

AUDIT COMMITTEE

Minutes of the meeting held on 10 September 2013 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllrs. Mrs. Bayley, Ms. Chetram, Mrs. Cook, Fittock, McGarvey, Orridge and Towell

Apologies for absence were received from Cllr. Mrs. Purves

Cllr. Ramsay were also present.

12. Declarations of Interest

There were no additional declarations of interest.

13. Minutes

Resolved: That the minutes of the Audit Committee held on 11th June 2013 be agreed and signed as a correct record.

Referring to Minute 4, the Chairman reported that he had been advised by the Council's Monitoring Officer that it was not appropriate to meet with the Auditors at a public meeting without the Committee Clerk present. In light of this the Chairman would be meeting with the Auditors outside of the public meetings and reporting back to the Committee if necessary.

Referring to Minute 5, a Member queried whether errors of as little of 1p were considered to be errors. The District Auditor confirmed that these were the rules established by the Department for Work and Pensions and that the adjustments had to be recorded. This was the cause of much of the additional work.

The Chairman also reported that following discussions with the Portfolio Holder for Finance and Resources it had been agreed that the Pensions Scheme would be discussed at the Finance and Resources Advisory Committee meeting in January 2014 and Members of the Audit Committee would be welcome to attend that meeting.

14. Surveillance Policy - Report of the Chief Surveillance Commissioner

The Committee considered a report recommending the adoption of a revised surveillance policy and the approval of reporting arrangements to Elected Members following a recent inspection by the Office of the Surveillance Commissioner.

On 19th June 2013, the Council was inspected by the Officer of the Surveillance Commissioner (OSC). These inspections were carried out on a three yearly basis. The Council received a report from the OSC and contained within the report were a small

Audit Committee - 10 September 2013

number of recommendations, including some minor changes to the Council's surveillance policy.

The report of the OSC made 3 recommendations:

- Elected members of a local authority should review the authority's use of the 2000 Act and set out the policy at least once a year. They should also consider internal reports on the use of the 2000 Act on at least a quarterly basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose. They should not however, be involved in making decisions on specific authorisations.
- The Council ensure that the extant recommendations of 2010 with regard to training is acted upon without delay.
- The future training encompasses the following issues:

The applicant for directed surveillance understands that they not only have to set out the investigation objectives of the covert activity along with a narrative of the intelligence but an outline of the provenance of the intelligence.

That the covert activity should be reviewed during the period of authorisation.

The above recommendations had been addressed in that it would be recommended to Council that it agreed that an annual report with quarterly updates be made to Councillors through the Members' Electronic Portal. Training for Officers had also been organised.

The Chairman sought more information on the one instance of covert monitoring. In response the Chief Officer Legal and Governance reported that this had related to a housing benefit contravention and it had been necessary to undertake surveillance outside a house.

A Member queried whether, in terms of shared services, Dartford Borough Council had the same policies, procedures and training as Sevenoaks District Council. The Chief Officer Legal and Governance reported that whilst policies, procedures and training may not be identical they should be similar.

The Chairman noted that the Council used its powers of covert surveillance extremely rarely and the Committee were advised that there was no reason to presume that there would be a dramatic increase in use.

Audit Committee - 10 September 2013

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That Council be recommended to:

- (a) Note the report of the Chief Surveillance Commissioner;
- (b) Adopt the revised Surveillance Policy as set out at Appendix B to the report;
and
- (c) Agree that an annual report with quarterly updates be made to Councillors by email in addition to being available on the Members Electronic Portal.

15. Statement of Accounts 2012/13 - Outcome of External Audit

The Committee considered a report setting out the external audit findings of the 2012/13 accounts. The external audit of the accounts began on 15 July and the Audit Findings Report, attached at Appendix A to the Committee report, set out the findings and changes to the accounts agreed as part of the process. A draft Statement of Accounts had been reviewed by a working group from the Audit Committee. Since the review by the Working Group the Auditors had reviewed the accounts and the following changes had subsequently been made:

- a. Sevenoaks Environmental Park had been erroneously included as a Community Asset at the end of March with a 'carrying value' of £171,000. The lease of this park expired in September and was not renewed. The balance sheet had been adjusted. This adjustment did not impact on the amount transferred to the earmarked reserves.
- b. The service analysis within the Comprehensive Income and Expenditure statement had merged the costs of 'Central Services to the public' and 'Corporate and Democratic core' which did not meet the disclosure requirements; the expenditure and income lines had now been disaggregated.
- c. Grant Income - this related to the accounting treatment of grant income received from central government and used to fund projects such as Disabled Facilities. In previous years this had been treated this as non-specific grant income, however Grant Thornton had advised that this should be treated as service income.
- d. Housing Benefit Subsidy –the housing benefit subsidy (£34.2m in 2012/13) was now disclosed as a grant item.

The Head of Finance reported that Grant Thornton, the District Auditors, anticipated giving an unqualified opinion.

