

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

23 September 2024

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Cabinet

#### **1 PROGRESS WITH RECOMMENDATIONS FROM AUDITOR'S ANNUAL REPORT (VALUE FOR MONEY) 2022/23**

**This report updates Members on the progress in addressing the recommendations made in the 2022/23 Auditor's Annual Report.**

#### **1.1 Introduction**

- 1.1.1 Members of this Committee are aware that the external auditor is required to report on the Authority's overall arrangements for securing economy, efficiency and effectiveness in its use of resources, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.
- 1.1.2 Auditors are required to report their commentary on the Authority's arrangements under specified criteria. The criteria are financial sustainability, governance and improving economy, efficiency and effectiveness.
- 1.1.3 On 25 September 2023, this Committee received a copy of the Auditor's Annual Report for 2022/23.
- 1.1.4 Two significant weaknesses in arrangements were identified by Grant Thornton relating to **performance management and procurement** under the heading 'Improving economy, efficiency and effectiveness'. For Members' information, 'Significant weakness' is the term used by the National Audit Office Code of Audit Practice. Where auditors identify significant weaknesses as part of their arrangements to secure value for money, it requires that they should make recommendations setting out the actions that should be taken by the Council.
- 1.1.5 In addition, a number of 'improvement recommendations' were also made.
- 1.1.6 Members received the report and recommendations at their meeting in September 2023 along with a commentary from Management Team. It was noted that a partnership approach between Members and officers would be needed to ensure that we were able to respond to, and satisfy, the challenges identified.
- 1.1.7 This report updates Members on the progress made in addressing these matters.

## 1.2 Progress Update

- 1.2.1 Attached at **[Annex 1]** is a document listing the key recommendations (resulting from the 2 significant weaknesses) and the improvement recommendations.
- 1.2.2 Naturally, greater focus must be given to the Key Recommendations relating to performance management and procurement. Both feature on the Council's Strategic Risk Register.

### *Performance Management*

- 1.2.3 In terms of **performance management**, hopefully Members will recognise the wealth of data that is now presented to the Cabinet and the three Scrutiny Select Committees on a regular basis.
- 1.2.4 With the adoption of the new Corporate Strategy, the authority has set in place new aligned KPIs to monitor progress, and provide detail on direction of travel, and targets. Further work has been undertaken on benchmarking following the purchase of LGInform Plus and also on instilling the KPIs within the culture of the organisation.
- 1.2.5 At present the KPIs are initially discussed at each Director's Service Management Team, before being presented to Management Team and 'Informal' Cabinet before being shared with the Scrutiny Select Committees, Overview and Scrutiny and Cabinet on a quarterly basis.
- 1.2.6 An internal audit review of performance management was undertaken from November 2023 - March 2024, finding substantial assurance with very good prospects for improvement. The main action arising from the internal audit report is ensuring greater engagement from Members and embedding the KPIs within the culture of the organisation - additional work on benchmarking and presenting the data in reports has been undertaken to improve engagement. It is intended that a report to Cabinet in October 2024 will set out some proposals for embedding performance management within the organisation (along with reporting Q1 KPIs).

### *Procurement*

- 1.2.7 In terms of **procurement**, Members are aware that a decision was taken by Cabinet in April 2024 to join the Mid Kent Partnership on a 2 year trial basis. The partnership provides TMBC officers with support from fully trained procurement specialists.
- 1.2.8 The Council's internal Procurement Project Group has revised its terms of reference and is chaired at Director level. A new Procurement Strategy for the authority has been produced, and will be reported to the Finance, Regeneration

and Property Scrutiny Select Committee in November for recommendation to Cabinet.

- 1.2.9 The Partnership is already assisting Officers on a number of contracts including Waste, public conveniences and pest control. The Partnership Officers attend all meetings of the Procurement Project Group to ensure a joined up approach across the authority.
- 1.2.10 A programme of dates for staff training on procurement have been set for September and the training will be delivered by the Procurement Partnership Manager. The training will cover the introduction of new legislation and fraud awareness and it is the intention that it will subsequently be extended to Members.

### ***Improvement Recommendations***

- 1.2.11 In addition to the recommendations made in respect of the 2 significant weaknesses, Grant Thornton also made 4 improvement recommendations. These related to transformation, workforce strategy, the re-formatting of the Strategic Risk Register and the integration of financial reporting and performance data. Commentary is given in Annex 1.
- 1.2.12 Members are invited to review the Annex.

## **1.3 Annual Report 2023/24**

- 1.3.1 As Members are aware, the audit of the Accounts has been pushed back slightly due to the national backlog and the audit is not due to start until October 2024.
- 1.3.2 Work on the 2023/24 Annual Report will commence simultaneously with the audit of the accounts, and Auditors have already asked for a progress update to inform their work. A copy of Annex 1 presented to Members will be provided to the team to assist them.
- 1.3.3 It is understood that Grant Thornton are aiming to present the 2023/24 Annual Report at the January 2025 Audit Committee.
- 1.3.4 It should be remembered that the auditors will be looking at progress that occurred during 2023/24 for this particular report. Whilst the direction of travel with both Key Recommendations is very positive, some of the progress (e.g. joining the Mid Kent Procurement partnership) did not occur in 2023/24. It should be remembered of course that the Annual Report was not received until September 2023, so the number of months available to implement actions was limited.
- 1.3.5 Therefore, it is important that Members acknowledge that it is possible that 'residual' recommendations regarding these significant weaknesses could remain in the 2023/24 report.

## 1.4 Legal Implications

- 1.4.1 The Council's external auditor is required under s20(1)c) of the Local Audit and Accountability Act 2014 to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 1.4.2 The Code of Audit Practice issued by the National Audit Office in 2020 requires Grant Thornton UK LLP to report a commentary relating to proper arrangements.

## 1.5 Financial and Value for Money Considerations

- 1.5.1 The Auditor did not need to carry out any additional work as a result of identifying the two significant weaknesses above and therefore no additional fees accrued.

## 1.6 Risk Assessment

- 1.6.1 Grant Thornton identified two significant weaknesses leading to key recommendations. As recognised last year, it is important that both Members and officers actively respond to these matters as quickly as possible in order to protect the Council and its services to residents.

## 1.7 Equality Impact Assessment

- 1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## 1.8 Recommendations

- 1.8.1 Members of the Committee are **RECOMMENDED** to
- 1) **Review** the attachment **[Annex 1]** and, if appropriate, provide any further updates that should be incorporated; and
  - 2) **Endorse** the actions and commentary set out in Annex 1

Background papers:

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For Management Team