

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **5th December 2018**.

Present:

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

Cllrs. Mrs Dyer, Hicks, Link, Shorter.

Apologies:

Cllr. Smith.

Also Present:

Chief Executive, Director of Finance and Economy, Director of Law and Governance, Head of Audit Partnership, Audit Manager, Head of Corporate Policy, Economic Development & Communications, Compliance and Data Protection Manager, Deputy Head of Community and Wellbeing, Member Services Officer.

Audit Manager – Grant Thornton UK.

235 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on 27th September 2018 be approved, subject to the inclusion of the following sentence under the Minute No 177/09/18 Corporate Enforcement Support & Investigations Team Annual Report 2017/18:

In response to questions from the Vice-Chairman, the Investigation & Support Manager advised that from her knowledge of the area and her ‘gut feel’ the level of fraud pertaining to Council Tax Benefit and associated benefits was approximately 8%. It should be noted that this figure had not been quantified.

236 Annual Governance Statement - Progress on Remedying Exceptions

The report updated on the progress made towards the three areas for continued work and review highlighted by the 2017/18 Annual Governance Statement. The Compliance and Data Protection Manager gave an update on the delivery dates for the three areas.

Modern.Gov - The extended use of Modern.Gov had progressed well with Management Team and Directors Meetings hosted on the system, in addition to Committee Meetings. The process for recording Officer delegated decisions was on course to be completed by the end of 2018.

In response to questions from the Committee, the Member Services Officer advised that work was underway in preparation for the Elections in 2019. Training sessions had been scheduled for May and June 2019 for a variety of topics, including Modern.Gov, for new and returning Councillors. She confirmed that further updates on progress with Modern.Gov, the roll-out and pre-election work would be given at the February Meeting of the IT & Digital Transformation Advisory Committee. Turning attention to the Member training programme, the Member Services Officer advised that the Member Training Panel would be meeting in January to commence the formulation of the full programme. Members had provided feedback on the programme following the 2015 Election, this and feedback provided at the meeting would be fed into the Panel with improvements being made where necessary. The Portfolio Holder for Finance & IT referred to a 'Member Buddy System' that had been discussed previously and this would be investigated further.

Local Government Association Peer Challenge - Following the Local Government Association Peer Challenge in April on the Council's corporate governance arrangements, the peer challenge team made a report containing a number of recommendations. That report was considered by the Cabinet at its meeting on 13 September 2018 together with an action plan to implement those recommendations.

Contract Management Project Plan – An update and report was presented to the 27 September meeting of this Committee detailing the progress to-date and the forward plan to develop a more proactive category based procurement and contract management lifecycle approach, to improve the structure, management and delivery of contracts. Following this a new Contract Officer had been appointed and would be in post early January 2019.

Resolved:

That the progress made towards the areas of review highlighted by the Annual Governance Statement as detailed in the report, and updated at the meeting, be noted.

237 Brexit

The Director of Law and Governance introduced the item. He confirmed that the work being undertaken by Officers was based on a 'No Deal' Brexit impact assessment, which would leave the United Kingdom operating as a third country. Significant multi-agency work was underway, led by the Kent Resilience Forum. There were a number of strategic and tactical groups, which were attended by the relevant Senior Officers, all of which were fed back to the Council's Brexit Management Team. East Kent Local Authorities were undertaking similar work.

The Director's presentation drew attention to the Brexit Risk Register and the five headline risks, namely;

- capacity issues within the Port of Dover and Eurotunnel leading to potential transport disruption
- labour supply/skills shortage

- the absence of detailed framework for future relations between UK and EU resulting in uncertainties over domestic effect of some EU regulations and funding streams
- potential downturn in economy
- the transition and communication arrangements for Brexit day and immediate period before and after.

The Director of Law and Governance advised that 'staff mapping' was being undertaken and Business Continuity plans had been updated and the resilience of the 'working from home' system was being tested.

The Head of Corporate Policy, Economic Development and Communications advised that the Economic Development Team would signpost and support local businesses throughout the Brexit process, as they did currently. Additionally, the Director of Law and Governance advised that the Council worked closely with the Chamber of Commerce so were aware of what was affecting the local business community. The Government had published 104 Technical Notices a significant proportion of which were aimed at business advising them of what they needed to do to prepare. HMRC had produced a 'Partnership Pack' which was considered to be a helpful contribution to their preparation for what could be a starkly different way of doing business.

The presentation included reference to the various options for lorry holding areas on the strategic road network in the event of delays at the Ports. In respect of any impact on the construction of Junction 10A, the Deputy Head of Community and Wellbeing advised that Highways England had confirmed that this would not be impacted. Representatives from Highways England would be attending the Joint Transportation Board the following week and she would discuss the ability of the contractors to access the site should the contraflow be enacted and report back to this Committee.

