

Audit Committee

Annual Report

2019/20



Statement from the Chairman

As the Chair of the Audit Committee, it is my pleasure to introduce the annual report, providing an overview of the Committee's activity during the Municipal Year 2019/20.

This year so far has presented big challenges for the Council following the Covid-19 pandemic, but we have continued throughout to focus our attention on issues we have faced as a Council from a risk, control, and governance perspective. This report looks back and gives us opportunity to reflect on the activity and achievements of the Committee between April 2019 to March 2020.

The Audit Committee continues to make progress in terms of discharging its responsibilities to provide independent assurance on the adequacy of the Council's risk management framework and the associated control environment, and in providing robust scrutiny and challenge of the Authority's financial performance.

During 2019/20 the Committee met four times and I was pleased to note, among the highlights, a further unqualified accounts opinion and value for money conclusion from our external auditors, consideration of the Council's risk management processes and a positive opinion on the Council's control and governance from our internal auditors.

I would like to take this opportunity to thank Committee Members and the Officers that have supported the Committee over the last year. Their professionalism, integrity, and openness have helped us to discuss, challenge and debate key issues and agree solutions and improvements where appropriate to do so.



Councillor Simon Clark – Audit Committee Chairman

Purpose of the Committee

The Audit Committee operates in accordance with the [Audit Committees, Practical Guidance for Local Authorities](#). This guidance was updated in 2018 and is published by the Chartered Institute of Public Finance (CIPFA). This guidance defines the purpose of an Audit Committee as:

Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

The purpose of an Audit Committee is to provide those charged with governance, 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. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The Committee is independent from other executive management and the Cabinet, and has clear reporting lines and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix I). This includes direct access to the Council's Appointed Auditors and Head of Audit Partnership without the presence of other Officers, where appropriate.

The Committee monitors internal and external audit activity, reviews and comments on the effectiveness of the Council's regulatory framework, and reviews and approves the Council's annual statements of accounts.

The Committee is not a substitute for the management function in relation to internal or external audit, risk management, governance, or any other review or assurance function. It is the Committee's role to examine these functions, and to offer views and recommendations on the way the management of these functions is conducted.

Membership & Meetings

The 2019/20 Audit Committee comprised of 9 members. The following Councillors were Members of the committee at during the year:

Members	
Cllr S Clark (Chairman)	Cllr Knights
Cllr Hall (Vice-Chairman)	Cllr MacDonald
Cllr Carnell	Cllr Marchington
Cllr Fowle	Cllr Saunders
Cllr A Hampshire	

The committee met 4 times in 2019/20:

- [29 July 2019](#)
- [18 September 2019](#)
- [21 January 2020](#)
- [11 March 2020](#)

See Appendix II for full table of meeting attendance.

The Committee is supported throughout the year by senior officers and managers of the Council who are regularly present. Those in regular attendance include the Chief Financial Officer, the Head and Deputy Head of Audit Partnership and Audit Managers.


















In addition, the Council's External Auditors (Grant Thornton) regularly attended meetings of the Audit Committee during 2019/20.

Continued Member development is key to the effective operation of the Audit Committee. During 2019/20, the Committee members were offered a development session on "The Role of the Audit Committee".

All Audit Committee agenda papers and minutes are available on the Council's [website](#).

Activity

Over the course of the year the Committee considered, examined, and made decisions on the following areas within its Terms of Reference:

Internal Audit Activity	Frequency
Internal Audit Annual Report and Opinion for 2018/19	
Internal Audit Charter	
Internal Audit Interim Report for 2019/20	
Internal Audit and Assurance Plan for 2020/21	
Finance Activity	
Annual Financial Report 2018/19 and Audit Findings Report, including Letter of Representation	
Annual Governance Statement for 2018/19	
Annual Treasury Management Review for 2018/19*	
Mid-Year Treasury Management Review 2019/20*	
External Audit Activity	
External Audit Update Report for 2019/20	
External Audit Annual Report for 2018/19	
Fee Letter for 2018/19	
Certification of Claims and Returns for 2018/19	
External Audit Plan for 2019/20	
Other Activity	
Fraud and Compliance Team Annual Report for 2018/19	
Audit Committee Annual Report for 2018/19	
Audit Committee Work Plan	
Annual Risk Management Report 2019/20	
Member Training – The Role of the Audit Committee	

KEY: Annual  Periodically 

*The Audit Committee provides oversight of Treasury Management reports. All Treasury Management reports are approved by Full Council.