Audit Committee - 10 September 2013

Mr Andy Mack, the District Auditor, thanked all Officers who had been involved in the Audit process and reported that the proposed unqualified opinion given to the Statement of Accounts was essentially a 'clean bill of health' and that there were no material issues arising from the accounts. The Auditors had made a recommendation in their report suggesting that the Council should consider building into the financial statements preparation process a comprehensive quality assurance review to identify errors and this had been agreed by Officers.

A Member noted that the audit report assumed a basic financial knowledge that many people who may read the document may not have. In response the District Auditor reported that new national guidance had led to very prescriptive Statements of Accounts across Local Authorities. Grant Thornton were now encouraging Local Authorities to produce Annual Reports which were not bound by the strict guidance.

It was also suggested that it would be helpful to give an indication of when the valuation bands referred to in the glossary were set.

The Committee considered issues around net pensions liability and the District Auditor confirmed that there was nothing to concern Members at this time.

Mr Geoffrey Bannister from Grant Thornton reported that Sevenoaks District Council had a very good track record in terms of Use of Resources and Value for Money. There were a number of areas where the Council was performing very well and the Auditors had given an unqualified opinion in terms of Value for Money.

The Auditors tabled a standard Audit Letter, written from the Chief Executive to Grant Thornton and asked the Committee to confirm that it was satisfied that the letter contained no factual inaccuracies. Members confirmed that they were happy for the Chief Executive to sign the letter, subject to paragraph 15 being slightly reworded.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

The Committee expressed its gratitude to the Finance Team and the District Auditors for the extensive work that had been undertaken in producing the Statement of Accounts.

Resolved: That

- (a) the Statement of Accounts 2012/13, as amended, be approved; and
- (b) the audit letter of representation, as amended, be approved.

Audit Committee - 10 September 2013

16. Annual Governance Statement 2012/13

The Committee considered the Annual Governance Statement for 2012-2013. The report explained that the Council was responsible for ensuring that its business was conducted in accordance with the law, proper standards, good governance and that public money was safeguarded and properly accounted for. In discharging this overall responsibility, the Council had to ensure that there were sound systems of internal controls and good governance arrangements in place to facilitate the exercise of its duties. The report set out the Council's governance arrangements and systems of internal control which operated during 2012/13.

The Annual Governance Statement confirmed that the Council had sound systems of internal control and good governance arrangements in place.

The Audit, Risk and Anti Fraud Manager reported an amendment to paragraph 7.1 of Appendix A to the report. The date should have read 13th September 2010.

A Member expressed concern that after three years the Health and Safety Executive had still not concluded the investigations raised in the significant governance issue. The Chief Officer Legal and Governance reported that investigations following accidents of this type tended to take a long time however there had been no criticism of delay on the part of the Council.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the Annual Governance Statement for 2012/13 as amended, which accompanies the Council's Accounts, be agreed.

17. Internal Audit Progress Report

The Committee considered a report providing details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2013/14 and outcomes of final internal audit reports issued since the meeting of the Audit Committee in June 2013.

Three planned reviews had been finalised with a further five were shown as work in progress.

The Committee expressed concern surrounding the outcome of the audit of IT Implementation and Network. The Audit, Risk and Anti Fraud Manager reported that since the audit, five out of six recommendations had been implemented and based on the actions taken by management to date there was no longer a matter of concern, if the audit were undertaken now the audit opinion would be 'Good'.

Members reported that they would like to continue monitoring IT and the Chief Finance Officer suggested that a further report could be provided to the Committee following the IT Audit Review which would be undertaken in January 2013.

Audit Committee - 10 September 2013

A Member suggested that the Committee should ask the Environment and Local Planning Advisory Committee to look at issues surrounding the future of the Dunbrik site.

The Committee expressed concern that the Environmental Health Partnership schedule between Dartford Borough Council and Sevenoaks District Council had not been formally agreed and signed. The Chief Officer Legal and Governance and the Audit, Risk and Anti Fraud Manager confirmed that agreements were in place and working arrangements and the delivery of the service had not been impeded. However, Members were still not satisfied that the agreement had not been formally signed and suggested that this was something else that the Environment and Local Planning Advisory Committee may wish to investigate.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- (a) the report and progress made by the Audit Team in delivering the 2013/14 Annual Internal Audit Plan be noted; and
- (b) the Environment and Local Planning Advisory Committee be asked to look at issues surrounding the future of the Dunbrik site.

Following the meeting the Chief Officer Legal and Governance followed up on the matter concerning the Environmental Health Partnership schedule between Dartford Borough Council and Sevenoaks District Council that had not been formally agreed and signed.

18. Work Plan

The Committee considered its work plan for 2013/14. The Chairman reported that an additional item *Review of Housing Benefit Grant* had been added to the work plan for the January 2014 meeting.

Resolved: That an additional item, 'Review of Housing Benefit Grant' be added to the Work Plan for the January 2014 meeting.

THE MEETING WAS CONCLUDED AT 8.31 PM

CHAIRMAN