

**TONBRIDGE AND MALLING BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**Monday, 27th January, 2014**

**Present:** Cllr Ms V M C Branson (Chairman), Cllr T Edmondston-Low (Vice-Chairman), Cllr Mrs A S Oakley and Cllr M Parry-Waller

Grant Thornton, External Auditors: Mr D Wells (Engagement Lead) and Mr T Greenlee (Audit Manager)

Councillors Mrs J A Anderson, N J Heslop, O C Baldock, P F Bolt, Mrs S Murray, M A Coffin, M R Rhodes, Miss J L Sergison and Ms S V Spence were also present pursuant to Council Procedure Rule No 15.12.

Apologies for absence were received from Councillors P J Homewood and S M King

**PART 1 - PUBLIC**

**AU 14/1    DECLARATIONS OF INTEREST**

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

**AU 14/2    MINUTES**

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 7 October 2013 be approved as a correct record and signed by the Chairman.

**MATTERS FOR RECOMMENDATION TO THE CABINET**

**AU 14/3    UPDATE OF ANTI FRAUD POLICIES**

The report of the Director of Finance and Transformation gave details of the outcome of the review of the Anti-Fraud Policies of the Council. A number of changes had been identified which were recommended for adoption.

**RECOMMENDED:** That

(1) the Council approve the following draft policies:

Anti-Fraud and Corruption Policy as set out at Annex 1 to the report;

Housing and Council Tax Benefit Anti-Fraud Policy as set out at Annex 2 to the report;

Council Tax Reduction, Discount and Exemption Anti-Fraud Policy as set out at Annex 3 to the report; and

(2) the General Purposes Committee approve the Whistleblowing Charter (Confidential Reporting Policy) as set out at Annex 4 to the report.

**AU 14/4 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2014-15**

The report of the Director of Finance and Transformation provided details of investments undertaken and returns achieved in the first nine months of the current financial year. Members were invited to consider amending the current split of investment responsibilities for in-house and externally managed funds. The Committee was advised that the size of the core fund had diminished to the extent that its investment could now be managed with in-house resources.

The report concluded with a recommendation to adopt the Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15.

**RECOMMENDED:** That

(1) the treasury management position as at 31 December 2013 be noted;

(2) the current minimum counterparty credit ratings and the current maximum sovereign/counterparty exposure limits be retained;

(3) all cash flow funds in 2014/15 be managed in-house with no requirement to transfer funds to the external fund manager;

(4) the transfer of responsibility for the Council's core fund investments from the external fund manager to in-house management during 2014/15 be approved;

(5) some flexibility over the duration of investments placed with UK financial institutions be allowed as outlined in paragraph 1.3.12 of the report; and

(6) the Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15, as set out at Annex 3 to the report, be adopted.

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

**AU 14/5 PROTECTING THE PUBLIC PURSE 2013**

The report of the Director of Finance and Transformation informed Members of the findings of the Audit Commission annual survey and report on "Protecting the Public Purse". The report highlighted the actions proposed for tackling fraud in Tonbridge and Malling in 2014/15 and beyond based on the Audit Commission's recommendations and consideration was given to a governance checklist designed to identify the areas being addressed.

A copy of a letter to Council leaders from the Secretary of State for Communities and Local Government was annexed to the report confirming additional funding to tackle non-benefit fraud.

**RESOLVED:** That the checklist set out at Annex 1 to the report be completed by Members of the Audit Committee, in consultation with the Chief Internal Auditor, and reported back to the next meeting.

**AU 14/6 CIPFA AUDIT COMMITTEE GUIDANCE**

The report of the Chief Internal Auditor referred to the recent publication by CIPFA of updated guidance on the function and operation of Audit Committees in local authorities. It was noted that there were a number of areas within the guidance requiring consideration by Members, some relating to the terms of reference of the Committee, a self assessment of good practice and an evaluation of the effectiveness of the Audit Committee. It was suggested that the documents be completed in liaison with the Chief Internal Auditor and Audit Manager with the outcome reported to the next meeting.

**RESOLVED:** That Members of the Audit Committee complete the self assessment of good practice and evaluate the effectiveness of the Audit Committee following consideration of the Guidance.

**AU 14/7 PROPOSED WORK PROGRAMME AND SCALE OF FEES 2014/15**

The report of the Director of Finance and Transformation introduced the Audit Commission's Proposed Work Programme and Scales of Fees for 2014/15 from which it was noted that no changes were planned from those applicable in 2013/14.

**RESOLVED:** That the Audit Commission's proposed Work Programme and Scales of Fees for 2014/15 be noted and endorsed.

**MATTERS SUBMITTED FOR INFORMATION****AU 14/8 INTERNAL AUDIT UPDATE REPORT**

The report of the Chief Internal Auditor provided an update on the progress of the Internal Audit Team against the agreed 2013/14 Annual Internal Audit Plan. A summary was given of the current status of all audits on the 2013/14 Plan and it was anticipated that the remainder of the assurance reviews would be completed within the available resources by the end of the financial year.

Members enquired about the "red" opinion given on one element of the audit of Asset Management and were advised that as the overall conclusion had been "amber", the recommendations would be implemented and monitored by managers.

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

**AU 14/9 ANNUAL AUDIT LETTER 2012/13**

The report of the Director of Finance and Transformation advised the Committee of the receipt of the Annual Audit Letter summarising the main outcomes from the work carried out by the external auditors for the year ended 31 March 2013. The key messages from the letter were that financial statements had been produced to a high standard and the Council continued to have a strong focus on effective financial management including a robust medium term financial planning framework.

Members welcomed the Letter and the ongoing positive relationship with Grant Thornton and thanked all staff involved.

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

**AU 14/10 TOUGH TIMES AND TIPPING POINT**

The report of the Director of Finance and Transformation introduced the Audit Commission's third and final report entitled "Tough Times 2013" which examined councils' financial resilience in response to reductions in funding from central government and a number of other financial challenges since 2010/11.

A similar report published by Grant Thornton assessed whether a sample of English local authorities had arrangements in place to ensure their sustainable financial future. It concluded that 79% expected some form of tipping point in 2015/16 or 2016/17. Mr Greenlee referred to the individual results included in the annual governance report in which the Council had scored "green" in each area. He indicated that the work would be repeated in the current year.

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

**AU 14/11 GRANT CERTIFICATION OF CLAIMS 2012/13**

The report of the Director of Finance and Transformation summarised the findings from the certification by Grant Thornton of the 2012/13 housing and council tax benefit subsidy claim and the national non-domestic rates return. The Committee also received a copy of the external auditor's report.

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

**MATTERS FOR CONSIDERATION IN PRIVATE**

**AU 14/12 EXCLUSION OF PRESS AND PUBLIC**

There were no items considered in private.

The meeting ended at 8.40 pm  
having commenced at 8pm