

AUDIT COMMITTEE

Minutes of the meeting held on 17 March 2015 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Brookbank (Vice Chairman)

Cllrs. Mrs. Bayley, Brown, Orridge, Mrs. Purves and Towell

An apology for absence was received from Cllrs. Fittock

Cllr. Piper was also present.

40. Minutes

Resolved: That the minutes of the Committee held on 13 January 2015 be agreed and signed as a correct record.

41. Declarations of Interest

There were no additional declarations of interest.

42. Actions from Previous Meeting

The actions were noted.

43. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

44. Community Infrastructure Levy (CIL) - Update

The Chairman welcomed Councillor Piper, Cabinet Portfolio Holder for Local Planning & Environment and the Chief Planning Officer to the meeting who were present to answer any questions and update Members on the Community Infrastructure Levy (CIL).

The Portfolio Holder advised that a [report](#) on governance arrangements had been presented and agreed at the Cabinet meeting on 5 March 2015. It had been agreed that a Community Infrastructure Levy (CIL) Spending Board would be established to recommend to Cabinet how CIL funding should be prioritised with Terms of Reference, and a template for applications setting out the information that bidding organisations, including Sevenoaks District Council, would need to provide. It had been agreed that there would be no Cabinet Members on the Board, a fixed Chairman and Vice Chairman and that training be mandatory before sitting on the Board. The Board would be able to accumulate funds, and Cabinet would ratify (or send back) the decisions.

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The Chief Planning Officer added that not all development was chargeable and that the Government continued to introduce more exceptions. Parish and Town Councils would benefit by receiving 25% of CIL revenue. In response to a question he explained that monies were payable 60 days after the commencement of development; the obligation rested with the developer to advise when commencement began, however the Council already had enforcement monitoring and the Chief Finance Officer also confirmed that systems were in place. Consideration was being given to the possibility of an instalments policy in case the amount of money needed upfront had a negative impact on developments coming forward. Legal advice was also being sought with regards to where liability rested once the money was passed to the Town and Parish Councils, and the annual Authority Monitoring Report would now feature a chapter on CIL. In response to questions, he advised that there was not a presumption that the money would be spent in the same area it originated from; distribution would be up to the Board and dependant on the applications put forward. In terms of the funding of infrastructure projects, there was an expectation that other funding sources would be utilised as well as CIL. Training on CIL was on the agenda for the Town and Parish Council Forum the following evening.

A Member recommended to the Committee the government's CIL overview guide on their [website](#).

The Chairman thanked the Portfolio Holder and Chief Planning Officer for attending.

45. Internal Audit 2014/15 - 3rd Progress Report

The Audit, Risk and Anti Fraud Manager presented the report which provided details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2014/15 and outcomes of final internal audit reports issued since the meeting of the committee in January 2015.

Further to publication of the papers he could now advise the Committee of further progress made in regard to the following reviews: Key financial systems, Corporate governance and Annual Governance Statement (AGS) and Dunbrik were now at draft report stage; repair and maintenance arrangements was now at feedback process.

Members discussed the role of the Committee in checking management had addressed issues arising out of internal audit reviews, and whether it would be worth investigating as a committee, or having a working group. The Chairman suggested that this could be discussed at the monthly meetings with the Vice Chairman, Audit, Risk and Anti Fraud Manager and Chief Finance Officer, which was agreed.

Action 1: Discussion on areas where it may be appropriate to call in managers responsible for specific actions be discussed at the Chairman's monthly meetings.

Resolved: That the contents of the report and the progress made by the Internal Audit Team in delivering the 2014/15 Annual Internal Audit Plan, be noted.

46. Implementation of Audit Recommendations

The Audit, Risk and Anti Fraud Manager presented the report which updated Members on progress of the implementation of Internal Audit Recommendations agreed with management, and reported on outstanding recommendations due for implementation by 31 January 2015. The report also informed the Committee where implementation dates had been revised, or where agreed recommendations had not been implemented.

The Committee reviewed the information in Appendix A to the report, which gave reasons why the implementation of recommendations had been delayed. It was commended that the list was shorter than the one presented to Committee in January.

Resolved: That

- a) the information in Appendix A be noted; and
- b) the reasons for delayed implementation be noted and the revised dates for implementation provided by management be endorsed, as noted in Appendix B to the report.

47. Review of the Effectiveness of the Audit Committee

The Audit, Risk and Anti Fraud Manager presented a report which put forward proposals for assessing the achievements for the Audit Committee for the year 2014/15, its second full year of operation. Current governance arrangements for Local Councils issued by CIPFA in compliance with the Accounts and Regulations 2011, require that the Audit Committee be assessed annually, in order to determine its effectiveness and identify areas for further development. The process incorporated the recommended self-assessment checklist taken from the CIPFA guide "Audit Committees – Practical Guidance for Local Authorities" and had been amended where necessary to reflect local needs or customs. To facilitate and expedite the process, the checklist had been completed as far as possible drawing from the work of the Committee, in relation to its terms of reference, using the evidence available from the work of the Committee during 2014/15.

The Chairman recommended the following additional wording to the comment box at 4.2 of the checklist: 'The Audit Committee Chairman is also a member of the Scrutiny Committee, however his work within the Scrutiny Committee has been helpful in fulfilling the Chairman's role within the Audit Committee. There have been no known conflicts.'

The Chairman thanked Members for their responses to the questionnaire.

Resolved: That the Annual Self-assessment Review of the Effectiveness of the Audit Committee 2014/15, subject to the above amendment, be approved.

48. Internal Audit Plan 2015/16

The Audit, Risk and Anti Fraud Manager presented the report which incorporated the Annual Internal Audit Plan and Programmed Reviews for 2015/16 report. The objective of the plan was to ensure that Internal Audit delivered reasonable assurance to the

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Council regarding the effectiveness of internal control, governance and risk management processes, in fulfilment of the Council's statutory responsibilities. The plan had been prepared in accordance with professional guidance, including the new Public Sector Internal Audit Standards 2013 and regulatory requirements, in particular the Accounts and Audit Regulations 2011. The Committee was required by its terms of reference, to approve the Annual Internal Audit Plan prior to its implementation.

A Member queried how the work would be prioritised, especially when there were six more audits planned than carried out in 2014/15 whilst carrying two vacancies. The Audit, Risk and Anti Fraud Manager explained that priority would be given to major financial systems and those areas with greatest financial impact. The workload assumed a full establishment of staff, two vacancies had been carried but were currently filled with agency staff. The Chairman advised that the PricewaterhouseCoopers LLP (PwC UK) report was still awaited before any final decision is made with regards to permanent staffing levels.

A Member raised an issue on pre planning advice, it was noted that audit reviewed procedures and safeguards but was not able to say what procedures should necessarily be in place, only comment on their effectiveness.

The Chairman asked it to be noted that the Committee were concerned by the length of the list of programmed work in that it was quite demanding of the internal audit function.

Resolved: That the draft Internal Audit Plan for 2015/16, be approved.

49. Annual Report to Council

The Committee considered the Chairman's annual report for consideration at the Council meeting on 31 March 2015. It was agreed that it should be amended slightly to reflect the presence of the Portfolio Holder and Chief Planning Officer that evening.

Resolved: That the report be commended to Council subject to the above amendment.

50. Work Plan

The work plan was noted subject to the deletion of the New Audit Standards full report from the summer schedule, and the addition of the Members Allowance Scheme Monitoring.

The Chairman thanked all Members for their hard work and helpful contributions and observations which had contributed to the successful performance of the Committee over the past year.

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THE MEETING WAS CONCLUDED AT 8.40 PM

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CHAIRMAN