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## AUDIT COMMITTEE

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**MINUTES** of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Monday, 21 September 2015 from 7.00 - 7.54 pm.

**PRESENT:** Councillors Cameron Beart (substitute Nigel Kay), Andy Booth (Vice-Chairman), Adrian Crowther, Mick Galvin, Nicholas Hampshire (Chairman), Harrison, Alan Horton, Samuel Koffie-Williams and Peter Marchington.

**OFFICERS PRESENT:** Trevor Greenlee (Grant Thornton), Russell Heppleston, Jo Millard, Mark Radford, Frankie Smith, Nick Vickers and Phil Wilson.

**ALSO IN ATTENDANCE:** Councillor Duncan Dewar-Whalley.

**APOLOGY:** Councillor Nigel Kay.

### 225 DECLARATIONS OF INTEREST

No interests were declared.

### 226 MINUTES

The Minutes of the Meeting held on 10 June 2015 (Minute Nos. 53 – 61) were taken as read, approved and signed by the Chairman as a correct record.

### 227 ANNUAL TREASURY MANAGEMENT REPORT 2014/15

The Head of Finance introduced the report which set out the Council's financing and investment activity for 2014/15. It was highlighted that the difference between the budgeted income of £75,000 and the actual income of £127,000 was cash flow and not capital.

The Chairman asked whether it was appropriate to use Santander for investment and he was advised that it was recently upgraded and had met the credit rating requirements. A Member noted the reduction on the total external borrowing requirement and asked whether this was likely to reduce further. He was advised that this was due to the reducing costs for finance leases for equipment and that this figure was on a downward trend. A Member sought clarification on the figures for long term investment shown in the report.

**Resolved:**

***(1) That the Treasury Management stewardship report for 2014/15 be approved***

***(2) That the prudential and treasury management indicators within the report be approved.***

### 228 ANNUAL GOVERNANCE REPORT AND ANNUAL ACCOUNTS 2014/15

The Chairman introduced the report, noted the delay in publication due to illness and thanked Trevor Greenlee (Grant Thornton) in producing a clear and comprehensible report.

Members discussed the following: clarification on the reasons for an increase in pension liabilities and how far in advance the pension fund was projected; the movement in debtors; Section 106 receipts in advance and potential planning application fee revenue.

Trevor Greenlee explained that the Audit Commission had a set framework when carrying out auditing and he would focus on his opinion of the accounts and his value for money conclusion. He praised the format and presentation of the accounts and the assistance of the Chief Accountant. He highlighted an adjustment in the over valuation of a Leisure Centre in Faversham which should have been valued as a Dry Leisure centre. He also noted the agreement of the Chief Accountant to reconsider the calculation for Council Tax arrears as recommended on page 11 of the report.

In relation to Value for Money, some Members raised questions concerning the Amber rating for Improving Efficiency and Productivity and it was advised that this related to the Planning shared service and did not reflect on shared services generally. Recommendations had already been made in a previous Audit report for Planning Services and delays in planning applications and pre-apps were already being addressed. The Director of Corporate Services advised that a Co-located Cabinet meeting to consider planning support disaggregation would be held on 5 November 2015 and commented on the need for consistency in treatment of this issue in the three authorities Audit Findings report.

A Member sought clarification on the number of fraud prosecutions as raised on page 13 and was advised there had been only one, whilst another Member asked for the review of procedures to calculate Council Tax as referred to in page 28, to be reported back to the Audit Committee at a later date. The Chairman agreed.

**RESOLVED:**

- (1) Members to note the external auditor's Audit Findings Report (Appendix I);**
- (2) Members to note the adjustments to the financial statements as set out in the Audit Findings Report;**
- (3) Members to approve management's proposed treatment of the unadjusted misstatements as set out in the Audit Findings Report;**
- (4) Members to agree the management response to the Action Plan in the Audit Findings Report;**
- (5) Members to approve the letter of representation (Appendix II) on behalf of the Council;**
- (6) Members to approve the Statement of Accounts for the year ended 31 March 2015 (Appendix III).**

**229 AUDIT COMMITTEE WORK PROGRAMME**

Members referred to the Audit Committee Work Programme and a Member requested his personal email address be replaced with his Swale email address in the Statement of Purpose.

**RESOLVED:**

**That the Work Programme be noted.**

Chairman

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All Minutes are draft until agreed at the next meeting of the Committee/Panel