

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 24th July, 2023

Present: Cllr R I B Cannon (Chair), Cllr M R Rhodes (Vice-Chair), Cllr J Clokey, Cllr J R S Lark, Cllr M A J Hood and Cllr K Barton (substitute member).

Virtual: Councillors M A Coffin, W E Palmer and K B Tanner participated via MS Teams and joined the discussion when invited to do so by the Chairman in accordance with Council Procedure Rule No 15.21.

An apology for absence was received from Councillor B A Parry.

PART 1 - PUBLIC

AU 23/25 NOTIFICATION OF SUBSTITUTE MEMBERS

Notification of a substitute Member was recorded as set out below:

- Cllr Barton substituting for Cllr Parry

In accordance with Council Procedure Rules 17.5 to 17.9 this Councillor had the same rights as the ordinary member of the committee for whom they were substituting.

AU 23/26 DECLARATIONS OF INTEREST

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

AU 23/27 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 17 April 2023 be approved as a correct record and signed by the Chairman.

AU 23/28 PRESENTATION BY BOROUGH COUNCIL PROPERTY FUND MANAGER

Members received a presentation from the Head of Local Government Relationships for CCLA. CCLA was a commercial private limited company and its clients were owners indirectly through their investments. Particular reference was made to their Better World report, sustainable investment outcomes and the Local Authorities Property Fund.

MATTERS FOR RECOMMENDATION TO COUNCIL**AU 23/29 LOCAL CODE OF CORPORATE GOVERNANCE**

The joint report of the Chief Executive and the Director of Central Services informed Members of the outcome of the annual review of the Local Code of Corporate Governance.

The Local Code was last reviewed in July 2022 and at the time required a number of material amendments due to a number of activities that had taken place which had consequences for the Local Code, including the LGA Peer Review Challenge 2022, changes to the executive governance arrangements, the adoption of a new Kent Code of Conduct for Councillors and an internal audit of the Local Code of Corporate Governance.

The proposed changes to the Local Code were relatively minor in nature, with no significant activities having taken place since July 2022 that impacted the Council's corporate governance arrangements. The revised Code was attached as Annex 1 to the report.

In response to Members, section 3.2 of the Local Code would be reviewed to incorporate a reference to the Climate Change action plan for 2023-24.

Members recognised their role as a Committee in sections 6.1, 6.3 and 6.4 of the Local Code.

RECOMMENDED*: That the amendments to the Local Code of Corporate Governance, as set out at Annex 1 to the report, be approved and commended to Council for adoption.

***Referred to Council**

**AU 23/30 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT
2022/23**

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during April to June of the current financial year. The treasury management outturn position for 2022/23 was also set out.

The report provided an assessment of the current economic situation and interest rate forecasts together with a commentary on investments derived from cash flow surpluses, core cash balances and other long term cash balances. A full list of investments held on 30 June 2023 was set out in Annex 1 to the report. Member's attention was drawn to the Revenue and Capital Outturn report for 2022/23 as set out at Annex 4 which provided a summary of the investment performance. The combined performance of the Authority's investments exceeded the

revised estimate by £812,755, and £1.367m when compared to the 2022/23 original estimates mainly due to the level and speed at which Bank Rate had risen throughout 2022/23.

RECOMMENDED*: That the following be commended to Council:

- (1) the action taken in respect of treasury management activity for April to June 2023 be endorsed;
- (2) the 2022/23 outturn position be noted; and
- (3) the Audit Committee's appreciation of the work undertaken by officers in Treasury Management, be noted.

***Referred to Council**

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 23/31 RISK MANAGEMENT

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

Following the publication of the Corporate Plan, the decision had been taken to split the previous risk of Corporate Plan and Savings and Transformation Strategy (STS). By itself, the Corporate Strategy was an amber risk and not red as previously categorised when combined with the STS. There were no changes to those risks categorised as red at the time of the last meeting, but Members noted, that following the outcome of the local elections in May, the risk titled 'Political factors including stability of political leadership and decision making' had been escalated to red.

RECOMMENDED*: That the updates to the Strategic Risk Register since the last iteration, with particular emphasis on those risks categorised as RED, be noted.

***Referred to Cabinet**

DECISIONS TAKEN UNDER DELEGATED POWERS

AU 23/32 ANNUAL GOVERNANCE STATEMENT

The report of the Management Team presented the Annual Governance Statement for the year ended 31 March 2023 which was required to be certified by both the Leader of the Council and the Chief Executive to accompany the Council's Statement of Accounts 2022/23.

The Annual Governance Statement had been prepared by way of a self-assessment questionnaire and supporting evidence to demonstrate that

there was a sound system of corporate governance in place throughout the organisation.

Members attention was brought to the responsibility of the Audit Committee to provide independent assurance of the adequacy of the risk management framework and associated control environment.

RESOLVED: That the Annual Governance Statement for the year ended 31 March 2023, as set out at Annex 1 to the report, be endorsed.

AU 23/33 STATEMENT OF ACCOUNTS 2022/23 AND PROGRESS UPDATE ON THE AUDIT OF ACCOUNTS

The report of the Director of Finance and Transformation presented an unaudited set of Accounts for 2022/23 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom. Attention was drawn to the Statement of Accounts at Annex 1 which had been circulated separately.

RESOLVED: That

- (1) the unaudited set of Accounts for 2022/23 be noted and endorsed;
- (2) 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 3 to the report, be noted;
- (3) the progress update on the audit of Accounts for 2022/23, be noted; and
- (4) the Committee's appreciation of the work undertaken by officers to ensure the submission of the Statement of Accounts 2022/23 by the deadline of 31 May 2023, be noted.

AU 23/34 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

The report of the Chief Audit Executive informed the committee of the findings of the annual review of the effectiveness of the Internal Audit function for the year 2022/23. Members were advised that the Management Team had considered the outcome of the review and concluded that the opinion on the effectiveness of the Internal Audit function in place for the year 2022/23 was Good.

RESOLVED: That on the basis of the findings of the review, the opinion that the effectiveness of Internal Audit function for the year 2022/23 was Good be endorsed.

MATTERS SUBMITTED FOR INFORMATION**AU 23/35 OPINION OF THE CHIEF AUDIT EXECUTIVE ON THE FRAMEWORK OF GOVERNANCE, RISK MANAGEMENT AND CONTROL; ANNUAL INTERNAL AUDIT REPORT AND ANNUAL COUNTER FRAUD REPORT 2022/23**

The report informed the Committee of the opinion of the Chief Audit Executive on the Council's framework for governance, risk management and control together with the Internal Audit work completed during 2022/23 to support that opinion. The report also informed the Committee of the work carried out by the Counter Fraud function in 2022/23.

RESOLVED: That the report be noted.

AU 23/36 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The report of the Director of Finance and Transformation introduced a progress report on the audit of the 2022/23 accounts and update on emerging national issues and developments from the external auditor Grant Thornton.

RESOLVED: That the report be noted.

AU 23/37 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 9.05 pm