

TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 26th September, 2022

Present: Cllr Mrs F A Kemp (Chair), Cllr R I B Cannon, Cllr J R S Lark, Cllr M R Rhodes, Cllr P Boxall, Cllr C Brown and Cllr B J Luker

Virtual: Councillors Mrs J A Anderson, M D Boughton, V M C Branson, M A Coffin, D Harman, M A J Hood, Mrs A S Oakley, W E Palmer and K B Tanner participated via MS Teams and joined the discussion when invited to do so in accordance with Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors N Foyle, T Bishop, N J Heslop and N G Stapleton

PART 1 - PUBLIC

AU 22/37 NOTIFICATION OF SUBSTITUTE MEMBERS

Notification of substitute Members were recorded as set out below:

Cllr Boxall substituting for Cllr Bishop
Cllr Brown substituting for Cllr Heslop
Cllr Luker substituting for Cllr Foyle

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

AU 22/38 DECLARATIONS OF INTEREST

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

AU 22/39 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 25 July 2022 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 22/40 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during April to

August of the current financial year. A mid-year review of the Treasury Management and Annual Investment Strategy for 2022/23 was also included in the report.

Investment income at the end of August 2022 (month five of the financial year) from cash flow surpluses, core cash investments, multi-asset diversified income and property funds was expected to outperform the original budget estimates by upward of £350,000. However, this was to be balanced against any downturn in the economy where investment values might fall significantly. It was noted that economic growth forecasts were expected to fall further given the current global economic factors and the cost of living crisis.

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 the following be commended to Council

- (1) the action taken in respect of treasury management activity for the period April to August 2022 be endorsed; and
- (2) the existing parameters intended to limit the Council's exposure to investment risks, as set out at Annex 5 to the report, be retained.

***Referred to Council**

DECISIONS TO BE TAKEN UNDER DELEGATED POWERS

AU 22/41 RISK MANAGEMENT

The report of the Management Team provided an update on the risk management process and the Strategic Risk Register (SRR). There were 6 risks categorised as 'red' as summarised below:

- Financial position/budget deficit
- Economic Uncertainty and Impact of EU Transition (severely impacted by the Coronavirus Pandemic, inflation and the conflict in Ukraine)
- Corporate Strategy and Savings and Transformation Strategy
- Waste Services
- Local Plan
- Organisational Development including recruitment and retention/skills mix

A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in January 2022 were set out in Annex 2 of the report.

Subsequently a further risk had been identified as 'red' in respect of the introduction of voter identification at the next election. Whilst detail and guidance from Government around these new regulations was awaited it was difficult to plan and prepare for the local elections in May 2023. There was also the potential for increased costs and training for staff. It was indicated that Returning Officers and Election Managers were actively seeking assurance from Government that the guidance would be received in sufficient time to prepare for local elections.

Reference was made to the risk associated with the Waste Services Contract and Members were reminded that the current waste contract ran until 2027/28. Sufficient time would be given to considering options around tendering at the appropriate time.

RESOLVED: That

- (1) the updates to the Strategic Risk Register since the last iteration, with particular emphasis on those risks categorised as 'red', be noted; and
- (2) the inclusion of the 'introduction of voter identification for the next election' as a 'red' risk be noted.

AU 22/42 STATEMENT OF ACCOUNTS 2021/22 AND EXTERNAL AUDITORS REPORT ON THE OUTCOME OF THE AUDIT OF THE ACCOUNTS

The report presented the current set of Accounts for 2021/22 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom. The Committee was invited to approve both the Statement of Accounts and the Audit Findings Report.

Members were reminded that the Statement of Accounts was subject to external audit. At the time of writing, other than a small number of textual corrections, two changes had been made to the accounts as a result of the audit and related to the expansion of the financial disclosure notes covering investments and a critical judgement added covering the de-minimus valuation of non-fee charging car parks in the borough. With regard to the latter it was explained that this valuation was in line with current guidance and methodology in respect of car parks.

The Audit Findings Report gave three recommendations for the Borough Council as a result of issues identified during the audit. These related to the mapping of the trial balance to financial statements, journal authorisation and the fixed asset register. More detail was provided in 1.4.4 of the report together with the proposed management response.

RESOLVED: That

- (1) the enclosed audited set of Accounts for 2021/22 (attached at Annex 1) be approved and the Chair of the Audit Committee be asked to sign the Accounts in the appropriate place;
- (2) the Audit Findings Report and the Management Response, as detailed in paragraph 1.4.4 of the report, on the outcome of the audit of the Statement of Accounts for 2021/22 be approved; and
- (3) the Letter of Representation (attached at Annex 3) be approved for signature by the Chair of the Audit Committee and the Director of Finance and Transformation once Grant Thornton had issued their opinion.

MATTERS SUBMITTED FOR INFORMATION**AU 22/43 INTERNAL AUDIT AND COUNTER FRAUD UPDATE**

The report provided an update on the work of both the Internal Audit and the Counter Fraud functions for the period April to August 2022.

RESOLVED: That the report be noted.

AU 22/44 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 8.50 pm
(having commenced at 8.10 pm)