

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **27th September 2018**.

Present:

Cllr. Waters (Chairman);
Cllr. Barrett (Vice-Chairman);

Cllrs. Mrs Dyer, Hicks, Link, Shorter, Suddards.

Apologies:

Cllr. Smith.

Also Present:

Director of Finance and Economy, Head of Environment & Land Management, Head of Corporate Property & Projects, Procurement & Support Manager, Investigation & Support Manager, Audit Manager, Programme Manager, Member Services Officer.

Audit Director – Grant Thornton UK.

175 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 10th July 2018 be approved and confirmed as a correct record.

176 Internal Audit Charter

The Audit Manager drew attention to the revised Internal Audit Charter. The revisions included the simplification of wording and removal of audit jargon, more detail on the international standards and principles that apply to internal audit, a glossary of terms and the requirement for an annual review of the Charter.

The Chairman advised Members that the Audit Committee had felt it appropriate for the Internal Audit Charter to be reviewed on an annual basis, as it had previously been reviewed on an exception basis. He had spoken to the Audit Manager prior to the meeting regarding some minor 'tweaks' to the document, however these were not material amendments. Once these had been completed the document would be signed off by the Chairman of the Audit Committee, Director of Finance & Economy and the Head of Audit Partnership.

Resolved:

That the Audit Committee approves the Internal Audit Charter.

177 Corporate Enforcement Support & Investigations Team Annual Report 2017/18

The Investigation & Support Manager advised that 2017/18 had been a busy year for the Team, with new areas of work and the report before the Committee followed previous reports regarding the re-direction of the Investigation Service.

Should the use of RIPA and directed surveillance be required then this would be used to its full ability. It was important to ensure that actions were proportionate and RIPA was a last resort. The team was well equipped to investigate matters and had done so during 2017/18 without requiring the use of RIPA.

The Investigation & Support Manager advised that a grant was received from KCC for the work undertaken by the Team, it should be noted that some of the money saved or clawed back by the Investigation Service went directly to KCC.

Referring to Social Housing fraud, the Chairman questioned how the figure quoted as returned to the Council was reached. The Investigation & Support Manager drew attention to a 2010 court case where it was determined that the cost to rebuild said property should be used to quantify savings made. The figures given at that time were seemingly undervalued but this was the basis used in the report. There was some debate on whether this approach provided quantifiable data and figures and the Investigation & Support Manager undertook to investigate this area further with revised benchmarking data to be used in the 2018/19 Annual Report.

It was noted that there were a number of abbreviations contained within the report that laymen may not understand, these would be explained fully in future reports.

The Director of Finance & Economy advised that in respect of flytipping prosecutions £1696.77 had been awarded, which was a combination of costs, clear up and victim surcharge.

The Committee were particularly interested in the work being undertaken to protect the Councils Right to Buy scheme. Applications had been reduced by 13% following the requirement for due diligence checks before proceeding with the scheme. Checks were undertaken to ascertain if those completing purchases through the scheme were still in their properties during the five year required period, however historic cases could not necessarily be assessed in such a manner.

The Investigation & Support Manager advised that there was a requirement to reapply for Small Business Rate Relief with a verification process requiring completion. Of 200 businesses, 15% did not reapply for rate relief when informed verification would be required, there was a cool off period during which they could reapply. Once this had passed further work would be undertaken to ascertain if any of the claims were fraudulent.

Turning to the information contained within Appendix A to the report, the Committee were astounded by the potential level of fraud and error that the Council could be exposed to. These figures did not include tenancy fraud or benefits fraud, but it suggested that the underlying level of fraud that Local Authorities could be exposed to was between 3%-5%. Taking this into account and the re-direction of the Investigation Service the Committee

were supportive of the request by the Investigation & Support Manager for an additional member of staff and felt that additional resources should be allocated to the section.

The Chairman congratulated the Investigation & Support Manager on the work undertaken to date and the results detailed within the report.

Resolved:

(i) That the Committee notes;

- a) the contents of the report regarding the last financial year.**
- b) the Fraud risk assessment**
- c) the current year pilot exercises.**

(ii) That the Committee supports the request for additional resourcing in the Investigations Team and requests a report to the next meeting on the progress with this.

178 Strategic Risk Register

The report provided an update on the latest information on the Council's Corporate Risk Register. This was the second report to the Committee in its revised format with many risks reduced and within tolerance levels. One new risk had been added in respect of the laptop roll out to staff. The Programme Manager assured the Committee that whilst this was a new risk particularly in relation to data protection, there had been significant communication and guidance issued to staff affected by this roll out. Additionally, it should be noted that services were in the process of reviewing service plans, wherein risks and actions would be formed. Further, all risks were reviewed on a monthly basis.

There was considerable debate regarding the impact of Brexit on the Council and whilst it was noted in the report it was not on the risk register. The Director of Finance and Economy advised that the Director of Law & Governance was the corporate lead on Brexit and work was being undertaken in conjunction with KCC and emergency planning teams with particular regard to the highway network and any impact that may have on the Borough and surrounding areas. He assured the Committee that Management Team had held numerous meetings on the topic and were keeping a close eye on developments.

In response to questions regarding the Council's request to increase the Housing Revenue Account debt cap, the Programme Manager advised that there was a risk however it was reduced due to the Council's successful affordable homes programme and the formal bid process having been undertaken.

Resolved:

That

- (i) the Audit Committee notes the Corporate Risk Register and the assessments and the adequacy of key controls to manage the risks.**

- (ii) **Brexit be included on the Risk Register and a report be presented to each Meeting of the Committee to provide clarity and understanding on the Council's activity in respect of Brexit.**

179 Contract Management Update

Following internal training, a review of contract management and extensive analysis of spend and supplier information had been conducted. The report before the Committee detailed progress to date and a forward plan to develop a more proactive category based procurement and contract management lifecycle approach, to improve the structure, management and delivery of contracts.

The Chairman congratulated the Head of Environmental and Land Management on a compelling report, it was clear that this work was part of a cultural change in the Council towards a more self-sufficient mind-set. He requested that the content and detail in this 'fantastic' report be noted.

The Portfolio Holder for Finance & IT commended the report to the Committee and felt that it was right and proper for the Council to proceed in this manner.

Resolved:

That the Committee endorses the proposed Contract Management Strategy and new approach.

180 External Audit: 2017/18 Annual Audit Letter

The Audit Director – Grant Thornton UK advised that the Annual Audit Letter provided a summary of the works undertaken during 2017/18.

The Chairman noted that an unqualified opinion had been granted which he congratulated Officers on.

181 Report Tracker and Future Meetings

It was noted that Brexit would be added to tracker for future meetings of the Committee.

Resolved:

That, subject to the inclusion of Brexit on subsequent agendas, the Committee notes the schedule of meetings.