

## AUDIT COMMITTEE

Minutes of the meeting held on 4 July 2023 commencing at 7.00 pm

Present: Cllr. Penny Cole (Chairman)

Cllr. Edwards-Winser (Vice-Chairman)

Cllrs. Baker, Haslam, and Robinson.

Mo Chughtai and Lynda McMullan were also present.

Apologies for absence were received from Cllrs. Lindop and Malone.

Cllrs. Perry Cole, and Maskell were also present.

Cllrs. Clayton and Manston were present via a virtual media platform which did not constitute attendance as recognised by the Local Government Act 1972.

### CHAIRMAN'S ANNOUNCEMENT

The Chairman welcomed Members to the meeting and introduced Mo Chughtai and Lynda McMullan, the non-voting, co-opted Members.

#### 1. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 28 March 2023, be agreed and signed by the Chairman as a correct record.

#### 2. Declarations of Interest

There were none.

#### 3. Actions from Previous Meeting

There were none.

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

There were none.

#### 5. Audit Committee Member Development

The Head of Legal and Democratic Services gave a presentation to the Committee on an overview of decision-making processes of the Cabinet, the role and function of the Audit Committee and Governance arrangements.

## Audit Committee - 4 July 2023

In response to a question, it was explained that the terms of reference for the Audit Committee was a foundational document that had been created to meet statutory requirements.

Members considered the future training sessions and supported the suggestion that each would last roughly twenty minutes and be included as the first main agenda item. Officers advised that where possible, training would relate to items on the agenda. Members discussed the agreement of the training timetable by the Chairman in consultation with Officers and that training would be reviewed as required.

Resolved: That

- a) the Member development presentation be noted; and
- b) future subjects for Member development set out below be agreed:
  - Public Sector Internal Audit Standards (PSIAS),
  - Risk Management,
  - Understanding Local Government Accounts,
  - Counter Fraud and Whistle Blowing,
  - Internal Audit and the Role of the Audit Committee,
  - Risk Management,
  - External Audit; and
- c) the Chief Officer Finance and Trading in consultation with the Chairman devise a timetable for future training sessions and review Member training as required.

### 6. Audit Committee Terms of Reference

The Chief Officer - Finance & Trading introduced the report which had been largely covered in the previous item. The Terms of Reference for the Audit Committee had been agreed at the Annual Council meeting on 23 May 2023.

Members considered the report, and it was suggested that a statement of purpose be considered for inclusion in the terms of reference. Officers took note of the suggestion.

Resolved: That the Audit Committee terms of reference be noted.

### 7. Member Allowance Scheme Monitoring 2022-23

The Monitoring Officer presented the report which asked the Committee to consider the implementation of the Member's Allowance Scheme during the year 2022/23. He

## Audit Committee - 4 July 2023

explained that pursuant to the terms of reference of the Audit Committee, this was an annual report.

Following queries on Member allowance and expense payments it was confirmed that the Governance Committee was authorised to receive the findings of the Joint Independent Remuneration Panel for Members Allowances and would recommend any updates to the Scheme to Council in due course. This process was not a matter for the Audit Committee.

Resolved: That the report noted.

### 8. Local Code of Corporate Governance

The Monitoring Officer presented the report on the Local Code of Corporate Governance. The Code was adopted at the Audit Committee meeting on 26 September 2017, where it was agreed that it would be good practice for the Committee to approve the Local Code of Corporate Governance once at the beginning of each electoral cycle. As there had been no reason to revise the Code, the report sought re-adoption of the existing document. It also asked Members to continue to authorise the Monitoring Officer to maintain and update the Code in line with good practice.

Resolved: That

- a) the Local Code of Corporate Governance be approved; and
- b) the Monitoring Officer continue to be authorised to maintain and amend the Local Code of Corporate Governance in line with good practice.

### 9. Counter Fraud and Compliance Team Report 2022-23

The Counter Fraud and Compliance Manager updated the Committee on the work of the Counter Fraud and Compliance Team during 2022/23. The Team had been focused on the Council Tax Energy Rebate scheme, cost of living support payments, identifying business rates discrepancies, housing benefit fraud and Council Tax case adjustments. The Team had also implemented a new credit data-matching tool to more accurately check the validity of the District's Council Tax Single Person Discount awards.

Members were also informed that the comparison between the costs of the Counter Fraud & Compliance Team in 2022/23 with the financial benefits derived from the savings attained in anti-fraud exercises conducted showed a surplus of £62,481.

Members raised queries in relation to the cost of living payments. The Counter Fraud and Compliance Manager confirmed that frontline resources had to be diverted to roll out the cost of living initiatives. It was hoped that staff would soon be able to return to compliance work to protect valuable revenues for the Council. In response to a question concerning the benefit of identifying commercial properties which would

## Audit Committee - 4 July 2023

attain 100% relief any way, he confirmed that it was important for all properties to be registered as if businesses owned more than one property it could change the amount of relief they could claim. In response to a follow up question regarding the increased nature of working from home, he confirmed that it would be the Valuation Office Agency (VOA) who decided if a premises attracted Council Tax or a Business rates assessment.

The Committee thanked the Counter Fraud and Compliance Manager for the update and the Team for all their hard work.

Resolved: That the report be noted.

### 10. External Audit - Annual Report 2021/22

The Chief Officer - Finance and Trading introduced the External Auditors Annual Report 2021/2022. There were no significant financial or Governance weaknesses identified by Grant Thornton, the Council's External Auditors. The report identified the reliance on the use of reserves and the implementation of a procurement strategy as areas for improvement.

