

Ashford Borough Council: Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Room 2, Civic Centre, Tannery Lane, Ashford on the **15th March 2022**.

Present:

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

Cllrs. Campkin, Shorter, Smith.

Apologies:

Cllr. Wright.

Head of Planning & Development.

Also in Attendance (virtually):

Cllrs. Hayward, Spain.

Accountancy Manager, Senior Accountant, Interim Deputy Head of Audit Partnership, Audit Manager, Compliance and Data Protection Manager, IT Manager.

Audit Manager – Grant Thornton UK
Audit Manager - Grant Thornton UK.

In attendance:

Deputy Chief Executive, Interim Head of Audit Partnership, Member Services & Ombudsman Complaints Officer.

333 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 1st February 2022 be approved and confirmed as a correct record.

334 Corporate Risk Register

The Compliance and Data Protection Manager introduced the report which was presented to the Committee every six months and covered all the risks on the Corporate Register that fell outside the Council's risk appetite threshold. Details of any changes were included within the report with some risks being lowered due to the recovery since Covid and to reflect the improved financial position. In light of the going conflict in Ukraine these risks would need to be revisited. At the October 2021 meeting the Committee requested that the Council's Cyber Security risks and mitigations be given due consideration.

The IT Manager gave a presentation to the Committee, via a Power-Point presentation, which detailed the Cyber landscape for both this Council and Councils throughout the Country. He took the Committee through the risks to the Council which formed part of the Council's Risk Register and highlighted the work undertaken to mitigate the risk. Overall, it was important to note that the risk of an attack that would affect the Council was not a case of "if" but "when" an attack took place. Solutions had been put in place to mitigate these risks including; mandatory staff training, which it was hoped would be extended to Councillors; emergency planning cyber exercises, regular communication and phishing exercises. A new mobile device management app had been installed in all new laptops and smartphones. The connections to Kent Public Services Network (KPSN) had been strengthened and controls for remote working and portable device guidance had been refreshed. The IT Manager advised that there were strong and proportionate controls in place. He also shared a Councillors' Guide to Cyber Security link with the Committee, which they would be able to access after the meeting.

A Member noted that Officers training was mandatory, yet Councillors was not. The Member supported the making of such training mandatory for Councillors, and proposed that be a recommendation from the Audit Committee. The Chairman requested that an additional recommendation be added to reflect that the training be made mandatory for Councillors. There was some discussion regarding whether all Councillors had access to the internet and used computers and the Chairman advised that it would be the minority but these would be discussed with the relevant Group Leaders. **Post Meeting Note: All Councillors had access to a Council issued iPad and the internet.**

In response to a question from a Member, the IT Manager advised that Capita managed the network devices, the network itself was primarily BT circuits and fully resilient. The Ashford exchange was a 'main' exchange and so the connections were good. Capita sat on the Governments NCSC (National Cyber Security Centre) Managed Service Providers Information Exchange. The size and resource levels from Capita were of benefit and they were monitoring the circuits for the Council.

A Member questioned what the contingency plan was should an attack occur and further the consequences should the contingency plan fail. The IT Manager advised that there was a Cyber Response Plan for such attacks. A lot of attacks were based around ransomware. The recovery centre was being moved as part of KPSN and would enable the Council to access data and services were being moved to the cloud also. There was no definitive answer and it would be a case of dealing with it when it occurred. It was unlikely to be a direct attack, but could be from the fallout of an attack elsewhere.

Resolved:

That the Audit Committee

- a) **agree the assessments and the adequacy of key controls to manage the risks.**
- b) **considers the area of focus of this report on the risks associated with Cyber Security.**

c) **That Cyber Security Training be Mandatory for Councillors.**

335 Approval of Annual Governance Statement

The Compliance and Data Protection Manager introduced the report and advised that all of the recommendations from the previous Annual Governance Statement had been completed, save for the review of the Constitution which was ongoing and was carried forward into the Annual Governance Statement before them. The key governance areas, any changes and points of interest throughout the year were also highlighted. Eight recommendations were included for the following year, including upgrading hybrid meetings, developing succession planning and leadership skills and reviewing corporate risks including data retention. An area to note was the absence of the Annual Audit Opinion, which was outstanding and the report would come back to a future meeting. It was highlighted that Mid Kent Audit had raised no issues with the governance arrangements. Once approved the Annual Governance Statement would be published on the Councils website alongside the Statement of Accounts.

A Member questioned what the completion date of the review of the Constitution was. The Compliance and Data Protection Manager advised that the overall review deadline was March 2023. Work was ongoing regarding Executive Arrangements which would come forward sooner.

The Chairman advised that discussions had been had as part of the pre-meeting regarding the adequacy of the Trading and Enterprise Board arrangements and the need to ensure that they incorporated the New Town Works and Project Green (Brompton) projects. The Deputy Chief Executive proposed that the responsible person and timetable be as per the constitution review.

Resolved

That the Audit Committee approves the 2021/22 Annual Governance Statement, subject to the inclusion of the additional work regarding the Trading and Enterprise Board.

336 Internal Audit and Assurance Plan 2022/23

The Interim Head of Audit Partnership advised that the Plan was a live document and would be reviewed throughout the year. The programme was challenging and wide ranging. Work planning would be undertaken accordingly and he opened the item up to questions from the Committee.

