

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 6th October, 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, P F Bolt, M A Coffin, 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 14/40 DECLARATIONS OF INTEREST

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

AU 14/41 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 16 June 2014 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 14/42 TREASURY MANAGEMENT MID YEAR REVIEW 2014/15

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during the period April to August 2014/15 and reviewed the risk parameters and management arrangements contained within the current Treasury Management Strategy Statement and Annual Investment Strategy. Members were invited to endorse the action taken by officers in respect of treasury management activity to date, to retain the current risk parameters and note the change in management responsibility for the Council's core fund investments.

Reference was made to regulatory changes affecting funds traded in the USA and reforms in progress in Europe but Members were advised that any impact on the Council's cash management operation would be unlikely before the next financial year.

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 August 2014 be endorsed;
- (2) the transfer of responsibility for core fund investments to In-house management with effect from 1 August 2014 be noted; and
- (3) 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 14/43 LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

The report of the Director of Finance and Transformation provided an update on issues covered by the Local Audit and Accountability Act 2014 including the new decentralised audit regime associated with the abolition of the Audit Commission. Reference was made to provisions for opting in to sector-led collective procurement arrangements which would obviate the need for an authority to have an independent auditor panel. Concern was expressed about an amendment to the legislative framework for council tax referendums in which increases set by levying bodies were taken into account in determining whether a proposed council tax increase would be deemed "excessive".

Details were also given of a recent Department for Communities and Local Government consultation paper about secondary legislation needed to give effect to the new local audit arrangements. Particular reference was made to the provisions regarding collective procurement and proposed changes to the Accounts and Audit Regulations that would reduce the timescale for preparation and publication of the Statement of Accounts. A response to the consultation had been submitted in liaison with the Chairmen of the Audit and General Purposes Committees, the Leader and the Cabinet Member for Finance, Innovation and Property in order to meet the deadline of 18 July 2014.

RESOLVED: That the response to the consultation previously agreed with the Chairmen of the Audit and General Purposes Committees, together with the Leader of the Council and the Cabinet Member for Finance, Innovation and Property, as set out at Annex 1 to the report, be endorsed.

MATTERS SUBMITTED FOR INFORMATION**AU 14/44 HALF YEAR INTERNAL AUDIT REPORT 2014/15**

The report of the Chief Internal Auditor summarised the Internal Audit work completed for the period April to September 2014. An update was given on the current staffing situation with the team focusing on assurance work. A revision of the agreed Annual Internal Audit Plan would be required and it was noted that a revised plan would be presented to the January 2015 meeting of the Committee.

In response to comments by Members in relation to the presentation of audit reviews, it was agreed that future reports would provide more information on the results of the recommendation follow up process.

RESOLVED: That the report be received and noted.

AU 14/45 EXTERNAL AUDITORS REPORT ON OUTCOME OF AUDIT OF STATEMENT OF ACCOUNTS 2013/14

The report of the Director of Finance and Transformation gave details of the outcome of the audit of the Council's Accounts for the year ended 31 March 2014. It was noted that under the Council's constitutional arrangements the External Auditor's report had been presented to and approved by the General Purposes Committee on 1 September 2014 and there had been no material issues needing to be brought to the attention of the Committee following the audit. Members were advised that an unqualified opinion had subsequently been issued by the External Auditor on 23 September 2014.

Mr T Greenlee presented Grant Thornton's report which was provided as an annex and drew attention to an action plan in connection with the valuation of assets. He expressed appreciation of the standard of work at Tonbridge and Malling and thanked the Financial Services team for their support during the audit.

RESOLVED: That the report be received and noted.

AU 14/46 NATIONAL FRAUD INITIATIVE UPDATE

The report of the Chief Internal Auditor provided an update on the performance of the corporate fraud prevention section in relation to the National Fraud Initiative (NFI) exercises. It also gave a summary of a recent report issued by the Audit Commission entitled 'Outcomes and Information for Elected Members and Decision Makers – 2012/13' including a check-list to help Members assess their authority's performance in relation to NFI. A copy of the questions and suggested answers were set out at Annex 2 to the report.

RESOLVED: That the report be received and noted.

AU 14/47 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 14/48 INSURANCE CLAIMS HISTORY: APRIL - JUNE 2014**

(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 to June 2014.

RESOLVED: That the report be received and noted.

The meeting ended at 8.24 pm