Sources of Assurance

In drawing our conclusion this year, to how we have discharged our duties as a Committee, we have considered assurance from the following sources:

The work undertaken by our Internal Audit Partnership

- Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils and has kept the Committee updated on the outcomes of internal audit work throughout the year
- The Council received an unqualified Annual Opinion from the Head of Audit Partnership. This opinion considers the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements for the Council.
- The Internal Audit plan for 2020/21 included a breakdown of internal audit assurance work for the coming year, and the Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.

Finance and Governance information

- The Committee reviewed and provided challenge on the annual accounts prior to approval and publication and received financial updates throughout the year.
- The annual risk management report provided an update on the effectiveness of the Council's risk management framework and the controls in place to manage the corporate and operational risks.
- The Annual Governance Statement supported the overall conclusion of the Head of Audit Annual Opinion, with actions identified for improvements. The Committee reviewed the Annual Governance Statement and provided challenge prior to approving it. The Committee specifically gained assurance from this document, as it explains the processes and procedures in place to enable the Council to carry out its functions effectively.

The work of our External Auditors – Grant Thornton

- The External Auditors presented an unqualified opinion for the Councils financial statements and value for money conclusion for 2018/19. The Committee provided effective challenge to the External Auditors and gained assurance from the reports and updates provided by Grant Thornton during the year.

Conclusion

The Audit Committee, in partnership with the Council's Internal and External Auditors, and with the support from Officers has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

The Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2019/20 as set out in the respective minutes.

Appendix I

Audit Committee - Terms of Reference

Purpose

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Audit Activity	Regulatory Framework	Accounts
To consider the Head of Audit Partnership's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it can give over the council's governance arrangements, and any report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.	To review any issue referred to it by the Chief Executive or a Director or any Council body. To monitor the effective development and operation of risk management and corporate governance in the Council.	To review and approve the annual statement of accounts. Specifically, to consider whether there are concerns arising from the financial statement or from the audit that need to be brought to the attention of the Cabinet or the Council.
To consider reports dealing with the management and performance of Internal Audit Services, including consideration and endorsement of the 3 year Strategic Internal Audit Plan.	To monitor council policies on 'Whistleblowing' and the 'Antifraud and Corruption Strategy'.	To consider the external auditor's report to those charged with governance on issues from the audit of the accounts.
To consider the external auditor's annual letter, the report to those charged with governance, and any specific reports as agreed with the external auditor.	To consider and comment on the authority's Annual Governance Statement and agree its adoption as part of the approval of the annual accounts.	To be responsible for ensuring effective scrutiny of the treasury management strategy and policies (Note: Council is responsible for adopting the Treasury Management strategy and policy).
To liaise with the Audit Commission over the appointment of the Council's external auditor, comment on the scope and depth of external audit work and ensure that it gives value for money.	To consider the council's arrangements for governance and whether adequate safeguards are in place to secure compliance with its own and other published standards and controls and best practice.	To present an annual report to the Council providing assurance that the responsibilities of the Committee have been met.

Appendix II

The following tables show the attendance records for all 4 Audit Committee meetings for municipal year 2019/20:

Members	Role	Number of meetings attended
Councillor Clark	Chairman	4
Councillor Hall	Vice Chairman	3
Councillor Carnell	Committee Member	3
Councillor Fowle	Committee Member	4
Councillor A Hampshire	Committee Member	4
Councillor Knights	Committee Member	3
Councillor MacDonald	Committee Member	3
Councillor Marchington	Committee Member	1
Councillor Saunders	Committee Member	3
Councillor Gibson	Visiting Councillor	1
Councillor Horton	Visiting Councillor	3
Councillor Rowles	Visiting Councillor	3
Councillor Davey	Visiting Councillor	2
Councillor R Clark	Visiting Councillor	1

Officers	Capacity	29 Jul 2019	18 Sep 2019	21 Jan 2020	11 Mar 2020
Nick Vickers	Chief Finance Officer	Present	Present	Present	Present
Rich Clarke	Head of Audit Partnership	Present	Present	Present	
Phil Wilson	Chief Accountant	Present			
Russell Heppleston	Deputy Head of Audit Partnership				Present
Alison Blake	Audit Manager			Present	Present
Frankie Smith	Audit Manager	Present			
Phillipa Davies	Committee Services	Present			
Kellie MacKenzie	Committee Services			Present	Present
Jo Millard	Committee Services		Present		
Grant Thornton					
Trevor Greenlee	External Audit	Present		Present	
Darren Wells	External Audit				Present