

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 13th April, 2026

Present: Cllr R I B Cannon (Chair), Cllr J R S Lark (Vice-Chair), Cllr T Bishop, Cllr J Clokey, Cllr M A J Hood, Cllr B A Parry and Cllr M R Rhodes

In attendance: Cllrs L Chapman*, Mrs A S Oakley* and W E Palmer* were also present pursuant to Council Procedure Rule No 15.21.

(*participated via MS Teams)

PART 1 - PUBLIC

AU 26/11 NOTIFICATION OF SUBSTITUTE MEMBERS

There were no substitute members.

AU 26/12 DECLARATIONS OF INTEREST

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

AU 26/13 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 26 January 2026 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 26/14 ANNUAL REPORT OF CHAIR

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 the financial reporting and annual governance processes. The report summarised the work carried out by the Committee during 2025/26 and concluded that the required independent assurance, as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance, had been provided by the Audit Committee to those charged with governance.

In order to provide independent assurance to the Council, Councillor R Cannon proposed, seconded by Councillor J Lark, and it was

RECOMMENDED*: That the Annual Report be presented to the Full Council to provide 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.

***Recommended to Council**

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 26/15 RISK MANAGEMENT

The report of Management Team provided an update on the risk management process and the current status of the Strategic Risk Register (SRR). It highlighted the importance of efficient and effective risk management in protecting the Council's assets, employees, and customers, as well as ensuring value for money and service continuity for residents.

The Risk Management Strategy, which outlined objectives and responsibilities, was endorsed by the Committee in September 2025 and adopted by Full Council in October 2025. The Council had transitioned to a national 5x5 risk scoring matrix, categorising risks as AMBER (scores 8–12) and RED (scores 15–25), with procedures for escalating significant risks to the Corporate Management Team for inclusion in the Strategic Risk Register.

The Strategic Risk Register was regularly updated by the Management Team. An executive summary of RED (high) risks was provided, with a full version available in the annexes. Recent reviews had resulted in the removal of certain risks, such as Financial position/budget deficit and the Achievement of Savings and Transformation Strategy, following a nil funding gap when the budget was set in February 2026. It was noted that in the event of major ongoing financial issues, both could be placed back on the risk register, but at this stage the risks were considered low and further updates to the Medium-Term Financial Strategy (MTFS) would take place in 2026/27. However, despite mitigations in place, the following areas remained at high or RED risk:

- Failure to adopt a Local Plan
- Local Government Reorganisation in Kent
- Development Management Decisions

Ongoing service risks and outcomes from the escalation process were reported to the Committee, and a schedule of current and newly identified risks was appended to the report at Annex 2.

During discussion regarding the removal of the 'Financial position/budget deficit' and the 'Achievement of Savings and Transformation Strategy' risks, it was noted that at the time of writing the report, and following a review of the risk register, prior to certain developments in the Middle East, the budget position was stable. At that point, the Council had a balanced budget for the 10-year programme. The MTFs would be reviewed for Cabinet, alongside the outturn report and the first in-year budget monitoring report. The risk might need to be reinstated unless the position stabilised.

Members raised concerns regarding spikes in fuel prices and the potential for higher energy costs as well as the impact of emerging unitary councils on the recruitment and retention of staff.

Members sought an update on the current status of the risk related to Uniform/Idox and noted that there had been delays in re-integrating data sets into the Uniform system. Although all data was held, not all of it was presently available within the Uniform system, which prevented its use for operational purposes. Due to these ongoing challenges, the risk level had been maintained at a higher rating.

On the grounds that assurance was received on the effectiveness of risk management, Councillor R Cannon proposed, Councillor M Rhodes seconded and it was

RECOMMENDED*: That

- (1) the updates to the Strategic Risk Register since the last iteration, be noted, with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1(a); and
- (2) the service risks identified in Annex 2, be noted.

***Recommended to Cabinet**

MATTERS FOR DECISION UNDER DELEGATED POWERS

AU 26/16 TREASURY MANAGEMENT PERFORMANCE UPDATE

The report of the Head of Finance provided details of investments undertaken and the return achieved in the first eleven months of the 2025/26 financial year. A full list of investments held on 28 February 2026 was attached Annex 1 to the report and a copy of the Council's lending list as at 28 February 2026 at Annex 2.

Interest earned on cash flow and core cash balances to the end of February 2026 totalled £2,682,660, exceeding the revised estimate by £225,300 due to higher-for-longer interest rates.

Members noted the current positions in the Lothbury and Hermes property investment funds. Hermes had merged with L&G Pensions on 15 August 2025 resulting in an involuntary dis-investment and a £91,650 capital loss to be offset by an earmarked reserve; Lothbury Property Trust was terminated on 30 May 2024 and capital recovery would be fully recognised in the 2025/26 accounts. The Committee noted the treasury management position as at 28 February 2026 and the property fund positions.

