

Looking forward to the next accounting year there would be a change to IFRS16, whereby leases would change from finance leases to Right of Use Assets. Fundamentally this change would see all leases recognised on the balance sheet where the Council was the lessee. A review was underway to assess the impact of this accounting change and the impact on the accounts, it was not expected to be significant.

Member training in relation to accounts was scheduled for the 16<sup>th</sup> June meeting of the Committee. The main areas for focus would be assets and pensions, the Senior Accountant invited Members to contact her should they wish for other topics to be included.

The Chairman confirmed that the Portfolio Holder had no concerns relating to Financial Statements.

**Resolved:**

**That:**

- (i) the report be received and noted.**
- (ii) the accounting policies for the 2019/20 accounts be approved.**

## **353 Corporate Risk Register – Update**

The Compliance and Data Protection Manager introduced the report. This was the six monthly update to the Committee and she drew attention to Appendix A of the report which detailed the risks included on the current Corporate Risk Register and provided details of individual risks and in addition, explained the current position or any further action that may need to be taken to manage the risk. Understandably given the developments with COVID19, there had been some changes to the Risk

Register. Given that, she proposed to bring a further update on the Corporate Risk Register to the next meeting of the Committee.

The Head of Community Safety & Wellbeing advised the Committee that a Leaders Briefing had been issued earlier in the day detailing the arrangements that were in place regarding COVID19 and the various Council actions, she urged Members to read this, if they had been unable to do so. She outlined the Council's involvement with the Local Resilience Forum Strategic Coordinating Group and Tactical Coordinating Group. The Ashford Critical Emergency Response Committee (ACER), chaired by the Leader was coordinating Council activity. Key Heads of Service and Councillors were on this Committee. The newly established Emergency Support Group (a sub-committee of ACER), was providing additional support. This Group would be working collaboratively with the Voluntary and Business Sectors to provide appropriate support to the Borough's communities and businesses. Continuity plans were in place for all services which were continuing to operate albeit rather differently to normal. The Civic Centre was open and the Contact Centre remained open. Additional mitigation measures had been put in place to limit contact and enable social distancing, for example, for any necessary meetings. She provided additional information on the Council's specific COVID19 risk assessment which was being adapted on a day to day basis as the situation progressed.

In response to a question from a Member the Head of Finance & IT advised that there were hardship funds in place to support residents, as well as support for businesses through business rates relief. They would be looking at the resources available to them to assist those in the Borough that needed help.

In respect of the additional information provided, Members had a number of queries, the responses to these were as follows:

- There would be signage on seats to ensure that social distancing at meetings was complied with, in addition the Chairman of the relevant meeting would encourage all to comply with this to ensure the safety of those in attendance.
- In addition to the above measures, the meeting of the Planning Committee due to take place the following evening was being streamed on the Council's YouTube Channel. All those who had commented on the applications that were to be determined had been advised of these arrangements and encouraged to watch from the comfort of their homes.
- The guidance issued to staff in respect home working particularly those over 70 and those with health conditions applied to Councillors also. The Leader had been looking at a wide range of measures in relation to meetings as the situation progressed.
- Hand sanitiser bottles were located around the building and all the sinks had running hot water and soap available.
- Additional areas of risk as they were highlighted through the ACER meeting were being added to relevant risk registers.

The Director of Finance & Economy proposed a new recommendation be added 'that the Corporate Risk Register be reviewed in light of COVID19 and this be presented to the next meeting of the Committee'. This proposal was moved and seconded.

**Resolved:**

**That:**

- (i) the Corporate Risk Register, the assessments and key controls to manage the risks be noted,**
- (ii) the Corporate Risk Register be reviewed in light of COVID19 and be presented to the next meeting of the Committee.**

### **354 Approval of Annual Governance Statement**

The Compliance and Data Protection Manager introduced the report. Good governance was fundamental to meeting the Council's responsibilities and achieving high levels of service for residents. The Statement explained the effectiveness of the governance arrangements for the year ending 31 March 2020 and set out any action for planned improvements in the coming year. She drew attention to the areas of focus for the coming year, which included; reviewing the contract standing orders, reviewing the key performance indicators and the development of an equalities policy.

**Resolved:**

**That the 2019/20 Annual Governance Statement be approved.**

### **355 Internal Audit and Assurance Plan 2020/21**

The Deputy Head of Audit Partnership introduced the item. This was the first time he had addressed the Committee and so he gave in introduction and overview of his recent secondment to Dartford & Sevenoaks Audit Partnership as their Chief Audit Executive. Moving forward for the year 2020/21, should the Committee be minded to agree, he would be the Chief Audit Executive for Ashford in place of the Head of Audit Partnership. The report drew attention to headline risks and high priority projects including Global and Sector risks, Local risks, Resources, Cyber Security and the Leisure Service contract. The Audit Team had recently undergone an external assessment by CIPFA, as part of their External Quality Assessment requirements set out in the Public Sector Internal Audit Standards. Initial feedback from the assessment had been positive and the outcomes would be reported in full to the next meeting of the Committee in June 2020. He highlighted the processes undertaken to formulate the Audit Plan and the consultation that was carried out with officers to support this.

In response to a question the Deputy Head of Audit advised that it was likely that 75% of the medium priorities would be audited as part of the annual plan. Each year the audit universe was re-assessed and those areas of medium risks would be reviewed and if appropriate, included in future plans. Climate change was assessed

as a medium risk in the audit plan, but would be kept under review as the Council took further action towards delivery of its climate change commitments. The Director of Finance & Economy advised that the Committee could request that Climate Change be an audit that was carried out as part of the medium risk audits that would be carried out. This motion was proposed and seconded.

**Resolved:**

**That the Committee**

- (i) approves the Internal Audit & Assurance Plan for 2020/21 (appendix A to the report)**
- (ii) Note the Head of Audit Partnership's view that the Partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion.**
- (iii) Note the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.**
- (iv) Approve the proposal to define the Chief Audit Executive role for the Council as part of the duties of the Deputy Head of Audit Partnership**
- (v) Requests that the Climate Change audit be undertaken during 2020/21.**

### **356 External Audit Work Plan for Ashford Borough Council 2019**

The Engagement Lead – Grant Thornton UK introduced the item. The report gave an overview of the planned scope and timing of the statutory audit of Ashford Borough Council. He drew attention to the scope and risk assessment within the papers, along with the significant risks that had been identified.

**Resolved:**

**That the report be noted.**

### **357 Report Tracker for Future Meetings**

The Member Services Officer drew Members' attention to the Tracker. There were a number of amendments to make to the tracker following on from this meeting and requests made by the Committee. The standing item on Brexit would be removed from the Tracker as this had been incorporated into the Corporate Risk Register item.

**Resolved:**

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

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