
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 8 March 2017 from 7.00 pm - 7.57 pm.

PRESENT: Councillors Mike Dendor (substitute for Councillor Andy Booth), Nicholas Hampshire (Chairman), Harrison, Nigel Kay (Vice-Chairman), Samuel Koffie-Williams and Peter Marchington.

OFFICERS PRESENT: Trevor Greenlee, Russell Heppleston, Kellie MacKenzie, Frankie Smith and Nick Vickers.

APOLOGIES: Councillors Andy Booth, Roger Clark, Duncan Dewar-Whalley (Cabinet Member for Finance and Performance) and Alan Horton (Cabinet Member for Safer Families and Communities).

1232 EMERGENCY EVACUATION PROCEDURE

The Chairman outlined the emergency evacuation procedure.

1233 DECLARATIONS OF INTEREST

No interests were declared.

1234 MINUTES

The Minutes of the Meeting held on 30 November 2016 (Minute Nos. 1036 – 1044) were taken as read, approved and signed by the Chairman as a correct record.

1235 INTERNAL AUDIT PLAN 2017/18

The Audit Manager introduced the report which provided and sought Members' approval of the Internal Audit and Assurance Plan 2017/18 set-out at Appendix I of the Committee report. She referred to pages 10 and 11 of the Plan which set out the available resources and evaluation of the service and concluded that the Audit Partnership had enough resources to deliver the audit plan.

The Audit Manager referred Members to the following items on the Plan: table on page 11 of the Plan which gave details of audit provision for South East England District Councils, an improved colour copy was tabled for Members; the process followed to provide the Audit Plan; audit projects for review in 2018/19; the Audit Universe which identified the recurring range of areas of potential examination by internal audit at Swale Council; Appendix B which provided information on the Audit Team; and Appendix C which detailed assurance and recommendation ratings.

A Member stated that the information detailed in yellow on the table on page 22 of the Committee report was difficult to read.

In response to a query from a Member, the Deputy Head of Audit Partnership explained that the Member support work included: Audit Committee; Member briefings; and Committee reports.

In response to queries from a Member, the Audit Manager advised that the Interim Director of Regeneration was currently developing the Regeneration Strategy for Swale so it would make sense for it to be considered in 2018/19. The Chief Finance Officer reported that with regard to investment, external audit would be considering the risks in terms of Value For Money (VFM). Trevor Greenlee (Manager – Grant Thornton) stated that they would expect the necessary arrangements to be in place and they would make a judgement on VFM on that basis.

The Chairman thanked officers for the report, which he considered was clear and easy to read.

Resolved:

- 1) ***That the Audit & Assurance Plan for 2017/18 be approved.***
- 2) ***That the longer-term issues recorded by Mid-Kent Audit be noted.***
- 3) ***That the view of the Head of Audit Partnership that the Plan sets-out sufficient resource to complete a work programme leading to a Head of Audit Opinion on the Council's internal controls, risk management and governance be endorsed.***
- 4) ***That the Head of Audit Partnership's assurance that the Plan is compiled independently and without inappropriate influence from management be noted.***

1236 RISK MANAGEMENT UPDATE AND CORPORATE LEVEL RISKS

The Deputy Head of Audit Partnership introduced the report which sought to provide Members with a progress update on the Council's risk management processes over the last 18 months. The Deputy Head of Audit Partnership stated that risk management was a key part of sound governance arrangements and it was within the Committee's Terms of Reference to ensure that risks were being managed.

The Deputy Head of Audit Partnership explained that the Council was entering a new era of reporting risks, and drew attention to Appendix I of the report which provided details of the Risk Management for 2016/17. He asked the Committee to note the report and the corporate level risks, with these higher levels risks being inherent to the Council's Corporate Plan and achievement of objectives.

In response to queries from a Member, the Deputy Head of Audit Partnership stated that high level risks were reported to Strategic Management Team on a quarterly basis, and were the responsibility of individual risk owners so would be continually monitored. In response to concerns from the same Member, the Deputy Head of Audit Partnership considered that Swale had improved in terms of liaising with internal audit and there was a good level of engagement across the Authority. He considered there was an effective process in place to monitor risks and these were regularly reviewed.

The Chairman stated that Members needed to consider whether the Corporate level risks identified in the report were 'pitched right'. He added that there were a lot of inherent risks that the Council had no control over.

In response to a query, the Chief Finance Officer stated that officers needed to make a judgement that sufficient controls were in place to ensure that risks in the 'black' were reduced to 'red' risks. The Chairman stated that risks highlighted as 'black' were reported regularly and it was about being up-front, open and acknowledging there were risks.

The Deputy Head of Audit Partnership, in response to a question, reported that in terms of process, there was a detailed register for each risk identified which included a breakdown of the assessment for impact and likelihood that included monetary (financial) levels. He stated that there were other risk impact levels that needed to be considered which were just as important as monetary risks, such as: the reputation of the Council; health and safety; legal; and environmental.

A Member asked whether details of the measurement and weightings of uncontrolled financial loss could be made clearer. The Deputy Head of Audit Partnership agreed to make this clearer in future reports.

In response to queries from a Member, the Chief Finance Officer stated that risk information would be reported to Cabinet. Other Members would then be able to consider this information via the Scrutiny Committee.

The Chairman thanked officers for the report which he considered was clear and easy to read.

Resolved:

(1) That the Corporate Level Risks for Swale Borough Council be noted.

1237 CERTIFICATION OF CLAIMS AND RETURNS 2015/16

Mr Trevor Greenlee (Manager, Grant Thornton) introduced the Certification Report 2015/16 which summarised the outcomes following the requirements to certify the Council's claim for housing benefit subsidy of £55.2 million.

Mr Greenlee reported that only very minor errors had been identified in relation to this claim, and the impact of amendments to it had resulted in the subsidy claim being reduced by just £26.

Members welcomed the report. The Chairman praised the hard work of the Training and Policy Officer from the Revenues and Benefits section.

Resolved:

(1) That the Certification Report 2015/16 be noted.

1238 AUDIT COMMITTEE PROGRESS REPORT AND UPDATE

Mr Greenlee (Manager, Grant Thornton) introduced the report which set-out the progress in delivering the external auditors' responsibilities as Swale Borough Council's external auditor.

Mr Greenlee reported that with regard to interim testing of accounts, he had been liaising with the Council's Financial Services Manager about an earlier timetable for finalising these.

Resolved:

(1) That the Audit Committee progress report be noted.

1239 AUDIT COMMITTEE WORK PROGRAMME

The Chairman stated that the full Work Programme for 2016/17 was testament of the work of the Committee. He thanked Members and officers for their support.

Members noted the Audit Work Programme.

Resolved:

(1) That the report be noted.

Chairman

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