

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 **4th October 2022**.

Present:

Cllr. Buchanan (Vice-Chair in the Chair);

Cllrs. Spain, Wright.

Apologies:

Cllrs. Krause, Shorter, Smith.

Also in Attendance (virtually):

Cllr. Hayward.

Senior Accountant, Head of Policy & Performance, Interim Head of Internal Audit.

Audit Manager – Grant Thornton UK

In attendance:

Deputy Chief Executive, Finance Service Lead, Policy & Democratic Services Assistant, Senior Member Services Officer.

164 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 19th July 2022 be approved and confirmed as a correct record.

165 Corporate Risk Register

The Head of Policy & Performance 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. At its last meeting the Committee had requested that the risks be reviewed following Russia's war in Ukraine and the global repercussions that had ensued. The Council's Management Team had held a dedicated session to review the risk register in light of the war and other factors including the post EU transition and recovery from the pandemic. There had been a change to the risk profiles following this and the changes were highlighted to the Committee, including the pressures surrounding homelessness, inflation and the supply and demand of goods and services.

Members questioned whether the Medium Term Financial Plan (MTFP) and the associated risks, such as rising fuel bills, should be given more prominence. The Head of Policy & Performance advised that there was a risk to the MTFP and work

was underway to mitigate against that. The Finance Service Lead advised that the Quarter 1 Budget Monitoring Report had touched on these risks and they were being monitored.

In response to a question, the Head of Policy & Performance drew attention to the risks relating to Chilmington and housing development not being built out. The housing market had been buoyant throughout the summer however due to emerging pressures these risks may need to be revisited and monitored. It was noted by the Committee and Officers that there had been a number of changes nationally and globally in the past two weeks that had caused turbulence and instability.

The Finance Service Lead advised that any risk pertaining to the Council's arm's length companies related to historical debt. Provided the projects undertaken by the companies were viable the loans that were drawn down were not a risk to the Council.

Resolved:

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

166 Annual Governance Statement – Progress on Remediating Exceptions

The Head of Policy and Performance introduced the mid-year update on the 2021-2022 Annual Governance Statement (AGS). The AGS had identified eight areas for continued work and review and she gave the Committee an update on a number of these areas as follows:

- Appraisal Training – good progress had been made with a number of training sessions held and step by step guides produced to assist Officers.
- Review of the Constitution – the review of the Executive arrangements had concluded with a wider health check due to be undertaken.
- Hybrid Meetings Equipment – the equipment had been installed in the Committee Rooms and had been used successfully, there were some final tasks needed to complete this work but all feedback had been positive and the outcome had been a significant improvement.
- Section 106 Action Plan – Officers had worked hard to respond to the audit actions and an update to Overview & Scrutiny had been given in September 2022.
- Member Induction Programme – This was being formulated and would be discussed with Members later in the month at the Member Training Panel.
- Terms of Reference of the TEB – this work had been completed with the Terms of Reference including oversight of the Ashford International

Development Company being included in the Chief Executive's delegated decision regarding the purchase of the Company in January 2022.

Resolved:

That the Audit Committee notes the progress made towards the areas of review highlighted by the 2021-2022 Annual Governance Statement.

167 Corporate Enforcement Support & Investigations Team Annual Report 2021/22

The Finance Service Lead advised that the Investigations and Enforcement Team were currently at the Institute of Revenues Rating and Valuations Excellence Awards, where they had been shortlisted for two awards; Excellence in Counter Fraud and Excellence in Staff Development and/or Education. Drawing attention to the report he highlighted that the team had saved the Council £460,000 through their work. There was a real benefit to the work they undertook.

The Committee wished to put on record their thanks for the hard work of the Investigations and Enforcement Team and felt that being nominated for two awards highlighted how hard they worked. Members were complimentary about the infographic that had been submitted highlighting the achievements over the past municipal year, they felt this was a clever and informative way to highlight their work streams and achievements.

