

## **AUDIT COMMITTEE**

Minutes of the meeting held on 9 September 2014 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Brookbank (Vice Chairman)

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

Apologies for absence were received from Cllrs. Neal and Orridge

Cllr. Ramsay was also present.

### 18. Minutes

Resolved: That the minutes of the Audit Committee held on 10 June 2014 be agreed and signed as a correct record.

### 19. Declarations of Interest

There were no additional declarations of interest.

### 20. Actions from Previous Meeting

The actions from the previous meeting were noted. The Committee thanked Officers for their hard work for the cost benefit analysis for fraud detection.

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

There were none.

### 22. Statement of Accounts Outcome of External Audit

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

The Head of Finance presented a report on the Statement of Accounts for 2013/14 and the findings of the External Auditors. She advised that Grant Thornton anticipated giving an unqualified opinion on the financial statements and also on the Council's arrangements for Value for Money. They had examined the arrangements for securing economy, efficiency and effectiveness in use of resources. Members were advised that the deadline for signing off the accounts was being brought forward in 2018 to 31 July.

The Chairman thanked the members of the Working Group who had reviewed the Statement of Accounts in detail at a meeting on 21 July and suggested a number of presentational changes, which had now been incorporated into the Accounts.

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Mr. Mack thanked Officers for their help during the course of the audit. He advised Members that Officers had a strong understanding of the Council's financial position. He praised the Council's 10 year financial plan as being the bedrock which provided the foundation for the Council's successful management of its financial resources at a time when funding from Central Government was rapidly declining. He suggested other Councils might benefit from adopting a similar approach to long-term financial planning.

The Committee were advised that the change in date for the signing off of accounts was decided by Central Government. By 2018, the Draft Statement of Accounts would be brought to the Committee around May; that would then give the Auditors 2 months to review. Mr. Mack advised that they were working with the Finance Team for a way forward over the intervening years and Members would be updated on progress.

In response to questions Members were advised that the gross income figure within the Comprehensive Income and Expenditure statement had been amended because an additional month's income had inadvertently been included in the initial draft; the net income figure however remained correct. Treatment of non domestic rates was a complex item, and was a new reporting requirement for this year. There had been a delay on guidance being received. Members were also advised that the fees of Grant Thornton were set by the Audit Commission and there had been a 40% reduction in fees from 2011/12. Members were advised that Internal Audit worked closely with Grant Thornton and provide good assurance.

The Committee were also asked to agree that the Chairman of the Audit Committee sign the representation letter to Grant Thornton for the Financial Statements for the year ended 31 March 2014.

The Committee thanked Officers for their hard work in producing the Statement of Accounts, and thanked Grant Thornton for their work in auditing them.

### Public Sector Equality Duty

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

Resolved: That

- a) the Statements of Accounts for 2013/14 be approved; and
- b) the audit letter of representation be approved.

### CHANGE IN ORDER OF AGENDA ITEMS

With the Committee's agreement the Chairman brought forward the consideration of agenda item 7.

### 23. Investment Strategy - Risk Register

The Property and Facilities Management Manager presented a report detailing the Risk Register associated with the Investment Strategy approved by Cabinet on 10 April 2014

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followed by Council's approval for the allocation of £5M of funding on 22 July 2014. The intention of the approved Investment Strategy was to invest in property or infrastructure assets, with the intention of increasing revenue returns to the Council, contributing towards the ambition of becoming more financially self sufficient.

The Property and Facilities Management Manager talked Members through the Risk Analysis and highlighted to Members the biggest risks. In response to questions he advised that a target rate of return would be set with an annual evaluation and this would measure its success. The setting up of a Trading Company was being investigated. If a Trading Company was set up this would reduce the time taken on processes. Officers had been in contact with other Councils on how they have set up Trading Companies and advice was also sought from experts on property investments.

Members requested that the risks identified in the Investment Strategy Risk Register were rearranged so that the low risks, medium risks and high risks were grouped together to be easily identifiable. The preference of long term tenants to short term tenants should also be included, and also the risks/controls associated with the appointment of external investment advisers.

### Public Sector Equality Duty

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

Resolved: That the Risk Register with the suggested amendments and additions be agreed.

### 24. Internal Audit 2014/15 - 1st Progress Report

The Audit, Risk and Anti Fraud Manager presented a report that detailed the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan for the year 2014/15 and the outcome of the final Internal Audit reports issued since the meeting of the Audit Committee on 10 June 2014.

There were currently 9 reviews in progress with 2 being deferred, 1 until the fourth quarter and the second being deferred until 2015. Members were advised that due to 2 staffing vacancies more pressure had been placed on the delivery of the plan and overall effectiveness. The Committee expressed its concern that staffing issues were impacting upon the ability of the Internal Audit Team to deliver the agreed Internal Audit Plan, and stressed the importance of having the Team operating at full strength. Recruitment had been delayed until the outcome of the external review of Internal Audit was known. Quotes for the external review were being received by the Shared Services Partner, Dartford Borough Council, which would be discussed with the Chairman before an appointment was made. The outcome of the review would be reported back to the Audit Committee.

The final Audit Reports were either satisfactory or good. Planning and Development Control had two satisfactory opinions and 19 recommendations made. Most had now been implemented with only 4 outstanding.

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In response to a question the Audit, Risk and Anti- Fraud Manager advised that number of Agresso 'super users' had been historical and had now been reduced to 2.

### 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.

### 25. Report on Internal Audit Recommendations Outstanding

The Audit, Risk and Anti Fraud Manager presented a report that updated Members on the progress of implementation of recommendations agreed with Management from Internal Audit reviews. The report highlighted the recommendations which were due and where implementation dates had been revised or where agreed, recommendations had not been implemented. Members were advised that since the agenda had been published the delayed implementations for Payroll had been applied. Safeguarding still had three implementations that were delayed and that a Kent County Council representative attends the Sevenoaks District Council (SDC) safeguarding meeting and SDC officers would be attending the Kent Board meetings. Contract procedure rules implementations were planned for the end of September 2014.

### Public Sector Equality Duty

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

Resolved: That

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

### 26. Risk Management Training

The Audit Risk and Anti-Fraud Manager gave a presentation to Members on Risk Management which covered the generic principles, the Council's framework and the Committee's term of reference. In response to questions the Committee were advised that reports were brought to the Committee on an Annual basis which provided an opportunity for the new areas of risks which had been identified to be included. If there were new immediate high risks identified throughout the year these would be brought to the Chairman's and the Audit Committee's attention. The Committee thanked the Audit, Risk and Anti-Fraud Manager for the informative presentation.

### Public Sector Equality Duty

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

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Resolved: That the presentation be noted.

### 27. Workplan

The work plan was noted. It was agreed that the Whistleblowing policy and a review of the Members' allowances scheme be added to 13 January 2014.

THE MEETING WAS CONCLUDED AT 9.05 PM

CHAIRMAN