

## 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 **21<sup>st</sup> April 2023**.

### Present:

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

Cllrs. Harman, Shorter, Spain, Wright.

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

### Apologies:

Cllrs. Hayward, Smith.

### Also in Attendance (virtually):

Cllr. Ledger.

Finance Service Lead, Head of Policy & Performance, Policy & Scrutiny Officer.

### In attendance:

Deputy Chief Executive, Head of Internal Audit, Senior Auditor, Senior Auditor, Assistant Director Planning and Development, Team Leader - Plan Making and Infrastructure, Assistant Director Safety and Wellbeing, Safety and Wellbeing Manager, Senior Accountant, Policy & Democratic Services Assistant, Senior Member Services Officer.

Audit Manager – Grant Thornton UK

## 350 Minutes

### Resolved:

**That the Minutes of the Meeting of this Committee held on the 19<sup>th</sup> November 2022 be approved and confirmed as a correct record.**

## 351 Declarations of Interest

Councillor	Interest	Minute No.
Shorter	Made a Voluntary Announcement as he was the Portfolio Holder for Finance at the time of the cessation of the Council's cash contractor.	353

## **352 Section 106 Audit – Weak Assurance Report – Follow Up**

The Assistant Director Planning and Development introduced the report. He drew attention to the three remaining actions, the Arcus software would provide the final solutions for these, however he could confirm that the actions were met now. The solutions were not the most effective and automatic, however once the software was fully operational these would become automated. The Team Leader - Plan Making and Infrastructure advised that there had been additional work required to resolve functionality issues, which had involved the software designers and IT support. He confirmed that this work would be finalised within weeks.

The Head of Internal Audit confirmed that as part of the audit, 21 recommendations had been made, three of which were outstanding and were covered by the report before the Committee. From an Internal Audit perspective there were manual controls in place, however there were better and more efficient ways to operate which had led to the recommendations. As part of their monitoring process they would continue to monitor the recommendations and would report back on this as part of the end of year report to the Committee.

In response to questions from the Committee, the Assistant Director Planning and Development confirmed that post election training sessions will be held for ABC Councillors and Parish Councillors on the planning portal. It was important to hold these sessions to ensure that all were aware of the functionality of the portal and how it could be used by them in their roles.

A Member questioned why the report made references to 'can' instead of definitives such as 'does' or 'will'. The Team Leader - Plan Making and Infrastructure confirmed that these actions were deliverable, however they had been waiting the transfer of data and updates to Arcus before being able to put these into place. He confirmed that they would be delivered.

The Chair highlighted an issue in relation to planning enforcement on a particular site, which he would raise with the Assistant Director Planning and Development outside of the meeting.

### **Resolved:**

#### **That the Audit Committee**

- (i) notes the progress made towards the actions raised as part of the audit and the progress toward the Overview & Scrutiny S106 Task Group recommendations.**
- (ii) subject to the outcome of the final review in April, considers the actions from the audit to have been met.**

### **353 Parking Cash Collection – Partial Weak Assurance**

The Head of Internal Audit drew attention to the report and advised that the audit had focussed on three areas; interim cash collection, processing and banking arrangements; contract monitoring of the current cash collection contract and progress towards removal of coin payment from parking machines. A split assurance had been issued, with the latter two areas being found 'sound' and the first area 'weak'. The weak assurance rating reflected deficiencies in some key areas in relation to the interim arrangements for collecting, processing and banking cash following an unplanned event arising from the Council's cash collection contractor ceasing trading with no notice.

The Assistant Director Safety and Wellbeing wished to extend her thanks to the Senior Auditor for the audit and the recommendations that had emanated from that. The situation they had found themselves in had been most unusual and unexpected, as the Council's cash collection contractor had ceased trading with no notice requiring cash to be removed from the parking machines in the Borough by the service. The contractor had been appointed as part of a joint contract with other Councils and had been managed by Tunbridge Wells, which had led to complications when trying to appoint a replacement. The audit had provided a way to reflect and highlight lessons learnt, and had been received by the service in a positive manner. At the time of this incident occurring the Council had been conscious of the risk faced by those officers who had taken on the task of collecting and transporting the cash from the parking machines. If this situation were to repeat itself, then there were key points that would be actioned including; no longer taking cash from the parking machines (until an alternative cash collection contract were in place) and ensuring audit tickets from terminals were secured upon them being emptied by the Civic Enforcement Officers or others as applicable. The Assistant Director Safety and Wellbeing confirmed that Business Continuity Plans had been updated in accordance with the recommendations from the audit.

A Member, who at the time of the cessation of the Council's cash contractor had been the Portfolio Holder for Finance, confirmed that he had been aware of the interim arrangements in place and had been satisfied with those.

There was some discussion regarding the removal of coin payments from parking machines. Some Councillors urged this to be considered with great care, as there was a risk of excluding residents or visitors to the Borough who did not have access to alternative payment methods.

**Resolved:**

**That the report be received and noted.**

### **354 Corporate Risk Register**

The Head of Policy and Performance introduced the report and confirmed that the full risk register had been circulated prior to the meeting. The risks that fall outside of the Council's risk appetite are reported to the Audit Committee. The Council has a moderate appetite to strategic risks, a low appetite to financial risks and a very low appetite to compliance risks. She drew attention to a number of risks that had had

increased risk profiles, including cyber security, the Carbon Neutral Action Plan, Stodmarsh and the implementation of the Elections Act in respect of voters providing photographic identification. Cyber security was a huge risk, with an attack being a case of 'if' not 'when'. The Head of Policy and Performance was pleased to announce that since the publication of the agenda, key funding had been agreed to support the carbon reduction plan. The changes to the Elections Act to require voter identification had the potential to be problematic. There had been local and national campaigns to raise awareness of these changes, however there was the potential for challenges on polling day.