Resolved:

That the report be received and noted.

168 Annual Report of the Audit Committee

The Interim Head of Internal Audit introduced the report, which outlined the work of the Audit Committee and how it had discharged its duties during 2021/22. The report provided assurance to the Council that important internal control, governance and risk management issues were being monitored and addressed by the Committee. The Committee's views had been sought and their comments incorporated into the report.

The Deputy Chief Executive confirmed that the Committee had been invited to a workshop in September to review the contents of the report and their views had contributed to the report before them. The attendance statistics were pleasing and it was useful that it also highlighted those that had been able to attend virtually, giving weight to the successful hybrid working of the Committee.

Resolved:

That

- (i) the Annual Report of the Audit Committee Activity for 2021/22 be agreed.**

- (ii) **the Chair of the Audit Committee presents the report to a future meeting of the Full Council to demonstrate how the Committee has discharged its duties.**

169 Audit Fee Letter

The Senior Accountant introduced the report and advised that the report detailed the proposed auditor and scale fee as set by Public Sector Audit Appointments (PSAA) who the Council had appointed to procure External Auditors and confirm they were proficient in relation to legislative requirements. The PSAA also acted as a regulator to confirm that any fee variations raised by external auditors were fair and appropriate and in line with regulation. The PSAA had confirmed the appointment of Grant Thornton for the 2022/23 Audit and set a standard fee for core work of £53,939. The audit fee for core work has increased by £4,700 compared to the prior year due to recurring approved fee variations. Since these fees were set in 2018/19, additional work had become necessary to satisfy Financial Conduct Authority requirements. In line with previous years these additional requirements were anticipated to be in the region of £24,000. Therefore the fees for the 2022/23 External Audit would amount to £77,939. The current procurement through PSAA was for the period 2018/19 to 2022/23 with a new five year contract being procured currently.

The Finance Service Lead advised that PSAA were currently retendering and it should be noted that there had been a 150% increase in costs going forward, therefore the 2023/24 budget would need to be increased to £195,000 per annum (forecast of £78,000 for 2022/23). The external auditor would be properly resourced and able to undertake the work allocated to them, however this would be an additional budget pressure.

In response to a question, the Deputy Chief Executive advised that there was no alternative route for this work to be undertaken. There would be more of a balance between those companies allocated work as part of the PSAA tendering process. The Council was not aware, at the current time, who the external auditor would be for 2023/24 onwards.

Resolved:

That the report be received and noted.

170 Audit Progress Report

The Audit Manager – Grant Thornton UK drew attention to the report and progress to date. He noted that the 2020.21 accounts process had been prolonged but reassured the Committee that the end was in sight. A previous error had been highlighted however this had not been material, following this another had been found and the two together had resulted in a material consideration. Work was being undertaken and these should be signed off shortly. Once these accounts had been signed off work would move to the 2021/22 accounts. He assured the Committee that time and resource had been set aside to complete these accounts. The Audit Plan would be brought to the November 2022 meeting.

There was considerable discussion regarding the proposal announced in the local audit consultation response from the Department for Levelling Up, Housing and Communities in particular the requirement for Audit Committee's to include an independent member. The Audit Manager – Grant Thornton UK felt that this would be imposed but no definitive response had been received to date. It was noted that there were other Local Authorities that had an independent member on their audit committee already. The practicalities of identifying the relevantly qualified individuals would need to be investigated. The Finance Service Lead undertook to do some benchmarking work on this and would report back to the Committee in due course,

Resolved:

That

- (i) the report be received and noted**
- (ii) the Finance Service Lead undertake a benchmarking exercise into independent persons on local authority audit committees.**

171 Report Tracker & Future Meetings

Resolved:

That the report be received and noted.

Queries concerning these minutes? Please contact Member Services:
Telephone: 01233 330499 Email: membersservices@ashford.gov.uk
Agendas, Reports and Minutes are available on: <http://ashford.moderngov.co.uk>