

Ashford Borough Council Audit Committee

Minutes of a Virtual Meeting of the Audit Committee held on Microsoft Teams on the **29th September 2020.**

Present:

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

Cllrs. Hayward, Mulholland, Shorter, C Suddards, Walder.

In attendance:

Cllr. Burgess

Director of Finance & Economy, Head of Finance and IT, Senior Accountant, Accountancy Manager, Head of Audit Partnership, Deputy Head of Audit Partnership, Investigation and Enforcement Support Manager, Compliance and Data Protection Manager, Head of Community Safety and Wellbeing

Engagement Lead – Grant Thornton UK.

86 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 17th March 2020 be approved and confirmed as a correct record.

87 Draft Statement of Accounts for 2019/20

The Senior Accountant introduced this item and drew Members' attention to the key points within the report. She gave a presentation which covered:

- Expectation on Members
- Materiality and Error
- Assets Valuations
- Pensions
- Going Concern and COVID

The Chairman opened up the item for discussion and the following points/questions were raised:

- A Member thanked the Senior Accountant for a well-written report and presentation. He noted she mentioned that non-essential project work had been halted, but in fact some non-essential but desirable project work had been permitted to proceed, particularly mechanisms for revenue raising. He also asked Officers to note that this was a report to the Audit Committee, and that the Recommendations should refer to Audit Committee rather than the Cabinet.

Resolved

That the Audit Committee

- I. Notes the draft statement of accounts 2019/20
- II. Notes the risks to the draft statement of accounts 2019/20.

88 Internal Audit Annual Report 2019/20 and Revised Audit Plan 2020/21 and Internal Audit - Outcomes of the External Quality Assessment (EQA)

The Head of the Audit Partnership introduced this item and took Members through the key points raised in the reports. The Chairman opened up the item for discussion and the following points/questions were raised:

- A Member congratulated a member of the Audit team on completion of professional training. Members agreed it was important that there was a training programme in place for the Audit team.
- Another Member commented that this was a very good result for the Council, but questioned whether there was any area for improvement. The Head of the Audit Partnership replied that there were no major areas for improvement, but it might be prudent to plan for the high priority risk areas on the 2020/21 Audit Plan.
- The Portfolio Holder for Planning noted the deferred actions on page 138 of the report. He considered it was unacceptable for actions to be deferred three times. He had brought this matter to the attention of the Head of Planning and Development, and the lead Officer for Enforcement and had asked for these deferrals to be addressed. He went on to explain that the Enforcement team was operating at 50% capacity at present, and that it was intended to recruit into the current vacancies in the coming months. However, this was no excuse and the Enforcement function must perform better in future. The Deputy Head of the Audit Partnership suggested that rather than chase these recommendations, a full audit could be undertaken around April 2021, once the vacancies had been filled and the team had a chance to function at full capacity. The Head of the Audit Partnership suggested that an interim audit update be provided to an Audit Committee meeting later in the year to agree the exact wording of any additional recommendation in relation to unacceptable deferrals.

Resolved

That the Audit Committee

- i) notes the Head of Audit Partnership opinion. The opinion states that, in the view of internal audit, the Council's internal controls, corporate governance and risk management arrangements have worked effectively during 2019/20.

- ii) notes the work underlying the opinion and the Head of Audit's assurance is independent and in conformance with Public Sector Internal Audit Standards.
- iii) approves the updated 2020/21 Internal Audit & Assurance Plan (at Appendix 1) and notes the assurance it was prepared with sufficient independence and objectivity.
- iv) notes the conclusion on CIPFA's External Quality Assessment of Mid Kent Audit that the Partnership *Fully Conforms* with Standards.

