

## TONBRIDGE AND MALLING BOROUGH COUNCIL

### AUDIT COMMITTEE

Monday, 7th September, 2015

**Present:** Cllr V M C Branson (Chairman), Cllr T Edmondston-Low (Vice-Chairman), Cllr M C Base, Cllr B T M Elks, Cllr S R J Jessel, Cllr S M King and Cllr Mrs S L Luck

Grant Thornton, External Auditors: Mr D Wells (Engagement Lead)

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

Apologies for absence were received from Councillors T Bishop and M Parry-Waller

### PART 1 - PUBLIC

#### **AU 15/41 DECLARATIONS OF INTEREST**

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

#### **AU 15/42 MINUTES**

With reference to Minute AU 15/39, an update was given on the number of claims received under the Repair and Renew Grant scheme which had closed at the end of July 2015. The Committee was advised that 144 residential and commercial properties had received grant aid under the scheme, totalling £637,000 with between £1.4m and £1.5m awarded over the four government flood support schemes.

**RESOLVED:** That the Minutes of the meeting of the Audit Committee held on 22 June 2015 be approved as a correct record and signed by the Chairman.

### MATTERS FOR RECOMMENDATION TO THE CABINET

#### **AU 15/43 TREASURY MANAGEMENT MID-YEAR REVIEW 2015/16**

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during the period April to July 2015/16. It also included a mid-year review of the Annual Investment Strategy and risk parameters. Members were invited to endorse the action taken by officers in respect of treasury management activity to date and to retain the current risk parameters.

Reference was made to Capita's latest forecast that the Bank Rate would remain at the current level of 0.5% for a further nine months before rising in the second quarter of 2016. However, investment income was above budget due to higher than expected cash flow and core fund balances and it was anticipated that the position would be maintained throughout the year, for which an explanation was given.

**RECOMMENDED:** That the following be commended to the Council:

- (1) the action taken by officers in respect of treasury management activity for the period April to July 2015 be endorsed; and
- (2) the existing parameters intended to limit the Council's exposure to investment risks be retained.

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

**AU 15/44 EXTERNAL AUDITORS REPORT ON OUTCOME OF AUDIT OF STATEMENT OF ACCOUNTS 2014/15**

The report of the Director of Finance and Transformation introduced the external auditor's Audit Findings Report on the outcome of the audit of the Statement of Accounts for 2014/15. It was noted that there were no material issues needing to be brought to the attention of the Committee and the Engagement Lead anticipated being able to issue an unqualified opinion in the near future.

Mr D Wells presented Grant Thornton's report which was provided as an annex and referred to the action plan. Attention was drawn to a recent ruling on business rates for purpose-built GP surgeries as a result of which a review had been undertaken of surgeries in the Borough and the provision for appeals increased in a revised Statement of Accounts. Members then asked a number of questions on the Audit Findings Report.

**RESOLVED:** That

- (1) the Audit Findings Report on the outcome of the audit of the Statement of Accounts for 2014/15, as set out at Annex 1 to the report, together with the associated action plan set out at paragraph 1.3.1 of the report be approved;
- (2) the Chairman and Director of Finance and Transformation be granted delegated authority to countersign the Letter of Representation at Annex 2 to the report when Grant Thornton are ready to issue their opinion;

- (3) the amendment to the Statement of Accounts 2014/15 to that reported to the June Committee following a recent ruling on business rates for purpose-built GP surgeries, as set out at paragraph 1.3.2 to the report, be noted and endorsed; and
- (4) the Chairman be authorised to sign the Accounts in the appropriate place.

### **MATTERS SUBMITTED FOR INFORMATION**

#### **AU 15/45 INTERNAL AUDIT AND FRAUD INVESTIGATION UPDATE**

The report of the Director of Finance and Transformation provided an update on the work of both the Internal Audit and Counter Fraud functions for the period April to July 2015. An update was given on progress against the 2015/16 Internal Audit Plan and finalisation of any work brought forward from the 2014/15 Plan. Members' questions regarding the audit of car park income were answered.

Details were given of the Council's activity in preventing and detecting fraud and corruption and the report updated regarding checking of matches received in the National Fraud Initiative exercise, 1,266 having been checked to date with 163 on-going investigations. Reference was also made to work undertaken with a number of external agencies in progressing investigations and a summary presented of the results of investigations concluded to date in 2015/16. Members discussed the identification and recovery of housing benefits overpayments and the potential costs to the Council as a result of recent government initiatives to identify housing benefit overpayments.

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

#### **AU 15/46 REVIEW OF OPERATIONAL RISK REGISTERS - JUNE 2015**

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 2015 from which it was noted that there had been little movement in the spread of risk. Members were advised that the framework for production of risk registers would be reviewed and informed by the Corporate Strategy currently being prepared for approval.

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

#### **AU 15/47 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 15/48 INSURANCE CLAIMS HISTORY: APRIL - JUNE 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 in the period April to June 2015.

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

The meeting ended at 8.26 pm