

## Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Rooms 1 and 2, Civic Centre, Tannery Lane, Ashford on the **15<sup>th</sup> June 2021**.

### **Present:**

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

Cllrs. Harman, Mulholland, Walder.

Councillor C Suddards attended remotely, but was not present in the room.

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

### **Apologies:**

Cllrs. Hayward, Shorter, Smith.

### **Also Present:**

Cllrs. Burgess, Forest, Sparks

### **In attendance:**

Deputy Chief Executive, Accountancy Manager, Deputy Head of Audit Partnership, Audit Manager, Member Services Manager.

Audit Manager – Grant Thornton UK.

## **45 Minutes**

### **Resolved:**

**That the Minutes of the Meeting of this Committee held on the 16<sup>th</sup> March 2021 be approved and confirmed as a correct record.**

## **46 Internal Audit Annual Report and Opinion 2021**

The Deputy Head of Audit Partnership gave a presentation introducing the report and giving some more background to the report's findings, how Internal Audit had delivered their revised Audit and Assurance Plan and how that work contributed to the annual opinion given. The report advised that the Public Sector Internal Audit Standards required the Chief Audit Executive for Ashford, (a role fulfilled by himself), to deliver an annual opinion for the Council to use to directly inform its Annual Governance Statement. The 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.

He advised that it was a positive report and that in his opinion, based on the work conducted by the service over the year, the Council had operated an effective framework over the course of 2020/21. The revised Audit Plan of September 2020, following the original coronavirus lockdown, had been delivered, apart from four areas which were currently in draft form and the outcomes of which would be reported to the Committee in September. He presented more details of: - delivery of Internal Audit work; follow-up of actions; revised procedures and processes; the wider risk and governance framework of the Council; and the Quality Assurance of Mid Kent Audit.

The report was then opened up for discussion and the following points/questions were raised:

- The Committee thanked the Deputy Head of Audit Partnership for the team's hard work during the year and his production of this report. They also congratulated Mid Kent Audit on their nomination for the award of "Outstanding Team: Public Sector" at the Audit and Risk Awards and wished them well when the final results were revealed the following week.
- A Member asked about cyber-security and how that related to Members as well as the digital planning pilot, and what it would take to get the Council to the highest level of assurance. It was recognised that ICT Cyber Security was at a 'sound' assurance rather than a 'strong', although that should not be seen as a negative. This was a rapidly changing area and a nationwide threat, so this rating did not reflect on anything that this Council was particularly doing or not doing. Mid Kent Audit had access to external ICT audit expertise in this area, and in addition to auditing the arrangements, the audit incorporated insight from across the Sector into the audit. Access to this specialist expertise could be (and would be via the Audit Plan) an additional source of ongoing assurance for the Council, with regards to ICT Cyber Security. The Deputy Chief Executive said that, from a Council context, there were two main areas of focus. You could always spend more money on areas such as software and firewalls etc. and whilst there was already significant spend in this area, it was about striking the right balance between investment and risk. The Council already met its statutory connection standards to work with agencies such as the Department for Work and Pensions, the Cabinet Office and to be able to take card payments, so it was felt they were appropriately covered. The second and perhaps most significant area was user vulnerability and there needed to be a continued ongoing focus on awareness and training for both staff and Members. This was perhaps something where more investment would give more "bang for their buck" in this area.
- A Member said that the last year had obviously been traumatic as the country coped with the Coronavirus pandemic, but he asked if there was just as much of a danger around areas such as governance and risk management as the country moved back to some sort of "normality" over the next year or so? The Deputy Head of Audit Partnership said this was certainly something that had been considered through their audit planning for 2021/22. Specifically, trying to anticipate changes or weakening of controls that may have been brought about by new ways of working and 'need for speed' changes to governance. So, there would certainly be a focus on this on a project by project basis as well as from an Audit Plan perspective by monitoring changes and new risks

that were perhaps not originally anticipated. There would be new risks on the horizon, and the Audit Plan, similarly to the last year, would remain 'live' to any shifts in risks to ensure that relevant assurance was being provided throughout the year.

**Resolved:**

- That (i) the Internal Audit Annual Report and Annual Opinion that, for the 12 months ending 31<sup>st</sup> March 2021, the Council operated an effective framework of corporate governance, risk management and internal control, be noted**
- (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.**

## **47 Audit Progress Report**

The Audit Manager from Grant Thornton presented this item, which provided a report on progress in delivering on responsibilities as the Council's external auditors. He highlighted: - the timeline for deliverables for the 2020/21 audit; an update on planning enquiries including a revision to ISA (UK) 540 Accounting Estimates; as well as a sector update and links to key publications that were contained within the report.

In terms of the sector-wide updates the Deputy Chief Executive drew attention to the accounting rules for properly dealing with grants during the pandemic and the risk of fraud, as well as Local Government finance in general during the pandemic, and how important these issues were for the Council and this Committee.

**Resolved:**

**That the Audit Progress Report and Sector Update as provided by Grant Thornton be received and noted.**

## **48 Report Tracker & Future Meetings**

It was clarified that there would be an additional meeting of the Committee on the 20<sup>th</sup> July to consider the draft Statement of Accounts for 2020/21. The reasons for this were outlined in the Tracker.

The Deputy Chief Executive also clarified that the Annual Report of the Audit Committee would come to the meeting in September.

In terms of future topics a Member raised the issue of the new Port Health service and wondered if the Committee could receive a report outlining the risks relating to the service and have an opportunity to ask questions. He considered there was currently a lack of understanding in this area. The Deputy Chief Executive advised that Port Health had its own risk register so he suggested that when the Strategic Risk Register was next reported to the Committee (in September) there could be a 'deep dive' into Port Health, with the service risk register appended and discussed to

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provide some assurance over the control environment that was being built. The Member advised that he would like the opportunity to ask relevant questions and debate the risks around Port Health – how it was funded and whether costs were being recovered from the Government. The Deputy Chief Executive considered that as well as an opportunity at the September Audit Committee, an all Member briefing later in the year may be a more appropriate avenue for this and he would make some enquiries with the new Head of Service, Anthony Baldock. Members could then decide whether or not further work would be necessary to be completed by the Overview and Scrutiny Committee

**Resolved:**

**That, subject to the discussions above, the Report Tracker be received and noted.**

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