

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 **21st June 2022**.

Present:

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

Cllrs. Ledger, Shorter.

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

Apologies:

Cllrs. Campkin, Hayward.

Also in Attendance (virtually):

Cllrs. Spain, Ovenden, Wright.

Accountancy Manager, Senior Accountant.

Audit Manager – Grant Thornton UK

In attendance:

Deputy Chief Executive, Director of Customer, Technology and Finance, Senior Member Services Officer.

56 Declarations of Interest

Councillor	Interest	Minute No.
Shorter	Made a Voluntary Announcement as he was the Portfolio Holder for two of the items on the agenda.	58, 59

57 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 5th April 2022 be approved and confirmed as a correct record.

58 Internal Audit Annual Report & Opinion 2022

The Deputy Chief Executive introduced the item. Unfortunately due to illness the Interim Head of Internal Audit had been unable to attend the meeting, therefore he would introduce the item and endeavour to answer any questions Members had.

Over the past 12 months the service had seen considerable change with the departure of both the Head and Deputy Head of Internal Audit. Following this, there was the appointment of an Interim Head and Deputy Head of Internal Audit, with the recruitment of a permanent Head of Internal Audit having concluded recently and an appointment being confirmed this week. Attention was drawn to Project Clean Sweep, a strategy put in place by Mid Kent Audit to deliver as much of the 2021/22 planned work and to ensure that there would be no knock-on effect on the delivery of the 2022/23 audit plan. The Deputy Chief Executive wished to highlight the success of Project Clean Sweep and the dedication of the Audit Team who rose to the challenge. There had been one “weak” assurance rating given during the year for Section 106 Income, this had been reported to the Committee and a follow up would be reported later in the year.

The Chairman felt that only one “weak” assurance rating was positive. He drew attention to the Head of Audit Opinion statement for 2021/22 as contained within the report. Further, he wished to put on record his personal thanks to the Interim Head of Audit Partnership and his team and the Director of Customer, Technology and Finance and her team for all the work they had undertaken during this period.

A Member questioned whether references in the report to delays due to Covid were considered a valid excuse in 2022. He further questioned what was being done to remedy the staffing issues experienced in the service. The Deputy Chief Executive acknowledged the point in respect of Covid and noted that moving into the “new normal” meant that new ways of working had been established and it was down to the service to determine how they operated, whether that be a hybrid method, in office or virtually. There had been a high staff turnover during the period in question, interim management had been put in place and an appointment had now been made to the Head of Audit Partnership role.

A Member questioned whether Ashford was in a comparable position with the other Authorities in the partnership, in respect of audit assurance ratings and competition for audits/time. The Deputy Chief Executive advised that it would be difficult to comment on the audit opinions for other Authorities. He could confirm that there was no competition for audit attention. Further, he confirmed that other 151 Officers within the partnership had not reported any issues.

Making reference to the turnover of Mid Kent Audit, a Member felt that it had been a “perfect storm” and the continuous professional development of staff that had been encouraged by the previous Head of Internal Audit should be continued. He endorsed the Chairman’s thanks to the Interim Head of Internal Audit.

Resolved:

That

- (i) the Committee notes the Internal Audit Report and Annual Opinion. The opinion states that, for the 12 months ending 31 March 2022, the Council operated an effective framework of corporate governance, risk management and internal control.**

- (ii) **the Committee notes that the work to support the opinion was completed with sufficient independence and in conformance with Public Sector Internal Audit Standards.**

59 Informing the Audit Risk Assessment 2021/22

The Senior Accountant introduced the item. She advised that as part of the Audit Risk Assessment the Council's External Auditors were required to obtain an understanding of management processes and the Council's oversight of the following areas; management, fraud, laws and regulations, related parties, going concern and accounting estimates. The purpose of the report was to contribute towards effective two way communication between the Council's External Auditors and the Audit Committee. There was one small addendum to note, the date contained within the recommendation should read 2021/22.

A Member drew attention to question 11 in the report in respect of related party transactions that could give rise to instances of fraud and noted that the second question, how would such risks be mitigated was silent. He requested that this be answered comprehensively next time.

Referencing the delay to the fully operational date for the Border Control Post at Sevington, a Member questioned whether this would cause additional financial and operational risks to the Council. The Deputy Chief Executive advised that the costs to date had been met by Defra. Once operational haulers would be charged for the services provided which would cover the cost of running the facility, it would effectively be self-funding. Delays to the commencement of operation had been unfortunate but Defra had funded the cost during that period. There was a requirement to bid for such funding however the Council had previously been successful and were awaiting a further announcement. Members were mindful that this matter was routinely discussed at Management Team and was on the Corporate Risk Register.

Resolved:

That the Audit Committee confirms that the management responses within the "Informing the audit risk assessment for Ashford Borough Council 2021/22" document are consistent with its understanding.

60 External Audit Progress Report

The Audit Manager – Grant Thornton UK introduced the report. It set out the current position and an updated position on the 2020/21 audit which was unfortunately still awaiting finalisation. Due to capacity constraints they had been unable to finalise the financial statements audit for that period ahead of this meeting, however he hoped that it would be ready to be presented at the July meeting of the Committee. Moving to the 2021/22 audit he advised that the substantive work would commence in October with completion in December.

Members expressed their frustration and disappointment at the delays to the completion of the 2020/21 financial statements audit and strongly counselled that it be presented to the next meeting of the Committee. Further, they noted that the

report provided a generic statements rather than Ashford specific statements and reflections. Discussion was had regarding writing to the PSAA to follow up on the Committees previous letter relating to the performance of the External Auditor and it was proposed that a follow up be written and sent on behalf of the Committee.

The Audit Manager – Grant Thornton UK offered his personal regret for the situation and advised that they were trying to conclude the 2020/21 audit as a matter of urgency.

The Deputy Chief Executive advised that a management response had been sought and sent the previous week to Grant Thornton, it was hoped that would bring the matter to a conclusion and the audit and accounts could be presented to the Committee at the same time. He drew attention to the findings in respect of the Housing Benefit Assurance Process which for 2020/21 did not identify any errors. This was a great achievement and those involved should be applauded for all their hard work.

Resolved:

- (i) That the update be received and noted.**
- (ii) That a letter be sent to the PSAA further expressing the Committee's concern at the delays to the completion of the 2020/21 Financial Statements Audit.**

61 Report Tracker & Future Meetings

The Senior Member Services Officer advised that the Section 106 Income – Follow Up would be presented to the Committee at the November 2022 meeting.

The Chairman reminded Members of the 'Statement Of Accounts' training session that was scheduled for 12th July via Teams.