

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

Tuesday, 5th April, 2016

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

Grant Thornton, External Auditors: Ms S Ironmonger (Engagement Lead) and Mr T Greenlee (Audit Manager)

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

PART 1 - PUBLIC

AU 16/14 DECLARATIONS OF INTEREST

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

AU 16/15 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 25 January 2016 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 16/16 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 2015/16 and concluded that the required assurance set out in the CIPFA Audit Committee Guidance had been provided to those charged with governance.

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 16/17 TREASURY MANAGEMENT UPDATE

The report of the Director of Finance and Transformation provided an update of treasury management activity undertaken during the 2015/16 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 2016.

RESOLVED: That the Cabinet be recommended to

- (1) endorse the action taken by officers in respect of treasury management activity for the period April 2015 to February 2016; and
- (2) note the treasury position at the end of February 2016.

AU 16/18 APPOINTMENT OF EXTERNAL AUDITORS

The report of the Director of Finance and Transformation provided an update on the options available for the appointment of external auditors at the end of the current transitional arrangements on 31 March 2018.

RESOLVED: That the Local Government Association (LGA) be advised that the Opt-in to a Sector Led Body (Option 3) was identified as the preferred option for the local appointment of external auditors and the setting of audit fees as required under the Local Audit and Accountability Act 2014.

AU 16/19 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The report of the Chief Audit Executive set out details of the addition of a 'Mission' and a set of ten 'Core Principles' to the Public Sector Internal Audit Standards and the subsequent update to the Internal Audit Charter.

RESOLVED: That the updated Internal Audit Charter, as set out at Annex 1 to the report, be approved.

AU 16/20 INTERNAL AUDIT AND FRAUD PLAN 2016/17

The report of the Chief Audit Executive presented the draft Internal Audit and Fraud Plan for 2016/17. It was noted that the Internal Audit Plan had been broadened to include the work plan of the Fraud Team following the transfer of responsibility for the investigation of alleged housing benefit fraud to the Department for Work and Pensions (DWP). Consideration was given to the coverage of the plan which was informed by an assessment of the risks and audit needs of the Council and it was intended to ensure that the work of the Internal Audit and Fraud Team was effectively directed.

RESOLVED: That the Internal Audit and Fraud Plan for 2016/17, as set out in Annex 1 to the report, be endorsed.

AU 16/21 MEMBERS ASSURANCE ON 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 16/22 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 16/21 refers).

RESOLVED: That the report be received and noted.

AU 16/23 INTERNAL AUDIT AND COUNTER FRAUD UPDATE

The report of the Chief Audit Executive provided an update on the work of the Internal Audit and Counter Fraud functions for the period 1 April 2015 to 29 February 2016.

RESOLVED: That the report be received and noted.

AU 16/24 GRANT THORNTON CERTIFICATION WORK 2014/15

The report of the Director of Finance and Transformation provided a summary of the outcomes of certification work carried out in 2014/15 by the Council's external auditors, Grant Thornton.

RESOLVED: That the report be received and noted

AU 16/25 GRANT THORNTON - PROGRESS REPORT AND UPDATE AND AUDIT PLAN

The report of the Director of Finance and transformation referred to items from Grant Thornton, the Council's external auditors. These included the Audit Plan 2015/16 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.

RESOLVED: That the report be received and noted.

AU 16/26 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 16/27 INSURANCE CLAIMS HISTORY: APRIL 2015 - MARCH 2016

(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 2015 to March 2016.

RESOLVED: That the report be received and noted.

The meeting ended at 8.28 pm