The Vice-Chairman suggested that the presentation be published alongside the Minutes of the meeting, since the presentation was given at a public meeting. The Director of Law and Governance explained that it was not necessary or usual to capture presentations in the minutes in this way and that it would be sufficient to provide a summary in the usual way. This would provide the necessary reassurance that the Council's contingency planning was robust and proportionate. The Committee voted on the matter and resolved to deal with the presentation by way of a fair summary in the minutes.

Attention turned to the rail network. The Director of Law and Governance advised that whilst it was likely that there would be an impact, it would be less significant than that of the road network. He was aware that discussions were being held regarding the potential to increase capacity on services and where possible to increase the number of services available in the event of disruption to road travel. The Chairman gave an overview of a visit he had been party to at Eurotunnel and the work that had been undertaken to pre-register trucks, loads and drivers prior to arrival at a port.

In response to questions from Members, the Director of Law and Governance advised that the Brexit Management Team consisted of the Chief Executive, Directors and Heads of Service. The Kent Resilience Forum meetings were multi-agency and Officers attended from the Council and feedback to the Brexit Management Team. The Director

of Finance and Economy advised that the Council's net reserve was £13m, with the economic resilience fund equalling 20% of that figure.

The Director of Finance and Economy presented the final two of the five risks referred to above; including the risks of an economic downturn and the steps the Council was taking to mitigate that risk.

The Committee recognised the work and progress undertaken to date on Brexit and wished to put on record their gratitude to the Officers involved, particularly the Director of Law and Governance.

Resolved:

That the work undertaken on the Brexit Risk Register be noted and the Minutes of the Meeting should include a fair summary of the presentation given by Officers.

In accordance with Procedure Rule 17.5 Councillor Barrett requested that it be noted that he voted in support of the motion to include the presentation in the Minutes of the meeting.

238 Internal Audit Interim Report

The Head of Audit Partnership introduced the report. The Committee had reviewed the Audit Charter in September 2018 and, with a few minor amendments, approved its use for the year. The Charter ensured Internal Audit worked effectively with the Council and conformed to the Public Sector Internal Audit Standards. He confirmed that at this Council during 2018/19 they had continued to enjoy complete and unfettered access to Officers and records to complete their work. On no occasion had Officers or Members sought or gained undue influence over Internal Audit scope or findings. Further, he confirmed Internal Audit had worked with full independence as defined in the Audit Charter and Standard 1100. He drew attention to the summary of work undertaken until the end of November and assured the Committee that there had been no areas with a weak assurance rating. The proposed CIPFA 'Resilience Index' was no longer planned to be implemented, however using the publically available method, the scores for the Partnership Authorities had been ascertained, with Ashford scoring the highest and above the median level. Under the Public Sector Internal Audit Standards Officers must assess conformance to those standards and report the results to Members. The Standards demand a new assessment at least every five years, meaning Ashford's was due before April 2020. Finally, the Head of Audit Partnership advised that the Deputy Head had been seconded to the Head of Audit role for the existing partnership between Dartford and Sevenoaks Councils, which had just been extended until the end of the year. Discussions had begun with Dartford and Sevenoaks on working with them in the longer term and it was hoped to update Members as part of the 2019/20 audit plan.

The Chairman drew attention to some typographical and formatting errors contained within the report. The Head of Audit Partnership confirmed that these would be amended and updated.

Referring to Budget Setting and the statement 'do not follow up on action against advisory recommendations, so have closed this review' Members felt that this was a retrograde step and questioned the logic behind this. The Director of Finance and

Economy advised that the work was reported through the draft budget and the Medium Term Financial Plan.

The Head of Audit Partnership advised that the Whistleblowing Policy was one of a number of routes through which information could be shared. Whilst nothing had been reported to Internal Audit through the whistleblowing policy it was an important and protected status.

In response to a question from the Vice-Chairman, the Head of Audit Partnership advised that the parking machine discrepancies referred to were of low materiality ranging from £5 to £20.

Resolved:

That the progress against the 2018/19 Internal Audit & Assurance Plan and findings so far be noted.

239 External Audit Progress Report

The Audit Manager – Grant Thornton UK gave a verbal update, which focussed on three main areas.

Housing Benefit Subsidy Claim – work had been completed on the certification of the Housing Benefit Subsidy Claim ahead of deadline. In accordance with prescribed procedures DWP would assess the claims and adjust as necessary.

Audit Plan – Planning work for the upcoming financial year was underway, which would inform the plan being presented to the Committee in March 2019.

Personnel – Darren Wells had taken over as the Engagement Lead for Ashford. He had experience of a number of Kent Districts and would be present at future meetings.

Resolved:

That the update be received and noted.

240 Report Tracker and Future Meetings

Resolved:

That the Committee notes the schedule of meetings.

Queries concerning these minutes? Please contact membersservices@ashford.gov.uk
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