
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 14 September 2016 from 7.00 pm - 7.46 pm.

PRESENT: Councillors Andy Booth, Roger Clark, Mick Galvin, Nicholas Hampshire (Chairman), Harrison, Nigel Kay (Vice-Chairman) and Samuel Koffie-Williams.

OFFICERS PRESENT: Katherine Bescoby, Rich Clarke, Mark Radford, Nick Vickers and Phil Wilson. Trevor Greenlee and Iain Murray (Grant Thornton).

ALSO IN ATTENDANCE: Councillors Duncan Dewar-Whalley and Alan Horton.

872 EMERGENCY EVACUATION PROCEDURE

The Chairman outlined the emergency evacuation procedure.

873 DECLARATIONS OF INTEREST

No interests were declared.

874 MINUTES

The Minutes of the Meeting held on 8 June 2016 (Minute Nos. 717 – 726) were taken as read, approved and signed by the Chairman as a correct record.

875 ANNUAL TREASURY MANAGEMENT REPORT 2015/16

The Head of Finance introduced the report which set out the Council's financing and investment activity for 2015/16, drawing attention to the extra income that had been generated as a result of a higher level of balances and investment in the CCLA Property Fund.

In response to a question concerning the Council's attitude to risk, given the diminishing returns and likely cuts to funding, the Head of Finance confirmed that, post-Brexit, an additional £1.5m had been invested in the CCLA property fund. It was appropriate to look at other options, with a suitable level of risk to generate more funds, and he would be discussing this with the Director of Corporate Services and the Cabinet Member for Finance and Performance in the coming months.

In response to a question regarding the authorisation to borrow up to £30m, the Head of Finance advised that no funds had been borrowed and should this be required then a report would be considered by the Cabinet. Traditionally, councils borrowed on a fixed rate.

The Head of Finance undertook to provide information to a Member about Arlingclose and confirmed that the Council did not invest in corporate bonds.

Recommended:

- (1) That the Treasury Management stewardship report for 2015/16 be approved.**
- (2) That the prudential and treasury management indicators within the report be approved.**

876 ANNUAL FINANCIAL REPORT 2015/16 AND AUDIT FINDINGS REPORT

The Committee considered the report of the Head of Finance which sought the Audit Committee's approval of the Council's financial statements for 2015/16 and asked the Committee to consider the external auditor's Audit Findings Report.

The Chief Accountant introduced the report, taking Members through the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement. The Chief Accountant and Head of Finance answered Members questions concerning the carrying amount of non-current assets and current assets held for sale, sold or derecognised; pension liabilities; and impairment and downward valuations. The Head of Finance undertook to discuss pension liabilities further with a Member.

The Chairman thanked the Chief Accountant and his team for their work on the accounts, and invited Mr Iain Murray and Mr Trevor Greenlee of Grant Thornton to present the Audit Findings report.

In introducing the report, Mr Iain Murray drew attention to the fact that Grant Thornton would be issuing an Unqualified Opinion on both the Financial Statements and Value For Money. He praised the way in which the financial reports had been presented; the support in working to bring the timetable forward; and the quality of the working papers and support given by the Chief Accountant and his team. He referred to changes in the accounting standards and that they were satisfied with how assets had been re-categorised.

In respect of Value for Money, Mr Murray drew attention to page 36 of the report, and considered that the Council's 10-year financial plan was a positive step at a time of financial uncertainty. He was encouraged by a number of initiatives that the Council was progressing, such as the transformation programme, partnership working and joint ventures. He was satisfied that the Council had sound financial management.

The Chairman thanked the team at Grant Thornton for their work and such a positive report, and congratulated the Finance team. The Head of Finance also thanked the team at Grant Thornton for their high quality audit.

In response to a question, Mr Trevor Greenlee clarified that they were satisfied with the classification of assets and that robust discussions had taken place regarding the evidence to support those changes. The Head of Finance agreed to provide additional information to a Member about this.

The Cabinet Member for Finance and Performance congratulated the Finance Team and the Auditors for their work, the sentiments of which were endorsed by the

Cabinet Member for Families and Safer Communities, other Members of the Audit Committee, and the Director of Corporate Services.

Resolved:

(1) That the external auditor's Audit Findings Report, as attached at Appendix I to the report, be noted.

(2) That the letter of representation, as attached at Appendix II to the report, be approved on behalf of the Council.

(3) That the Statement of Accounts for the year ended 31 March 2016, as attached at Appendix III to the report, be approved.

877 EXTERNAL AUDITOR APPOINTMENT

The Committee considered the report which gave an update on the latest position on the procurement of the external auditor, since the last Audit Committee meeting on 8 June 2016.

The Director of Corporate Services advised that the delegation would only be used if the timing did not allow for the Audit Committee to consider it, before being submitted to full Council.

The Head of Audit Partnership gave an update in that frequently asked questions had been published on the sector-led website which would be forwarded to Members. It was likely that a decision would be required mid-October.

Resolved:

(1) That the final decision on a recommendation to Council on the preferred option be delegated to the Director of Corporate Services in consultation with the Chairman of the Audit Committee and the Cabinet Member for Finance and Performance.

878 AUDIT COMMITTEE WORK PROGRAMME

Members considered the Audit Committee Work Programme. The Chairman suggested that there should be a fifteen minute briefing prior to the next Committee meeting on the strategic risk register, and an update on the external auditor appointment. The next meeting would start at 7.15pm.

Resolved:

(1) That the Work Programme be noted.

Chairman

Copies of this document are available on the Council website <http://www.swale.gov.uk/dso/>. If you would like hard copies or alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request please contact Swale Borough Council at Swale House, East Street, Sittingbourne, Kent, ME10 3HT or telephone the Customer Service Centre 01795 417850.

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