Councillor R Cannon proposed, seconded by Councillor J Lark and the Committee

RESOLVED: That

- (1) the Treasury Management position as at 28 February 2026, be noted; and
- (2) the current positions in respect of the Lothbury and Hermes Property Investment Funds, be noted.

AU 26/17 INFORMING THE AUDIT RISK ASSESSMENT FOR TONBRIDGE AND MALLING BOROUGH COUNCIL 2025/26

The report of the Management Team contributed towards the effective two-way communication between Tonbridge and Malling Borough Council's external auditors and the Audit Committee, as 'those charged with governance' in respect of the audit of the financial statements.

As part of the risk assessment procedure, the external auditors were required to obtain an understanding of management processes and the Borough Council's oversight in a number of areas as set out in paragraph 5.1 of the report. A series of questions were asked of the Management and responses were detailed in Annex 1. It was noted that no major issues had been raised by the Management.

To fulfil the responsibilities of the Committee in relation to the financial reporting process, Councillor R Cannon proposed, seconded by Councillor J Clokey and it was

RESOLVED: That the responses to the questions set out at Annex 1 of the report, be endorsed.

AU 26/18 INTERNAL AUDIT CHARTER AND MANDATE

The report of the Chief Audit Executive presented the Internal Audit Charter and Mandate, attached at Annex 1, for Member consideration and approval in order to comply with the Global Internal Audit Standards.

Members noted that, once approved by the Committee, the draft Internal Audit Charter and Mandate would require signing off by the Chair of the Audit Committee, the Council's Chief Executive and the Chief Audit Executive.

On the grounds of ensuring legal compliancy, Councillor R Cannon proposed, seconded by Councillor J Lark and the Committee

RESOLVED: That

- (1) the Internal Audit Strategy, attached at Annex 1 of the report, be approved; and
- (2) the Internal Audit Charter and Mandate, attached at Annex 2 of the report, be approved.

AU 26/19 INTERNAL AUDIT ANNUAL PLAN 2026/27

The report of the Head of Finance presented the Internal Audit and Counter Fraud Plan for 2026/27, which had been developed using a risk-based approach to determine the priorities of the Internal Audit activity consistent with the organisation's goals.

Significant risk areas and priorities had been identified through a risk assessment which included a review of the Strategic and Service Risk Registers, analysis of the wider environment, use of organisational knowledge and discussions with Directors and Heads of Service, both individually and collectively as part of Management Teams. The Plan had been reviewed and endorsed by the Management Team.

Following review of the annual plan, Councillor R Cannon proposed, seconded by Councillor J Clokey and the Committee

RESOLVED: That the Internal Audit and Counter Fraud Plan for the year 2026/27, as set out in Annex 1 of the report, be approved.

MATTERS SUBMITTED FOR INFORMATION

AU 26/20 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT 2025/26

The report of the Chief Audit Executive provided an update on the work of both the Internal Audit function and the Counter Fraud function. The progress report, attached at Annex 1, provided an accumulative summary view of the work undertaken by Internal Audit for the period January 2026 to March 2026, together with the resulting conclusions where appropriate.

During discussion, concern was raised in respect of Idox, in particular its configuration to enforce a sufficient degree of password protection and it

was noted that the audit had highlighted that the security protocols were not as comprehensive as would be expected. The findings and recommendations had been acknowledged and consideration was being given to enhanced security measures.

Clarification was sought regarding the substantial assurance for the Local Plan – Project Management Approach audit and it was noted that the assurance was a positive reflection on the team's performance and their management of the local plan process, however the audit acknowledged certain issues that had come to light, such as those related to South East Water.

AU 26/21 GRANT THORNTON'S INDICATIVE AUDIT PLAN FOR TONBRIDGE AND MALLING BOROUGH COUNCIL

Members were provided the final audit plan from the external auditor, Grant Thornton, for the 2025/26 year, attached at Annex 1, which provided an overview and timing of the statutory audit for the 2025/26 accounts.

It was noted that the draft statement of accounts was expected to be available online from the end of May 2026, with the draft copy being presented to the Audit Committee in July 2026. It was then expected that the Audited Statement as well as the Audit Findings Report would be presented back to the Audit Committee in September 2026.

AU 26/22 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, seconded by Councillor M Rhodes and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

MATTERS FOR INFORMATION

AU 26/23 INSURANCE CLAIMS HISTORY

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

The report of the Head of Finance informed Members as to the nature and volume of liability and property damage insurance claims submitted for the year ending 31 March 2026.

The meeting ended at 8.43 pm