Members asked questions about the suggested areas of improvement. It was confirmed that work was in progress on the implementation of a procurement strategy. Internal audit work was also underway on the Council's procurement processes and Officers would investigate the missing Key Performance Indicator data concerning procurement.

Resolved: That the report be noted.

### 11. Statement of Accounts - Progress Update Report

The Head of Finance presented the update report on the progress of the Statement of Accounts. He explained that the Government were aware of a large backlog in the current position of local authority audits which had a knock-on effect on the Council's accounts position. Due to a number of technical difficulties with the 2020/21 accounts, there had been a delay to the completion of the audit which in turn resulted in a delay to the external audit of the 2021/22 accounts. Grant Thornton, the Council's external auditors, were due to begin the audit of the 2021/22 accounts in October 2023. It was explained that the Council was also only one of four authorities within Kent to meet the submission deadline for the 2022/23 accounts. The draft accounts for 2022/23 had been published and Grant Thornton had not yet set a date for an audit to commence.

Members discussed the causes of nationwide delays in auditing local government accounts. Factors identified included reliance on the completion of the previous year's audit of accounts and the need for highly skilled technical knowledge.

Members thanked the Head of Finance for his update and congratulated the Team on their timely submission of the accounts for 2022/23.

## Audit Committee - 4 July 2023

Resolved: That the report be noted.

### 12. Statement of Accounts 2022/23 - Establishment of Member Working Group

The Head of Finance presented the report which outlined a proposal for the Committee to set up a Member working group to review the 2022/23 draft Statement of Accounts.

Resolved: That

- a) a Member Working group, to review the 2022/23 draft Statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to statutory regulations for the purposes of reporting back to the Audit Committee, be set up.
- b) membership of the working group be Cllrs: Clayton, Penny Cole, Haslam and Lynda McMullan.

### 13. Internal Audit Annual Report and Opinion 2022/23

The Audit Manager presented the report which set out the effectiveness of the Council's internal control, governance and risk management arrangements. The Internal Audit Annual Opinion was a requirement of Public Sector Internal Audit Standards, and included a summary of the work completed by Internal Audit during the year and other available sources of assurance which should be used to inform Members' scrutiny of the Annual Governance Statement.

There had been significant impacts on the resources of the Audit Team in 2022/23 which meant the Team were unable to complete all programmed audits in the annual Audit Plan. There were fifteen audits considered as part of the review, nine had been given an assurance rating. Two audits had received substantial assurance and a further six had received reasonable assurance which indicated that the control framework was generally operating well. Members were advised that since producing the report, the ethical governance and equality and diversity audits had been deferred to 2024/25 to accommodate the incomplete audits.

Members were concerned about the delayed audits from 2022/23. The Audit Manager reported that there had been a significant number of team vacancies and a few long-term illnesses in the previous year. This had significantly affected the output of the team and there were fourteen audits still underway. However, the vacancies in the team had since been filled and the post of Lead Auditor was also being advertised. In addition, the team were procuring a new audit management system which would allow them to more effectively track the implementation of audit actions. In response to a follow-up question, it was confirmed that the corporate landlord liabilities audit related to commercial properties that the Council was the landowner for.

## Audit Committee - 4 July 2023

Members thanked the Audit Manager for her update and hoped that the adverse impact of the staff vacancies could be overcome in the coming year.

Resolved: That the report be noted.

### 14. Annual Governance Statement 2022/23

The Chief Officer - Finance & Trading presented the Annual Governance Statement. The Statement was a corporate document explaining the Council's governance arrangements and the controls it employed to manage the risk of failure to achieve strategic objectives. It was owned by all Senior Officers and Members of the Council. The process confirmed that the Council had sound systems of internal control and good governance arrangements in place. There were no significant governance issues raised in 2021/22 that required action in 2022/23. One potential governance issue had been raised for 2022/23 which was regarding Sencio Community Leisure ceasing to trade. It was also recognised that operational risk management arrangements were due to be reviewed.

Resolved: That the Annual Governance Statement 2022/23 be agreed for signature by the Leader of the Council.

### 15. Review of the Effectiveness of the Audit Committee 2022/23

The Chief Officer - Finance & Trading introduced the report which assessed the achievements of the Audit Committee in 2022/23. The process incorporated the recommended self-assessment checklist from the Chartered Institute of Finance and Accounting (CIPFA). The checklist had been completed 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 2022/2023. Due to new guidance, this was the first time that the 2022 version of the checklist had been used. The results suggested that the arrangements in place were largely compliant with guidance and recognised that Member's knowledge needed to be kept up to date.

Members supported the suggestions for further engagement with the Committee and the importance of the Member development timetable to achieve this. In response to a query, the Chief Officer - Finance and Trading explained that the new CIPFA guidance introduced in 2022 made a recommendation that Members should not be on both the Audit Committee and Scrutiny Committee. As of May 2023 there were five Members who were Members on both the Audit and the Scrutiny committees. He advised that this would be taken into consideration prior to the next municipal year.

Resolved: That the self-assessment review of the effectiveness of the audit Committee 2022/23 be approved.

## Audit Committee - 4 July 2023

### 16. Work Plan

Members noted the work plan. It was explained that many of the reports appeared on an annual cycle and items for the committee in April 2024 would be added before the next meeting. It was unlikely that the External Audit Reports would appear due to the delay in undertaking the accounts for 2021/22.

THE MEETING WAS CONCLUDED AT 8.27 PM

CHAIRMAN