A Member questioned what 'multi-channel customer engagement' was. The Interim Head of Audit Partnership advised that it was looking at all the areas of engagement with the public in the ever increasing online world. The review was not about one solution but ensuring that all were and could be engaged with.

A Member drew attention to the terms on the payment of a penalty charge notice and the acceptance of cash. The Member felt that it should be accepted if advised as such. The Deputy Chief Executive would check if that this was the case. Face to face channels of communication would be maintained. **Post Meeting Note: Penalty Charge Notices were only payable by debit or credit card, either online or by**

telephone. The wording on Penalty Charge Notices regarding payment was to be reviewed.

Resolved:

That the Audit Committee:

- (i) Approves the Internal Audit & Assurance Plan for 2022/23**
- (ii) Notes the view that the Partnership has sufficient resources to deliver the plan and a robust Annual Audit Opinion.**
- (iii) Notes that the plan is compiled independently and without inappropriate influence from management.**

337 Section 106 Audit – Weak Assurance Report

Due to the absence of the Head of Planning and Development due to illness the Committee wished to defer the item to be discussed at a future meeting.

Resolved

The item be deferred to an additional Meeting of the Audit Committee to take place in April.

338 Statement of Accounts 20220/21 and External Auditors Findings

The Accountancy Manager introduced the report and advised that the Auditors were looking to give an unqualified opinion, which was pleasing. There was still some outstanding work regarding valuations, which would be clarified with the Auditors. He proposed that delegated authority be given to the Chief Financial Officer and the Chairman of the Audit Committee so that should any changes be needed that they could authorise those on behalf of the Committee. Any anticipated changes would be largely around disclosure notes. There had been no changes to the primary statements of the Council, which was positive. A further delegation was sought to allow the Chief Financial Officer and the Chairman of the Audit Committee to “sign off” the full statement of accounts once approved by the Auditor. The Auditors findings were also included within the report. There were three recommendations which would be adopted when formulating next year’s accounts and a formal response would be issued. He wished to extend his thanks to the Auditors for the work undertaken and he looked forward to their continued working relationship.

The Audit Manager – Grant Thornton UK acknowledged that the Audit had taken longer than anticipated. There were a couple of areas outstanding that needed to be addressed, in particular the valuation of the Council’s housing stock which was currently in progress. No changes to the primary statements were required and a small number of recommendations were made for the following year.

A Member noted the unqualified opinion and wanted to record his thanks to the Accountancy Team for achieving such an opinion.

The Deputy Chief Executive confirmed that the work was due to be completed by the 31st March. The underlying message was a positive one.

Resolved:

That the Audit Committee

- I. Considers the Appointed Auditor's Audit Findings (Appendix A)**
- II. Agrees the basis upon which the accounts have been prepared (going concern)**
- III. Approves the substantially audited 2020/21 Statement of Accounts (Appendix B)**
- IV. Delegates authority to the Chairman of this committee and the Chief Financial Officer to agree any further amendments required to the statements shown at Appendix B, any significant changes will be reported back to this committee**
- V. Delegates authority to the Chairman of this committee and the Chief Financial Officer to sign and date the accounts as required by Section 10(3) of the Accounts and Audit Regulations 2003, following the stated amendments, as approved by the Council**
- VI. Approves the Chief Financial Officer's Letter of Representation to the Appointed Auditor (Appendix C)**

339 Presentation of Financial Statements

The Senior Accountant introduced the report. The deadlines for the close of accounts were highlighted, with the sign off being 30th November 2022. There had been no changes to the Code for 2021/22 so far, however there was a consultation ongoing which may have an impact on the Code. The consultation was as a result of 91% of statutory bodies missing the deadline for publication of audited accounts. The consultation was investigating if there were short-term solutions that could help reduce the delays of audited financial statements. The changes proposed by the emergency consultation were (a) pausing the valuation of property, plant and equipment and (b) postponing IFRS16 implementation, which was due to happen this year end. The accounts would be prepared on a "going concern" basis and there were no changes to the accounting policies. The Audit Committee was requested to approved the accounting policies.

Resolved:

That the Audit Committee:

- I. Notes the report**
- II. Approves the accounting policies for the 2021/22 accounts in Appendix A**

- III. **Delegates authority to Head of Finance and IT to make changes to the accounting policies following an emergency consultation on the update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom**

340 Report Tracker and Future Meetings

The Deputy Chief Executive felt that the only matter to note was the proposed April meeting.

A Member questioned whether there was any work to be undertaken as a result of the Ukraine conflict and Russian sanctions. The Accountancy Manager advised that as part of the treasury management the Council had minimal exposure to equity bonds but nothing that would impact the Council's treasury management. In respect of the pension fund, that was Kent County Council who had released a statement saying there was some exposure. He would report back fully to the Committee at its next meeting. The Deputy Chief Executive advised that the Council purchased utilities through Kent County Council and there was some exposure to Russian companies as part of that. Kent County Council were looking to suspend and extract themselves from those arrangements. All other contracts were being monitored and all appropriate actions taken. **Post Meeting Note: Since the meeting the Accountancy Manager had circulated an Update on the Council's Financial Exposure to the Audit Committee.**

Training for all Councillors on the Council's Emergency Planning function would be delivered by the Kent Resilience Forum later in the year.

Resolved:

That the report be received and noted, with the addition of a report to a future meeting on any impact of Russian sanctions and associated matters.