
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 9 December 2015 from 7.00 - 7.43 pm.

PRESENT: Councillors Cameron Beart (substitute in Councillor Peter Marchington's absence), Andy Booth (Vice-Chairman in the Chair), Mick Galvin, Nicholas Hampshire (Chairman, not present at start of meeting), Harrison, Alan Horton, Nigel Kay and Samuel Koffie-Williams.

OFFICERS PRESENT: Philippa Davies, Russell Heppleston, Iain Murray (Grant Thorton), Mark Radford, Frankie Smith and Nick Vickers.

ALSO IN ATTENDANCE: Councillor Duncan Dewar-Whalley.

388 DECLARATIONS OF INTEREST

No interests were declared.

389 MINUTES

The Minutes of the Meeting held on 21 September 2015 (Minute Nos. 225 – 229) were taken as read, approved and signed by the Chairman as a correct record, subject to an amendment to Minute No. 227 to change the word 'resolved' to 'recommended'.

PART A MINUTE FOR CONFIRMATION BY COUNCIL

390 TREASURY MANAGEMENT HALF YEAR REVIEW

The Head of Finance introduced the report which reviewed the mid-year outturn position on treasury management transactions for 2015/16, including compliance with treasury limits and Prudential Performance Indicators (PI).

The Vice-Chairman in the Chair congratulated the Management Accountant and Head of Finance for their work on the report.

In response to a question, the Head of Finance advised that Swale Borough Council (SBC) invested in a small number of very large money market funds, and also a property fund, which local authorities can invest in without it being counted as capital expenditure. This enabled exposure to commercial property. The Head of Finance agreed to forward more information to Committee members.

The Head of Finance undertook to amend the wording in paragraph 2.4 of the report to reflect the need, if any, to borrow funds for the construction of the proposed multi-storey car park in Sittingbourne.

In response to a question, the Head of Finance explained that the £753,000 figure on the bottom of page 7 of the report was for long-term leases.

Members welcomed the information that the Council had not needed to borrow to cover cash-flow purposes during this period, especially in comparison with neighbouring authorities; they welcomed the average invested sum of £34million for the six months to September 2015; and endorsed the comment, referred to in paragraph 2.8, that additional investment should be made in the CCLA fund as part of the 2016/17 Treasury Strategy.

Recommended:

(1) That the performance information in the report be noted.

PART B MINUTES FOR INFORMATION

391 ANNUAL AUDIT LETTER

Mr Iain Murray (Engagement Lead, Grant Thornton) introduced the Annual Audit Letter which summarised the key findings from the work carried out by Grant Thornton for the Council for the year ended 31 March 2015.

A Member congratulated the team on the work they had carried out.

Resolved:

(1) That the Annual Audit Letter for Swale Borough Council be noted.

392 AUDIT COMMITTEE UPDATE

Mr Murray introduced the Audit Committee Update which reported on progress in delivering Grant Thornton's responsibilities as the Council's external auditors, and included a summary of emerging national issues and developments that may be relevant to the Council. He explained there would be more detail at the 9 March 2016 meeting of the Audit Committee.

Mr Murray reported that the guidelines for Value for Money had changed to include informed decision-making; working in partnership; and sustainable work.

In response to a question, Mr Murray explained that although 3-5 members were an ideal size for an Audit Committee, this was broad advice for Grant Thornton's client base which included non-local authorities, and he acknowledged that local authorities had a different type of working.

Resolved:

(1) That the Audit Committee update be noted.

393 INTERNAL AUDIT INTERIM REPORT

The Deputy Head of Audit Partnership introduced the report which provided an update on work conducted by Mid-Kent Audit in pursuance of the audit plan agreed by the Audit Committee in March 2015. The report also provided commentary on

the broader objectives of the service in helping to ensure good governance at the Council.

The Deputy Head of Audit Partnership advised that the Audit restructure was now complete. New PIs had been introduced and this was the first cycle of reporting against the targets. He was pleased with the half-year position.

The Cabinet Member for Finance welcomed the fraud risk information and thanked the Deputy Head of Audit Partnership for the report.

Members made comments which included: endorse employment of good quality staff; we should risk manage SBC's approach to risk management; and potential of IT Security risk. The Deputy Head of Audit Partnership explained that further work would be carried out on the ICT network over the next few months, and attempted fraud would be looked at in more detail and included within the Annual Report. He confirmed that he would provide further details of cost per audit day to members of the Audit Committee and Members spoke in support of having a briefing session to discuss this further.

The Corporate Services Director explained that an ICT issue had recently been addressed quickly under the shared service.

Resolved:

(1) That progress against the internal audit plan and findings to-date be noted.

394 AUDIT COMMITTEE WORK PROGRAMME

Resolved:

(1) That the Audit Committee draft work programme 2015/16 be noted.

Chairman

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