

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **30th July 2019**.

Present:

Cllr. Krause (Chairman);
Cllrs. Hayward, Mulholland, Shorter, Smith, C Suddards, Wright.

Also Present:

Cllr. Bell.

Head of Finance and IT, Senior Accountant, Senior Accountant, Member Services Officer.

Audit Manager – Grant Thornton UK.

98 Declarations of Interest Audit Manager

Councillor	Interest	Minute No.
Smith	Made a Voluntary Announcement as he drew and received added years for a Local Government Pension	100

99 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 18th June 2019 be approved and confirmed as a correct record.

100 Statement of Accounts 2018/19 and the External Auditors Findings

The Senior Accountant apologised for the lateness of the reports, this had occurred for the reasons highlighted at the previous meeting of the Committee in June. There had been two national issues that required resolving;

- The “McCloud/Sargeant case” - an age discrimination matter pertaining to pensions, this had been resolved through the courts process with the Government not being given leave to appeal the decision. This had resulted in an increased liability of £1.3m.
- An issue pertaining to the Councils interpretation of IFRS9, both Grant Thornton and the Council had sought legal advice on this matter. This had taken some time to resolve, and she was pleased to report that a resolution had been found.

There were two amendments to note, as contained within the Tabled Paper circulated earlier in the day. Firstly, a Movement in Reserves Statement on page 11 which changed the subtotal description “Net increase or decrease before transfers to Earmarked Reserves” to “Net increase or decrease”. Secondly, a change to Note 22 Disclosure Note – Page 58 to change the Short Term Debtors Value from £5,993 to £6,313.

The Chairman expressed his gratitude to Grant Thornton for all of their hard work on this matter. He was new to the position of Chairman, however it was clear to see the level of time and work that had gone into this process. The Portfolio Holder echoed this and extended his thanks to the Accountancy Team who had put in a lot of work to get the Accounts to the Committee in time.

The Audit Manager – Grant Thornton UK apologised for the lateness of the reports and acknowledged that the issues already discussed had taken time to resolve. He went through the Auditors Findings, which formed Appendix B to the report. He drew attention to the ‘Headlines’, which included the issues highlighted by the Senior Accountant and the reporting guidelines under which they were required to report. Grant Thornton had no adverse comments to make and he confirmed that they had given an unqualified audit opinion and unqualified value for money conclusion. There were a few minor errors, which were not significant but required reporting to Members and these were detailed under the Headlines section of their report. In respect of ‘Significant Risks’ that had been identified these were common across Local Authorities and included the valuation of land and buildings within the Council’s ownership, and the valuation of pension fund net liability. These areas were looked at in depth and no concern had been raised over these. Drawing attention to the ‘Value for Money’ section of the report, this was a risk based approach and assessed the financial sustainability of the Council. The Audit Manager – Grant Thornton UK drew attention to the “strong” ongoing Medium Term Financial Planning process adopted by the Council and the proactive approach to dealing with reductions in Government funding. Brexit had also been identified as a risk area, the original exit date had been March 2019 which would have fallen within this accounting period. Since the change of date to October 2019 it no longer fell within this accounting period, however the level of work undertaken by the Council on planning for Brexit, as had been seen through a presentation to this Committee in December 2018 and the work in Kent as a whole, demonstrated the level of planning that was taking place. Moving on to the previous year’s recommendations, he drew attention to journals, and the fact the Council did not require authorisation for each journal and these were reviewed on a risk basis instead. This was not a recommendation that had been acted upon, although it was noted that there were other controls in place and there had been no adverse outcome due to this.

In response to a question on this, the Head of Finance and IT advised that historically a paper based system had been in place, which required signing off by another person. It was only professional staff undertaking this processing and they did not require each process to be signed off. Any errors would be identified at budget close and as part of her role she undertook quarterly checks on all journals.

The Audit Manager – Grant Thornton UK advised 2% Gross Expenditure was an industry standard for Local Authorities. It was generally less about the income generation and more factored towards expenditure. The materiality for the Council

and its component group, the Property Company, meant that this was set slightly lower for individual groups and made almost no difference to the total figure.

The Audit Committee wished to put on record their thanks to the Accountancy and Grant Thornton Teams for all of their hard work and dedication in producing the accounts.

Resolved:

That the Audit Committee

- (i) Considered the Appointed Auditor's Audit Findings (Appendix A)**
- (ii) Approves the audited 2018/19 Statement of Accounts (Appendix B)**
- (iii) Approves that the Chairman of this Committee signs and dates the accounts as required by Section 10(3) of the Accounts and Audit Regulations 2003 as approved by the Council**
- (iv) Approve the Chief Financial Officer's Letter of Representation to the Appointed Auditor (Appendix C)**

101 2018/19 Financial Statements - Letters of Assurance to External Auditors

The Head of Finance & IT drew attention to the Letters of Assurance to the External Auditors contained within the agenda papers.

Resolved:

That the Audit Committee endorses the Chairman's and Management's assurance letters

102 Report Tracker for Future Meetings

The Chairman drew Members' attention to the Tracker and in particular the change of date of the next meeting and the items to be discussed at that. An update report on Brexit would be provided at that meeting, which was endorsed by the Committee.

Resolved:

That the Schedule of Meetings be noted.

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