

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 **29 November 2022**.

Present:

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

Cllrs. Campkin, Hayward, Mulholland, Shorter, Spain.

Apologies:

Cllr. Wright.

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

Also in Attendance (virtually):

Cllrs. Harman, Ledger

Finance Service Lead, Interim Head of Internal Audit.

Audit Manager – Grant Thornton UK

In attendance:

Deputy Chief Executive, Assistant Director of Planning and Development, Finance Service Lead, Team Leader – Planmaking and Infrastructure, Member Services Officer, Policy and Democratic Services Assistant.

236 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 4 October 2022 be approved and confirmed as a correct record.

The Minutes of the Meeting of 15 March 2022 had contained a page numbering error; this had been corrected and the Minutes were re-signed by the Chair.

237 Statement of Accounts 2020/21 and External Auditors Findings

The Finance Service Lead gave a verbal update. Although there had been an unfortunate delay to the finalisation of the Statement of Accounts 2020/21, the External Auditors had now confirmed their satisfaction and the Accounts were ready for the formal delegated sign-off process to begin. The Chair agreed to commence this process as soon as possible.

A Member expressed his relief that the process was now complete, and on behalf of the Committee, thanked all those involved for their diligence.

238 Section 106 Audit – Weak Assurance Report – Follow Up

The Assistant Director of Planning and Development gave a verbal update, referring to the report previously circulated. There were five outstanding actions identified within the Mid Kent Audit report; of these, three related to the introduction and implementation of the Arcus software. On the evening of the meeting, a Section 106 data migration was in progress, to be tested for accuracy and visibility by Officers in the next few weeks, with a proposed review in April 2023. Officers were in consultation with Arcus regarding functionality and what was possible in this respect. It was impossible to predict the short-term results from testing, but Members were reassured that the process was under way. With regard to the two other actions, the review of the pre-2010 Section 106 process was on target for completion by 31 December 2022, and the controls required to ensure the Section 106 funds were appropriately spent were under discussion, to align systems, protocols and processes, which would lead to greater clarity; this second action was on target for delivery by the end of the year, or early January 2023. He confirmed that Arcus had been given fixed timescales to complete, and the specifications that had been provided were clear.

The Chair asked for the Interim Head of Internal Audit to check progress in February, and highlight any concerns at that point. This was agreed, with a report to be brought to Audit Committee in March 2023.

A Member sought reassurance that Officers were working to complete the actions in advance of the long target of April, as the embedded issues were causing significant concern. The Team Leader – Plan Making and Infrastructure confirmed that the April deadline corresponded with the timeline for the Mid Kent Audit quarterly review. In the meantime, paper and other system records were being maintained and monitored, for probity. The fixes were expected to be in place before April 2023.

A Member asked how trigger points in the Section 106 process were monitored and enforced. The Assistant Director of Planning and Development responded that developers did not always supply the necessary information, and sometimes on-site counting was needed; Officers were aware of what was required to ensure developers complied with the agreed release of funds or infrastructure commitments.

A Member asked if responses from Arcus were swift. The Assistant Director of Planning and Development replied that communication between the two parties had been a learning curve with regard to expectations versus the potential functionality of the system, but there was now clearer understanding on both sides.

It was known that the Overview and Scrutiny Task Group was in the process of concluding the Arcus implementation project review, and that their findings would be independent of any recommendations from Audit, respecting the boundaries of each Committee. It was expected that, on conclusion, the two Chairs would liaise to bring any recommendations into alignment.

Resolved:

That

- (i) the report be received and noted.**
- (ii) a further progress report be presented to the Committee in March 2023.**

239 Internal Audit Interim Report

A report had been circulated with the Agenda. The Interim Head of Internal Audit updated the Committee on the difficulties experienced in recruiting and retaining trained/experienced staff. The staff shortfall has been covered off by contractors. A new Head of Internal Audit is due to commence employment and will immediately focus on the delivery of the outstanding audits to take a view as to whether there will be sufficient work to deliver the opinion at the end of the year..

A Member asked for clarity regarding the continued struggle to resource the team. It was confirmed that the current recruitment pools in a range of business fields lacked suitably-qualified job seekers, and some trained staff had been lured away to more lucrative positions elsewhere; this was mirrored by the Planning team's difficulties in recruiting and retaining officers. It was confirmed that the new Head of Internal Audit was aware of the situation and would work in collaboration with partner authorities to find ways to address this; new agreements would be drawn up, which might be more costly, but any agreed increase would be shared amongst the partners. The Deputy Chief Executive confirmed that the service that had been provided was broadly in line with ABC's expectations.

The Committee underlined its commitment to encourage apprentices and graduates to be recruited and trained to professional standards, and to perhaps then enter the wider pool of qualified individuals according to their aspirations. This strengthened and broadened the overall job market. The Interim Head of Internal Audit explained that they were looking at innovative ways of recruiting, advertising widely and promoting the benefits of employment with Mid-Kent.

The Committee expressed their appreciation for the hard work and diligence shown by the Interim Head of Internal Audit whilst she had been in that post.

Resolved:

That the report be received and noted.

240 2021/2022 Audit Plan (External Audit)

A report had been circulated with the Agenda, and the Audit Manager of Grant Thornton gave a verbal update. He confirmed that, whilst minor issues had been identified, they were not exclusive to ABC and had not elicited concern.

A Member commented that an error in the report concerning ABC's climate change aspirations needed amendment. Also there was a blank space in the table regarding a Better Choice for Property Ltd, where suitable text needed to be entered for clarity regarding the responsibility for financial audit. Another Member mentioned that the

report stated a target of 2050 for zero carbon, whereas ABC's commitment was to this by 2030. The Audit Manager and the Deputy Chief Executive agreed to work together to correct the errors.

It was agreed that the strength of the Committee lay in collaboration and the spread of scrutiny of reports, to identify and challenge points, for quality assurance.

A Member questioned the audit fees of £9K for additional work to deliver value for money and whether that work should represent a saving. The Audit Manager responded that in 2021 a new framework of expectation for audit had been introduced nationally, to investigate if correct and robust arrangements were in place to deliver to responsibilities; that work had been completed, and it was not the intention for it to assess any potential saving areas.

A discussion took place regarding the apparent lack of resource to deliver to target date. The delay had been regrettable, the auditors had experienced staffing pressures as previously debated, and overseas resources had been employed. The Chair expressed concerns regarding the priority given to this work versus other contracts which had been secured; this was acknowledged by the Audit Manager, and reassurance given.

A Member asked if the Finance team supplied strong accounting data to facilitate audit. The Audit Manager confirmed that the relationship and understanding of what was required was good, the support from the Finance team was praised and there had been an efficient workflow. The Finance Service Lead confirmed that the team reflected on what had gone well, and any lessons learned, which strengthened their performance year on year. The Deputy Chief Executive noted that the auditors' focus altered from time to time, and so clear communication of expectations was needed to manage the changing requirements.

The Chair asked that Grant Thornton be clearly focused on delivery to target in future.

Resolved:

That the report be received and noted.

241 Report Tracker & Future Meetings

The Chair asked for the Senior Member Services Officer to complete and circulate the Tracker to the Committee Members after the meeting.

The next meeting was scheduled for 21 March 2023 at 5pm.