

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 15th January, 2024

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, Cllr B A Parry and Cllr T Bishop (substitute).

Virtual: Councillors R P Betts, A Cope, Mrs A S Oakley, 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 R V Roud.

PART 1 - PUBLIC

AU 24/1 NOTIFICATION OF SUBSTITUTE MEMBERS

Notification of substitute Members were recorded as set out below:

- Cllr Bishop substituting for Cllr Roud

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 24/2 DECLARATIONS OF INTEREST

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

AU 24/3 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 25 September 2023 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 24/4 RISK MANAGEMENT

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

Zurich Risk Management had undertaken a Risk Management Health Check through review of the Council's current strategy and guidance;

plus interviews with members of Corporate Management Team, the Chief Financial Services Officer and the Health and Safety Officer. The executive summary was attached at Annex 1 of the report and gave the Management Response to the recommendations.

Members received an update on the risk management process and the Strategic Risk Register (SRR). In September 2023, there were 10 risks categorised as 'red' as summarised below:

- Financial position/budget deficit
- Economic stability
- Savings and Transformation Strategy
- Local Plan
- Organisational Development including recruitment and retention/skills mix
- Homes for Ukraine Scheme
- Implementation of the Agile software system
- Political factors including stability of political leadership and decision making
- Performance Management
- Carbon Neutral 2030 Aspiration

Since last reported, there had been a downward movement in a number of risk scores which had resulted in a reduction in the number of RED risks. Financial position/budget deficit, economic stability, organisational development including recruitment/retention/skills mix and performance management were no longer identified as RED risks, however Safeguarding and PREVENT had been elevated to RED. Whilst 'Implementation of the Agile software system' remained a RED risk, Members were advised that the scoring had reduced given that part of the system was live. Members requested that the responsible owner of the risk be invited to attend a future meeting of the committee to discuss the associated risks.

A schedule of ongoing risks identified by Service Management Teams and Management Team since the last report to the Committee in September 2023 was set out in Annex 6 of the report.

During discussion, further information was sought on the reduced risk for 'Financial position/budget deficit', and it was noted that the draft budget for 2024/25 was looking positive. Information would be reported to the Overview and Scrutiny Committee on 25 January 2024. In terms of desirable risk scores for those risks on the Strategic Risk Register, Members indicated that the inclusion of SMART objectives would prove useful.

RECOMMENDED*: That

- (1) the Risk Management Health Check be reviewed and the Management response to the recommendations made be considered and approved;
- (2) the Risk Management Strategy and accompanying Risk Management Guidance be reviewed, and subject to any amendments required, be recommended to Full Council for adoption;
- (3) the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED, as well as the general positive 'direction of travel', be noted; and
- (4) the responsible owner of the implementation of the Agile software system be invited to attend a future meeting of the Audit Committee to discuss the risk.

Referred to Cabinet*AU 24/5 TREASURY MANAGEMENT UPDATE AND TREASURE MANAGEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2024/25**

The report of the Director of Finance and Transformation provided details of investments undertaken and return achieved in the first eight months of the current financial year and introduced the Treasury Management and Annual Investment Strategy 2024/25 attached at Annex 5 to the report.

In addition, the report made reference to non-treasury management practices and the required procedures to ensure compliance with the Treasury Management and Prudential Codes of Practice and Statutory Guidance on Local Government Investments.

A full list of investments held on 30 November 2023 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £1,959,433 was earned in interest to the end of November 2023, which was above the original budget estimate for the same period. The increase reflected the continued upward movement of interest rate rises and the favourable rates available to the Council. During the period 1 April 2023 to 30 September 2023, the £5m investment in property funds generated dividends of £92,939, which represented an annualised return of 3.72%, compared to 3.49% in 2022/23.

The parameters to limit the Borough Council's exposure to investment risks were summarised in Annex 5. There were no changes to the current approved risk parameters proposed at this time.

RECOMMENDED*: That

- (1) the treasury management position as at 30 November 2023 be noted; and
- (2) the Treasury Management and Annual Investment Strategy for 2024/25 (attached as Annex 5) be adopted.

***Referred to Cabinet**

DECISIONS TAKEN UNDER DELEGATED POWERS**AU 24/6 ACCOUNTING POLICIES**

The Accounting Policies proposed for the 2023/24 Financial Statements were presented for consideration and endorsement. It was noted that a minor change proposed to the previous Accounting Policies was the clarification of the Council's minimum accrual limits for revenue items of £10,000, and £10,000 for capital schemes. It was noted that there would be exceptions where accruals were occasionally raised below these limits, depending on the nature of the transaction.

RESOLVED: That the Accounting Policies to be used in the preparation of the 2023/24 Financial Statements, as set out at Annex 1 of the report, be endorsed.

AU 24/7 BIENNIAL REVIEW OF ANTI-FRAUD, BRIBERY, AND CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The report informed Members of the outcome of the biennial review of the Council's Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy.

The review had identified Grant Funding, Procurement Fraud and Mandate Fraud as additional fraud/error risks.

The Whistleblowing Policy and Procedure, attached at Annex 2 and 3 to the report, were also presented and it was noted that there were no changes required to bring the documents up to date with best practice following its last review in January 2022, with the exception of some minor amendments. The external Whistleblowing Policy, which provided the public and those providing services to the organisation to raise concerns, was also presented and was attached at Annex 4 to the report.

During discussion, an update was sought on the Council's procurement resources and it was noted that the options were being discussed.

RESOLVED: That

- (1) the Anti-Fraud, Bribery and Corruption Policy (attached as Annex 1) be approved;
- (2) the General Purposes Committee be invited to approve the Whistleblowing Policy (attached as Annex 2); and
- (3) any necessary amendments to key contacts held within the Whistleblowing Policy be delegated to officers as and when they occur.

MATTERS SUBMITTED FOR INFORMATION**AU 24/8 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 September 2023 to January 2024. Progress against the 2023/24 Plan was also reported and noted.

A summary of the current status of all audits on the 2023/24 Plan, including a summary of findings where finalised was attached at Annex 1 to the report.

Attention was drawn to the new, updated, set of Internal Audit Standards which would be implemented in January 2025. The standards would be set across 15 principles, under 5 domains, most significantly domain 3 'Governing the Internal Audit Function, and it was likely that this would incorporate additional requirements from senior management and the Audit Committee, and an improvement plan would be developed and presented to the Audit Committee to address any gaps.

RESOLVED: That the report be noted.

AU 24/9 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 9.25 pm