

**TONBRIDGE AND MALLING BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**Monday, 16th June, 2014**

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

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

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

An apology for absence was received from Councillor T Edmondston-Low (Vice-Chairman)

**PART 1 - PUBLIC**

**AU 14/28 DECLARATIONS OF INTEREST**

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

**AU 14/29 MINUTES**

**RESOLVED:** That the Minutes of the meeting of the Audit Committee held on 14 April 2014 be approved as a correct record and signed by the Chairman.

**MATTERS FOR RECOMMENDATION TO THE CABINET**

**AU 14/30 RISK MANAGEMENT STRATEGY**

The joint report of the Chief Executive and Director of Finance and Transformation reviewed the current Risk Management Strategy. No amendment was considered to be required although officers noted some minor drafting adjustments for the final version.

**RECOMMENDED:** That the Risk Management Strategy set out at Annex 1 to the report be adopted by the Council.

**AU 14/31 LOCAL CODE OF CORPORATE GOVERNANCE**

The joint report of the Chief Executive and Director of Finance and Transformation reviewed the Local Code of Corporate Governance and presented a revised draft containing one change to include reference to the Council's Strategic Risk Register.

**RECOMMENDED:** That the revised draft Local Code of Corporate Governance set out at Annex 1 to the report be adopted by the Council.

**AU 14/32 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT FOR 2014/15**

The report of the Director of Finance and Transformation provided details of treasury management activity undertaken during April of the current financial year within the context of the national economy. The treasury management outturn position for 2013/14, due to be reported to the Cabinet on 25 June 2014, was also presented.

The Committee was advised that the interest rate forecast provided by Capita was being reviewed by them following recent comment by the Governor of the Bank of England who had hinted that interest rates might begin to rise this calendar year. Reference was made to the decision to transfer all the Council's core funds to in-house management by the end of the financial year and steps currently being progressed to enable the transfer to take place over the summer. It was noted that the summary of investment performance indicated that total investment income for 2013/14 of £159,650, whilst marginally below the revised estimate figure, had generated a gross return for the year of 0.61%, exceeding the 7 day LIBID benchmark by 20 basis points. Members were pleased to note that the process of recovering the Council's deposit with Landsbanki was now complete.

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

(1) the action taken by officers in respect of treasury management activity for April 2014 be endorsed; and

(2) the 2013/14 outturn position be noted.

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

**AU 14/33 WHISTLEBLOWING CHARTER (CONFIDENTIAL REPORTING CODE)**

The joint report of the Chief Executive and Director of Finance and Transformation presented a draft Whistleblowing Charter and highlighted a number of minor changes since the last review. It was noted that the Charter had been developed in accordance with the Enterprise and Regulatory Reform Act 2013 and reflected the duty of the Council to protect those making disclosures.

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

**AU 14/34 STATEMENT OF ACCOUNTS 2013/14**

The Director of Finance and Transformation presented an unaudited set of Accounts for 2013/14 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. It was noted that the Accounts included the proposals recommended to the Cabinet meeting on 25 June 2014. Members were reminded that the role of the Audit Committee was to consider and peruse the unaudited Accounts and to make recommendations as deemed appropriate to the General Purposes Committee to which responsibility for approval was delegated under the Council's constitutional arrangements.

Reference was made to the transfer of responsibility for the management of the Council's leisure facilities to Tonbridge and Malling Leisure Trust and the implications of the introduction of the business rates retention scheme. Members commented on the net revenue underspend and expressed appreciation to the Management Team and staff for the prudent management of resources.

**RESOLVED:** That

- (1) the Statement provided by the Director of Finance and Transformation in support of assertions made in the Statement of Responsibilities for the Statement of Accounts, as set out at Annex 2 to the report, be noted and endorsed;
- (2) the recommendations detailed at paragraph 1.5.3 of the report following a review of the specific earmarked reserves held by the Council be noted and endorsed; and
- (3) the unaudited set of Accounts for 2013/14 be commended to the General Purposes Committee at its meeting on 23 June 2014.

**AU 14/35 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2013/14**

The report of the Director of Finance and Transformation informed the Committee of the annual review of the effectiveness of the Internal Audit function as required by the Accounts and Audit Regulations 2011. Members were advised that the Management Team had concluded that the opinion on the effectiveness of the Internal Audit function in place during 2013/14 was Good.

Reference was made to the requirement for the Internal Audit team to be externally assessed every five years and possible options for appointing an external assessor.

**RESOLVED:** That on the basis of the findings of the 2013-14 review, the Management Team conclusion that the effectiveness of Internal Audit during 2013/14 was Good be endorsed

**MATTERS SUBMITTED FOR INFORMATION****AU 14/36 ANNUAL INTERNAL AUDIT REPORT 2013/14**

The report of the Chief Internal Auditor informed the Committee of the Internal Audit work completed during 2013/14, detailing how resources had been allocated and outturn against performance measures.

The Committee was advised of the circumstances surrounding the sickness absence of the Chief Internal Auditor over the forthcoming medium term period and the way in which his workload was being managed by staff within the Internal Audit team and Financial Services. Assurance was given that an adequate and effective Internal Audit function would continue to be provided without an impact on the 2014/15 Audit Plan. Members requested that their good wishes be conveyed to Mr Buckley.

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

**AU 14/37 AUDIT COMMISSION WORK PROGRAMME AND SCALES OF FEES FOR 2014/15**

The Director of Finance and Transformation reported receipt of the Audit Commission's Work Programme and Scales of Fees for 2014/15 from which it was noted that the scale of fees had been set at the same level as for 2013/14. Members were advised that the Commission would continue to set the fees and work programme for 2015/16 before it closed and the responsibility for overseeing contracts with audit suppliers and setting fees would pass to a transitional body from April 2015.

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

**AU 14/38 AUDIT FEE LETTER 2014/15**

The Director of Finance and Transformation reported receipt of the Audit Fee Letter for 2014/15 from Grant Thornton which gave details of the Council's audit fee (£60,135 plus a composite indicative fee of £21,600 for certification work) together with the scope and timing of audit work and the audit team. Mr Greenlee indicated that he envisaged no change in annual fee for the term of the contract which was welcomed by Members.

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

**AU 14/39 EXCLUSION OF PRESS AND PUBLIC**

There were no items considered in private.

The meeting ended at 8.01 pm