

## TONBRIDGE AND MALLING BOROUGH COUNCIL

### AUDIT COMMITTEE

Tuesday, 7th April, 2015

**Present:** Cllr V M C Branson (Chairman), Cllr Mrs F A Kemp, Cllr S M King and Cllr M Parry-Waller

Grant Thornton, External Auditors: Mr T Greenlee (Audit Manager)

Councillors O C Baldock, M A Coffin, N J Heslop and Mrs S Murray were also present pursuant to Council Procedure Rule No 15.21.

### PART 1 - PUBLIC

#### **AU 15/14 DECLARATIONS OF INTEREST**

There were no declarations of interest made in accordance with the Code of Conduct.

#### **AU 15/15 MINUTES**

**RESOLVED:** That the Minutes of the meeting of the Audit Committee held on 26 January 2015 be approved as a correct record and signed by the Chairman.

#### **AU 15/16 CHAIRMAN'S ANNOUNCEMENT**

The Chief Financial Services Officer referred to partnership working between Gravesham and Tonbridge and Malling Borough Councils and advised that the former had given notice to withdraw from the shared working arrangement for audit with effect from 15 May 2015. It was expected that similar notice would be given for the fraud function later in the year.

The identification and assessment of potential alternative arrangements was in progress from which to determine the preferred option.

Both the Chairman and the Leader of the Borough Council expressed disappointment at the end of the partnership arrangement and thanked the Audit and Assurance Manager for her contribution to the authority.

### MATTERS FOR RECOMMENDATION TO THE COUNCIL

#### **AU 15/17 AUDIT COMMITTEE - ANNUAL REPORT**

The report of the Chairman of the Audit Committee was produced to inform the Council of the means by which the Committee had provided

independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

The report summarised the work carried out by the Committee during 2014/15 and concluded that the required assurance set out in the CIPFA Audit Committee Guidance had been provided to those charged with governance. Reference was made to the constitutional changes approved by the Council on 17 February 2015 to reflect the alignment of the Audit Committee to new CIPFA guidance which would lead to the transfer to the Committee of additional areas of delegated responsibility.

**RECOMMENDED:** That the Annual Report be presented to the Council as independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

\* **Referred to Council**

**DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION**

**AU 15/18 ANNUAL REVIEW OF WHISTLEBLOWING CHARTER**

The report of the Director of Finance and Transformation gave details of the outcome of a review of the Whistleblowing Charter which had identified a number of amendments to bring the charter in line with best practice. Consideration was given to a revised draft which it was proposed should be referred to as the Whistleblowing Policy to correspond with other Council policy documents.

Attention was drawn to further amendments to reflect the impending changes to the staffing structure as a consequence of the termination of the partnership working arrangement. Contact details set out in paragraph 6.3 of the Policy would now refer to the Audit and Fraud Team rather than named individuals.

**RESOLVED:** That the draft Whistleblowing Policy set out at Annex 1 to the report be commended to the General Purposes Committee for endorsement.

**AU 15/19 TREASURY MANAGEMENT UPDATE**

The report of the Director of Finance and Transformation provided an update of treasury management activity undertaken during the 2014/15 financial year within the context of the national economy. Members were invited to endorse the action taken by officers and to note the treasury management position at the end of February 2015.

Attention was drawn to the better than anticipated position for investment income which had exceeded the revised estimate by £4,900.

**RESOLVED:** That the Cabinet be recommended to

- (1) endorse the action taken by officers in respect of treasury management activity for the period April 2014 to February 2015; and
- (2) note the treasury management position at the end of February 2015.

#### **AU 15/20 INTERNAL AUDIT PLAN 2015/16**

The report of the Chief Internal Auditor presented the draft Internal Audit Plan for 2015/16. Consideration was given to coverage of the plan which was informed by an assessment of the risks and audit needs of the Council and contained both assurance and consultancy work. It was noted that the format of the plan differed from previous years with information on the process for developing, resourcing and delivering the plan being provided in the document itself in order to meet more fully the requirements of the Public Sector Internal Audit Standards and CIPFA's Local Government Application Note to the Standards.