89 Corporate Enforcement Support & Investigations Team Annual Report 2019/20 (presentation)

The Investigation and Enforcement Support Manager introduced this item and gave a presentation which covered:

- Overview of service's key functions
- Team structure
- Functions
- 2020/21 priorities
- 2020/21 new projects – income generation
- Fraud and errors detected

The Chairman opened up the item for discussion and the following points/comments were raised:

- In response to a question, the Investigation and Enforcement Support Manager advised that 22 fly tipping incidents had been investigated, with one successful prosecution. She explained that where the scale of the fly tipping was comparatively low, it was considered more viable to deal with the matter through providing advice and education rather than going through a costly prosecution process. She clarified that in 85% of cases those responsible for fly tipping had been identified. Members considered that more emphasis should be put on this positive outcome and suggested more publicity for the work of the Fraud team. The Investigation and Enforcement Support Manager agreed that more work was necessary to publicise the preventative work undertaken by the team. The Director of Finance and Economy added that it was important to make the public aware of the Council's efforts to protect public assets and access to public services.
- A Member asked about potential for the provision of a Council environmental crime team. The Director for Finance and Economy advised that Members had agreed a plan for this prior to the COVID outbreak but it had been paused during the national lockdown. Some reflection was now required on the timing and viability of this project. The Portfolio Holder for Environment and Land Management replied that the plan had been to employ an Enforcement Officer post which would be financially self-funding through fines. He advised that fly tipping had not been prolific during lock down, but had started to increase in recent months. He also advised that the Council was actively publicising the garden waste service in an attempt to prevent this type of fly tipping.

- A Member noted that small teams, such as the Fraud team, were vulnerable to key individuals leaving the authority and asked that consideration be given to service resilience in such circumstances. The Chairman suggested that this could be looked at by the Audit team during their 2020/21 work plan. The Compliance and Data Protection Manager explained that succession planning and resilience for small teams was monitored at service and delivery level via Management Team, and any risks which were considered to be of strategic importance would be brought to the attention of the Audit Committee.

90 Corporate Risk Register

The Compliance and Data Protection Manager introduced this item, and explained that there had been a large number of changes since the last report, and this was reflected in many of the risk profiles.

The Chairman opened up the item for discussion and the following points/comments were made:

- The Portfolio Holder for Planning said he recognised the risk in relation to the Housing Delivery Plan and the potential to be unable to fund this under the current situation. He also expressed concern about the potential loss of electronic devices which were now held by Officers and Members outside Council premises. He queried the risk assessment and asked whether mitigation was in place to educate Officers and Members about the need to keep data secure. The Compliance and Data Protection Manager said work was currently underway to train staff and communicate with all involved about the importance of data and asset protection. However, she conceded that the scoring in relation to portable devices may need rethinking. The Head of Finance and IT added that users were currently accessing data via Pulse Secure, and that data was saved on the Council's servers, rather than portable devices, which lowered the risk of data breaches. She said that cybersecurity was a high risk but that a procedure had been set up by the IT team to scan portable devices prior to being connected to the servers. The Director of Finance and Economy added that training had been launched for staff to encourage them to be more cyber-aware.
- A Member asked about the potential loss of KPSN and whether this should be considered a high risk as it would have significant impact. The Compliance and Data Protection Manager advised that the likelihood of losing KPSN was minimal and not considered a significant risk at present.
- A Member asked about risk in relation to Ashford College. The Compliance and Data Protection Manager replied that the new CEO had been invited to a briefing session for Members, and would also be attending the Ashford Strategic Delivery Board in due course. She said the College expansion would be tailored to meet local demand based on the main employment sectors in the Borough. The Chairman said he would like a further briefing on this item at the next meeting of the Audit Committee.

Resolved

That the Audit Committee agrees the assessments and the adequacy of key controls to manage the risks.

91 Audit Fee 2020/21

The Senior Accountant introduced this item and drew Members attention to the Audit Fee 2020/21.

The Chairman opened up the item for discussion and the following points/comments were made:

- A Member asked whether the fee had changed over the years and whether it was still considered competitive. The Director of Finance and Economy said that the fee had been significantly higher in the past and had come down in recent years. The annual audit had been subject to a tender exercise, and this was considered a competitive price but was probably at the lower limit now.

Resolved

That the Audit Committee notes the Audit Fee 2020/21.

92 Audit Committee Progress report and Sector Update 2019/20 and External Audit Plan Update

The Engagement Lead from Grant Thornton introduced this item and drew Members' attention to the key points within the reports.

Resolved

That the Audit Committee notes the Audit Progress Report and Sector Update for 2019/20 and the External Audit Plan Update.

93 Report Tracker for Future Meetings

Resolved:

That the Schedule of Meetings be noted.