

AUDIT COMMITTEE

Minutes of the meeting held on 14 January 2014 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

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

Apologies for absence were received from Cllrs. Mrs. Bayley, Orridge and Mrs. Purves

Cllr. Ramsay was also present.

19. Minutes

Resolved: That the minutes of the Audit Committee held on 10 September 2013 be agreed and signed as a correct record.

20. Declarations of Interest

There were no additional declarations of interest.

21. Responses of the Council, Cabinet or Council Committees to the Audit Committee's reports and / or recommendations (if any)

There were none.

22. Actions Arising from the Minutes (if any)

There were none.

23. External Audit - Update

The Chairman welcomed Mr. Andy Mack and Mr. Geoffrey Banister from Grant Thornton the Council's External Auditors to the meeting.

Mr. Geoffrey Banister reported that the Annual Audit letter 2012/13 summarised the findings from the work carried out at the Council which included:

- Audit of the accounts,
- Value for Money; and
- Certification of grant claims and returns.

He informed Members that this was the first year under the new audit system and that there had been some challenges but that it was a positive report. He thanked the Audit, Risk and Anti-Fraud Manager, the Chief Finance Officer and their teams for the good relationship and hard work. The Audit of the accounts papers was well prepared, and there were only a few errors.

Audit Committee - 14 January 2014

He explained that the fees for the grant claims audit had been reduced as there had been less errors made. This was partly due to improvements made to the computer system which now calculates more elements of the claims automatically. He explained that staff in the Benefits team had improved their processes which resulted in fewer errors.. The Committee conveyed their thanks to the Benefits and IT departments for their work on this. Mr. Banister also expressed his thanks to the Benefits Team who had a good learning culture and taken on the improvements suggested last year.

Mr. Banister advised Members that the 2016 Tipping Point document contained a summary of a financial health check carried out on 138 English Authorities which were audited by Grant Thornton. In response to a question, the Chief Finance Officer advised Members that the Annual Governance Statement had been delayed to ensure that it included the change in Governance arrangements and the Council's reorganisation.

Mr. Banister informed Members that the Council was consistently proactive in managing resources and that the Council was not afraid of change. There were many 'good practice' processes in place already such as the rolling ten year plan which Grant Thornton had included as a best practice case study in the Tipping Point document, and partnership working. He also advised Members that the Council would need to look into new ways for managing financial pressures, but that Sevenoaks District Council had been looking forward to the impact of these pressures and the actions that could be implemented.

Public Sector Equality Duty

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

Resolved: That the report be noted.

24. External Audit - Housing and Council Tax Benefit Grant 2012/13

Mr. Andy Mack from Grant Thornton presented a report to Members which advised that the Housing and Council Tax Benefit remained a complex area and the audit of the 2012/13 grant had been amended and qualified with significantly fewer errors than 2011/12. Mr. Mack informed Members that there was one recommendation for further training on the calculation of earnings for benefits staff, actions were already being taken to address this issue. Other actions had previously been advised and had improved the performance of the service.

In response to a question, Mr. Mack explained that the requirement to investigate errors as small as 1p out was down to the Department of Work and Pensions (DWP). There was not a set level for charges, however the audit fee for grant claims in 2012/13 was less than what was charged in 2011/12 due to the fewer number of errors being made.

Public Sector Equality Duty

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

Resolved: That the report be noted.

Audit Committee - 14 January 2014

25. Internal Audit 2013/14 - 2nd Progress Report

The Audit, Risk and Anti-Fraud Manager presented a report detailing the progress made by the audit team in delivering the 2013/14 Annual Internal Audit Plan and the outcome of final internal audit reports issued since the meeting of the Committee in September 2013.

Members discussed the introduction of the Community Infrastructure Levy (CIL) and the problems that could be around monitoring the use of the money. The Committee agreed that more information was needed. It was brought to the Committee's attention that a report on the CIL was going to the Local Planning and Environment Advisory Committee on Wednesday 22 January 2014 and it was recommended that Members of this committee should read this report to update their understanding.

Action 1: That CIL should be audited on a regular basis to ensure that it is being dealt with correctly.

Members expressed their thanks to the team at Dunbriek and the Emergency Planning Team for all their work during the floods over Christmas 2013. In response to a question, the Chief Finance Officer explained that the recommendation for procedure notes for finance functions to be made available to relevant staff was to ensure cover could be provided if the Finance and Admin Manager was absent.

The Committee thanked the Audit, Risk and Anti-Fraud Manager for his work and the work of the Internal Audit Team.

Public Sector Equality Duty

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

Resolved: That the content and progress made by the Audit Team be noted.

26. New Audit Standards Charter

The Audit Risk and Anti-Fraud Manager presented a report on the revised Internal Audit Charter. The revised Charter took account of the requirements of the new Public Sector Internal Audit Standards and recent organisational changes within the Council. The Audit Charter set out the purpose, authority and responsibility of the Council's internal audit service. It was a key document affecting the effectiveness of internal audit. The Committee was required to approve amendments to the Charter.

Members expressed concern at some of the wording in the Audit Charter regarding consultancy activities. The Audit, Risk and Anti-Fraud Manager explained that the Audit Team would only take part in such work if it was deemed not to have a conflict of interest with the regulatory work. Consultancy work is discretionary and would be separate from core audit activities. The Audit Committee would be advised whenever such work is commissioned by management. Also any consultancy work would be separate and independent from core internal audit activities, in order to maintain objectivity and the integrity of the audit function.

Audit Committee - 14 January 2014

Members agreed that should the Audit Team take part in consultancy type work that then the Audit Committee should be informed.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty and that the effective governance of the Council constituted with engagement with all sections of the community and therefore would promote fairness and the potential to promote equality and community wellbeing.

Resolved: That the contents of the report be noted; and the revised Internal Charter be approved.

27. Risk Management Update

The Audit, Risk and Anti-Fraud Manager presented an update report on progress made in implementing the Council's revised risk management framework. The report contained the Council's revised risk management policy which advised Members that effective Risk Management was a key indicator of the Council's overall governance and internal control processes. The policy reflected developments within the Council's new government arrangements and new senior management structure and was intended to facilitate the effective management of business risks across the Council

In response to a question, the Audit, Risk and Anti-Fraud Manager informed Members that as it was a policy statement it was good practice to review it annually to ensure that it was still fit for purpose.

Public Sector Equality Duty

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

Resolved: That the content of the report be noted; and the Council's revised risk policy statement be approved.

28. Member Training

The Chief Finance Officer presented a report detailing the responses received to a questionnaire sent to Members of the Committee to obtain the views of training needs. Areas identified were:

- Internal Audit Standards
- Anti-Fraud and Corruption Arrangements
- Role of the Fraud Team
- Risk Management understanding
- Statement of Accounts; and
- Introduction to Financial Procedures and Contact Standing Orders.

Members agreed that by having training on these subjects it would help them to be aware of issues in the future. It was also agreed that where possible, training would

Audit Committee - 14 January 2014

initially be provided by including a larger introduction when agenda items are provided to the Committee on the relevant subject areas.

Public Sector Equality Duty

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

Resolved: That the identified training needs be noted.

29. Work Plan

The work plan was noted subject to the:

- Strategic Risk Register report added to the meeting on 18 March 2014; and
- The Annual Governance Statement be moved to the June meeting.

THE MEETING WAS CONCLUDED AT 8.11 AM

CHAIRMAN