The risk of not delivering the South of Ashford Garden Community to time and quality had been downgraded as a risk, this was due to positive progress across a number of areas including the Homes England workstream entering delivery phase, the submission of the Garden Community Room scheme to planning within weeks and progress on the tenancy of the Community Management Organisation Cabin.

Councillors questioned whether the Eurostar not stopping at Ashford should be reported as a higher risk that it was currently, given that this was now a reality. The Head of Policy and Performance advised that this could be reviewed, the impact economic impact was difficult to measure. Councillors felt that given the works at Newtown and the strategic nature of the site to Europe the return of Eurostar services to Ashford would be intrinsic.

In response to a question regarding the Carbon Neutrality Plan, the Head of Policy and Performance advised that there was a target of 2030 for organisational operations, and 2050 for the Borough as a whole. There was a lot of work to do to achieve this, however good progress had been made to date, including the grant to retrofit HRA properties with renewable energy and a further feasibility study on ground source heat. A Councillor questioned whether the target had ever been 75% by 2025. The Head of Policy and Performance advised that she was not aware of this, however would look into this and report back. The Committee were minded to measure both areas separately going forward, but would await confirmation on the points raised.

The importance of cyber security was highlighted by the Portfolio Holder for Finance, IT and Digital. He wished to highlight the work that the IT team undertook on a day to day basis to protect the Council from cyber attacks. The biggest threat ultimately was human error, therefore the requirement to undertake the cyber security training was key for both Officers and Councillors alike. Training in this area was mandatory was refreshed regularly. All Councillors would be required to undertake this training post election as part of the Member Induction Programme. He thanked the Senior Member Services Officer for her pre-emptive work in this area.

**Resolved:**

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

## **355 Approval of Annual Governance Statement**

The Policy and Scrutiny Officer introduced the item. The Council had to produce and approve an Annual Governance Statement, this summarised the Council's approach to governance and detailed how the Council fulfilled the principals for good corporate governance. There were five governance areas that would be actioned through 2023/24, these were; changes to the constitution presented to Full Council annually for approval, exploration of alternative ways of consulting with residents in respect of the draft budget proposals for 2024/24, an updated Project Management Toolkit, production of a Corporate Policy Tracker and to ensure that the Council put in place governance arrangements for monitoring the delivery of its savings programme for 2023/24.

In response to questions, the Head of Policy and Performance advised that the Solicitor to the Council and Monitoring Officer alongside Bevan Brittan had undertaken a review of the executive arrangements in the Constitution. There was further work being done, by herself, to address the presentation of the Constitution. There was some remit to shorten the document without this impacting upon the governance arrangements. It was intended that these changes would be presented to Full Council on 27<sup>th</sup> April 2023.

### **Resolved:**

**That the Audit Committee approves the 2022/23 Annual Governance Statement.**

## **356 Internal Audit and Assurance Plan 2023/24**

The Head of Internal Audit introduced the report and highlighted the recommendations contained within. The report set out the proposed audit and assurance plan for Ashford Borough Council. She drew attention to the available staffing resources and days allocated to work for the Council. There had been resourcing issues at Mid Kent Audit Partnership over the past three years, however she wished to reassure the Committee that a restructure was underway, with a target for posts to be filled by June 2023. They had access to sources of specialist expertise through framework agreements and intended to use these to ensure that the audit plan was met.

### **Resolved:**

**That the Audit Committee;**

- (i) Approves the Internal Audit and Assurance Plan for 2023/24**
- (ii) Notes that the Partnership has sufficient resources to deliver the plan and a robust Annual Audit Opinion.**
- (iii) Notes that the plan has been compiled independently and without inappropriate influence from management.**

### **357 Progress Update on the 2021/22 External Audit**

The Audit Manager – Grant Thornton UK introduced the report. The main message was that the work on the 2021/22 accounts was in order with an aim to present the Audit Findings Report to the June 2023 meeting of the Committee. There were still issues relating to staffing in the audit world, however they would be supported by colleagues overseas to complete the work on the 2022/23 audit.

The Committee were mindful of the implications of the staffing shortfall in the audit sector and questioned whether Grant Thornton UK would be able to undertake the level of work that they had been awarded through the PSAA process. The Audit Manager – Grant Thornton UK said that whilst issues still remained, and there was a backlog of accounts, he was confident that they were on the road to improvement and issues should not be repeated. Overseas staff will be bought in to assist with the workload and deliver the programme.

The Audit Manager – Grant Thornton UK confirmed that the work on the 2021/22 audit was on target to be completed, with work on the 2022/23 audit deliverable.

**Resolved:**

**That update be received and noted.**

### **358 Presentation of Financial Statements**

The Senior Accountant advised that they were 10 days away from the start of year end for 2022/23 accounts. The Council was required to produce an annual statement of accounts for the financial year ending 31 March. The timetable for closedown had been finalised for the financial year ending the 31 March 2023 with an estimated production date of 22 May 2023, and a statutory date to publish draft accounts being 31 May 2023. Grant Thornton would then audit the Accounts with an opinion issued by 30 September 2023. The Department for Levelling Up, Housing and Communities had held a consultation in regards to the deadline of publishing the draft accounts at 31 May. The review closed on 2 March, however no results have been published to date.

The Senior Accountant concluded that the Council had set a balanced budget for 2022/23 and had a Medium Term Financial Plan that demonstrated that the Council was a 'going concern' and would operate for the foreseeable future. As such the accounts would be prepared on this basis.

**Resolved:**

**That that Audit Committee;**

- (i) Notes the report**
- (ii) Approves the accounting policies for the 2022/23 accounts.**

## **359 Report Tracker & Future Meetings**

**Resolved:**

**That the report be received and noted.**

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