The Committee was advised that the plan reflected the Council's focus on identifying financial savings and opportunities for generating income and efficiencies in services together with targeted anti-fraud work. However, it was sufficiently flexible to allow for response to unforeseen investigations as they arose.

**RESOLVED:** That the Internal Audit Plan for 2015/16, as set out at Annex 1 to the report, be endorsed.

#### **AU 15/21 COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING**

The report of the Chairman of the Audit Committee explained how those charged with governance were required to assure the External Auditor that the Council had complied with the requirements of the International Standards on Auditing. Members considered the questions and responses which had been prepared and agreed with the Chairman, responsibility for corporate governance now resting with the Audit Committee. It was noted that the Management Team was also required to provide assurance in this regard and this was the subject of a separate report.

**RESOLVED:** That the responses set out in Annex 1 to the report be endorsed and the assurance provided be agreed.

**MATTERS SUBMITTED FOR INFORMATION****AU 15/22 MANAGEMENT TEAM ASSURANCE ON COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING**

The Committee received the report of the Management Team confirming compliance with the International Standards on Auditing. Reference was made to the similar assurance to be provided by the Audit Committee for which the Management Team provided supporting evidence (Minute AU 15/20 refers).

**RESOLVED:** That the report be received and noted.

**AU 15/23 REVIEW OF OPERATIONAL RISK REGISTERS - DECEMBER 2014**

The report of the Director of Finance and Transformation updated the Committee on the results of reviews of the Operational Risk Registers carried out by Services in June and December 2014 from which it was noted that there had been little movement in the spread of risk. Members were advised that since the process used to assess and maintain the registers had been in place for a number of years, meetings would be held with officers from each Service to ensure a consistent approach to the exercise.

**RESOLVED:** That the report be received and noted.

**AU 15/24 GRANT THORNTON ITEMS FOR AUDIT COMMITTEE**

The report of the Director of Finance and Transformation referred to items from Grant Thornton, the Council's external auditors. These included the 2014/15 Audit Plan which set out the proposed approach to the audit of the Council's financial statements. The Committee also received Grant Thornton's report on progress in delivering their responsibilities as the Council's external auditors together with a summary of emerging national issues and developments that might be relevant to the Council.

It was reported that there was nothing specific to Tonbridge and Malling which needed to be drawn to Members' attention.

**RESOLVED:** That the report be received and noted.

**AU 15/25 GRANT THORNTON PUBLICATION: 'LOCAL GOVERNMENT GOVERNANCE REVIEW 2015 - ALL ABOARD'**

The report of the Director of Finance and Transformation provided a summary of Grant Thornton's publication: 'Local Government Governance Review 2015 – All Aboard'. Reference was made to the requirement for local authorities to adopt a Code of Corporate Governance. It was noted that the Council's current Code had been

adopted in July 2014 and was used for the purposes of the Annual Governance Statement which would be reported to the June meeting of the Committee.

Reference was also made to the recently published 'De-cluttering the Accounts' and fuller detail would be provided at the next meeting of the Committee.

**RESOLVED:** That the report be received and noted.

**AU 15/26 EXCLUSION OF PRESS AND PUBLIC**

The Chairman moved, it was seconded and

**RESOLVED:** That as public discussion would disclose exempt information, the following matters be considered in private.

**PART 2 - PRIVATE**

**MATTERS SUBMITTED FOR INFORMATION**

**AU 15/27 INSURANCE CLAIMS HISTORY: APRIL 2014 - MARCH 2015**

**(LGA 1972 Sch 12A Paragraph 3 – Financial or business affairs of any particular person)**

The Director of Finance and Transformation reported on the nature and volume of liability and property damage insurance claims submitted during the period April 2014 to March 2015.

**RESOLVED:** That the report be received and noted.

The meeting ended at 8.07 pm