

## **TONBRIDGE AND MALLING BOROUGH COUNCIL**

### **AUDIT COMMITTEE**

**Tuesday, 6th April, 2021**

**Present:** Cllr V M C Branson (Chairman), Cllr Mrs F A Kemp (Vice-Chairman), Cllr T Bishop, Cllr N Foyle, Cllr P M Hickmott, Cllr S A Hudson, Cllr J R S Lark, Cllr L J O'Toole and Cllr K B Tanner

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

### **PART 1 - PUBLIC**

#### **AU 21/12 DECLARATIONS OF INTEREST**

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

#### **AU 21/13 MINUTES**

**RESOLVED:** That the Minutes of the meeting of the Audit Committee held on 18 January 2021 be approved as a correct record and signed by the Chairman.

### **MATTERS FOR RECOMMENDATION TO COUNCIL**

#### **AU 21/14 AUDIT COMMITTEE ANNUAL REPORT**

The report of the Chairman of the Audit Committee aimed 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 financial reporting and annual governance processes. The report summarised the work carried out by the Committee during 2020/21 and concluded that the required assurance set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance had been provided by the Audit Committee 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 PART 3 OF THE CONSTITUTION  
(RESPONSIBILITY FOR COUNCIL FUNCTIONS)**

**AU 21/15 RISK MANAGEMENT**

The report of the Management Team provided an update on the risk management process and the Strategic Risk Register (SRR).

Members were reminded that the Covid-19 outbreak and its ongoing impact across the Borough Council's service areas, businesses and the wider community had been added to the SRR. A number of risks had been re-categorised as RED and included:

- Financial position/budget deficit
- EU Transition and Economic Uncertainty (severely impacted by the Coronavirus Pandemic)
- Corporate Strategy and Savings and Transformation Strategy
- Waste Services
- Elections
- Local Plan

A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in January 2021 were set out in Annex 2 of the report.

**RESOLVED:** That the updates to the Strategic Risk Register since January 2021 be noted.

**AU 21/16 INFORMING THE AUDIT RISK ASSESSMENT FOR TONBRIDGE  
AND MALLING BOROUGH COUNCIL 2020/21**

The report of the Management Team advised that, as part of their risk assessment procedures in respect of the audit of the financial statements, the Borough Council's external auditor was required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud
- Laws and Regulations
- Related Parties
- Accounting Estimates

This was undertaken by way of a series of questions and answers on each of these areas for Management to consider and formally respond. The Committee gave careful consideration to the series of questions and answers set out in Annex 1.

**RESOLVED:** That the responses set out at Annex 1 to the report be endorsed.

#### **AU 21/17 INTERNAL AUDIT CHARTER**

The report of the Chief Audit Executive presented the Internal Audit Charter for Member consideration and approval. It was noted that the Charter had been reviewed against both the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the Standards and continued to meet the requirements of a formal Charter. It was reported that the Management Team had approved the Charter on 9 March 2021.

**RESOLVED:** That the Internal Audit Charter, as attached at Annex 1 to the report, be approved.

#### **AU 21/18 INTERNAL AUDIT AND FRAUD PLAN 2021/22**

The report of the Chief Audit Executive presented the Internal Audit and Fraud Plan for 2021/22 which had been developed using a risk-based approach. Significant risk areas and priorities had been identified through a risk assessment which included reviews of the Strategic and Service Risk Registers, analysis of the wider environment, use of organisational knowledge and discussions with Service Heads and Directors. The Plan had been reviewed and endorsed by the Management Team.

**RESOLVED:** That the Internal Audit and Fraud Plan for 2021/22, as set out in Annex 1 to the report, be approved.

#### **MATTERS SUBMITTED FOR INFORMATION**

#### **AU 21/19 INTERNAL AUDIT AND COUNTER FRAUD UPDATE**

Members were provided with an update on the work of both the Internal Audit function and the Counter Fraud function for the period April 2020 to March 2021. Progress made against the 2020/21 Plan was also reported and noted.

Particular reference was made to the Quality Assurance and Improvement Programme, the work of the Kent Intelligence Network, the investigation of fraud, bribery and corruption and to the management of grant applications by small businesses and businesses in the retail, hospitality and leisure sectors during the Covid-19 pandemic.

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

**AU 21/20 SCALE OF AUDIT FEES FOR 2021/22**

The report of the Director of Finance and Transformation informed Members of the scale of fees for the audit of the 2021/22 accounts set by Public Sector Audit Appointments Limited (PSAA).

It was noted that the PSAA proposed a fee scale for 2021/22 of £38,048 leaving the appointed auditor and the audited body to discuss an appropriate adjustment to the fee following changes to the scope and depth of audit work required. However, Members were advised that Grant Thornton UK LLP had proposed an indicative fee of £58,248 for the audit of the 2020/21 accounts, albeit further discussions were required and had yet to be agreed.

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

**AU 21/21 GRANT THORNTON 2020/21 AUDIT PLAN AND AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The report of the Director of Finance and Transformation introduced two papers from the external auditors, the 2020/21 Audit Plan and the Audit Progress Report and Sector Update. Mr Paul Dossett, Engagement Lead, presented the reports and answered questions raised by Members.

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

**AU 21/22 TREASURY MANAGEMENT PERFORMANCE UPDATE**

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken and the returns achieved in the first eleven months of the financial year 2020/21. Progress made in securing a medium-term investment was also reported.

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

**AU 21/23 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 21/24 INSURANCE CLAIMS HISTORY**

(LGA 1972 Sch 12A Paragraph 3 – Financial of business affairs of any particular person)

The report of the Director of Finance and Transformation informed Members as to the nature and volume of liability and property damage insurance claims submitted for the year ended 31 March 2021.

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

**AU 21/25 INTERNAL AUDIT AND COUNTER FRAUD SERVICE MODEL**

(LGA 1972 Sch 12A Paragraph 1 – Information relating to an individual)

The report of the Director of Finance and Transformation provided an update on discussions held with Kent County Council in respect of the ongoing provision of Audit and Counter Fraud Services.

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

**AU 21/26 RISK MANAGEMENT**

(LGA 1972 Sch 12A Paragraph 3 – Financial of business affairs of any particular person)

Further to the item on Risk Management considered earlier (Minute AU 21/15 refers) the report of the Management Team provided Members with the reasons behind the allocation of the Waste and Street Cleansing Contract as a RED rated item within the Council's Strategic Risk Register.

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

The meeting ended at 9.00 pm