

Audit Committee

Minutes of the meeting held on 16 April 2024 commencing at 7.00 pm

Present: Cllr. Penny Cole (Chairman)

Cllr. Edwards-Winsor (Vice Chairman)

Cllrs. Clayton, Edwards-Winsor, Lindop, and Malone

Apologies for absence were received from Cllrs. Baker, Haslam, and Williamson

Cllrs. Grint and Maskell were also present.

Cllr. Robinson was also present via a virtual media platform which did not constitute attendance as recognised by the LGA 1972.

35. Minutes

Resolved: That the minutes of the meeting held 1 February 2024 be approved and signed by the Chairman as a correct record.

36. Declarations of Interest

There were none.

37. Actions from Previous Meeting

There were none.

38. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)

There were none.

39. Audit Committee - Member Development

The Head of Finance gave a presentation to Members on the topic of understanding Local Government accounts. The training covered understanding and interpreting financial statements, what local government accounts were, external audits and consultation, and the role of the Audit Committee in Local Government Accounts.

Audit Committee - 16 April 2024

Members asked questions of clarification. The Audit Manager explained that external auditors received copies of all reports issued by the internal audit team, and would ask questions regarding any concerns the internal audit team had.

Members discussed the next topic for member development training. It was suggested that, as the external audit partner was due to attend the next meeting, External Audit be the first choice for the next training. Should they not be able to attend, Counter Fraud and Whistleblowing training could be provided.

Resolved: That

- a) The member development training be noted.
- b) That External Audit training be the subject of the member development training at the next meeting of the Audit Committee.

40. Internal Audit Progress Report 2023/24

The Audit Manager presented the report, which set out the progress, findings, and key insights from the delivery of the Internal Audit Plan. She advised the committee that a new Lead Auditor had been hired on a one year fixed term contract. This would allow the Audit Manager more time to investigate making the long-term position more attractive to candidates.

The officer outlined the progress of the internal audits. Work had started on all audits, which would inform the final report on the Council's Governance, Risk Management, and Controls. There were no concerns regarding the implementation of actions. Performance had improved slightly, although work was ongoing on improving the timeliness of draft reports.

The officer further updated the committee on the progress of the audit regarding the Council's management of its operator contract with Sevenoaks Community Leisure (Sencio). She advised that the Internal Audit team were unable to investigate why Sencio had gone into administration and who was responsible, as it was a business in its own right. The audit had thus focused on lessons the Council could learn for current and future contract arrangements. The audit included governance, contract management, information flow between the Council and Sencio, and variations. This work completed to date had shown satisfactory management of the contract, with good record keeping and decision making, and external advice was sought where appropriate. Members had oversight of the contract management through committee reports. The final report would be issued to Members for their consideration.

Members asked questions of clarification regarding the Sencio audit. The officer explained that the conclusions from the procurement audit conducted last year did not relate to Sencio, as it covered procurements within the financial year 2022/23. Members raised concerns regarding the lack of accounts filed by Sencio between 2019 and 2022, and the company's £2million of liabilities in 2020. They further discussed the grants given to Sencio during this period, and whether the governance arrangements surrounding these were appropriate. The officer advised the committee

Audit Committee - 16 April 2024

that the team were aware of these elements and that the audit was ongoing. Members further discussed the importance of speed in establishing the lessons learned from the Sencio contract, to allow them to be implemented quickly.

Members discussed the key performance indicators for October to December 2023. In response to questions, the officer explained that the target of 110% for the percentage of budgeted days taken to complete projects was due to the variable nature of audit. Allowances for going over the time budgeted enabled officers to thoroughly review any findings to ensure they did not present significant issues to the council. Members were advised that all KPIs, with the exception of the Audit actions fully implemented within agreed timescales, included audits for Dartford Borough Council. Several difficult audits had been undertaken for Dartford Borough Council, which had negatively impacted the KPIs. The Audit Manager would investigate separating these figures out for future reports. The team continued to seek efficiencies within the service to improve delivery, including through the implementation of AI. A new post within Legal and Democratic Services, which would include procurement, was being advertised for.

Resolved: That the report be noted.

41. Internal Audit Plan 2024/25

The Audit Manager presented the report, which set out the framework for Internal Audit activity in the 2024/25 financial year. It was proposed that the council move to a rolling plan, in line with other local authorities. This would enable Internal Audit to be more flexible to the needs of the council. Audits had been selected based on the Council's areas of work, previously completed audits, and the strategic and operational risk registers. The Internal Audit team would review its processes throughout the year to ensure compliance with new global Internal Audit standards, and to ensure they utilised the new audit management system effectively.

In response to questions, the Audit Manager explained that audits were selected based on their benefits and risk priority at the time of their allocation. This limited how precise a schedule of upcoming audits could be. Members discussed the performance indicators within the report. The officer explained that the performance indicator for agreement with audit actions did not need separate targets for medium or high-priority actions, as those represented key risks and would be presented to the committee.

Resolved: That the Internal Audit Plan 2024/25 be approved.

42. Strategic Risk Register

The Audit Manager presented the report, which set out the Strategic Risk Register for the council. Members were advised that the register was being revised to reflect the new Council Plan. Risk owners identified, assessed, and managed risks themselves, and implemented actions to reduce the likelihood and impact of risks that were not within appetite.

Audit Committee - 16 April 2024

In response to questions, the officer outlined the assessment process. Officers examined the controls in place and qualified the extent they mitigated the likelihood and impact of a risk. Members discussed the likelihood scores of risks, and queried whether they could be brought down further. The Audit Manager would feed this into the development of the future Strategic Risk Register. Members expressed further concern that the incomplete Asset Management Plan limited the accuracy of the Asset Management & Maintenance risk score.

Members discussed the inclusion of agency staff costs and the failure of leisure centres in the Register.

Resolved: That the contents of the Strategic Risk Register be noted.

43. Independent Members Terms of Office

The Chief Officer for Finance & Trading presented the report. One of the Audit Committee Independent Persons, Lynda McMullan, would be stepping down at the end of her term in May 2024. Members were asked to agree new terms of office for independent persons.

Members thanked Lynda McMullan for her work with the committee, and discussed the terms of office for the new Independent Person. Members expressed preference for a four-year term from the expiry of the current term, to ensure that terms did not coincide with elected Members' terms. This would ensure some continuity in committee membership. Members also supported continuing with different terms for each Independent Member, so that there was flexibility in changes to committee membership.

Resolved: That

- a) The terms for the new terms of office for the new Independent Person be up to four years from the expiry of the current terms of office.
- b) That the committee continue to operate with different terms for each Independent Member.

44. Work Plan

The Work Plan was noted.

THE MEETING WAS CONCLUDED AT 8:43PM

CHAIRMAN