
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 21 June 2017 from 7.00pm -7.57 pm

PRESENT: Councillors Andy Booth, Adrian Crowther, Nicholas Hampshire (Chairman), Harrison, Nigel Kay (Vice-Chairman), Samuel Koffie-Williams and Peter Marchington.

OFFICERS PRESENT: Russell Heppleston, Jo Millard, Iain Murray (Grant Thornton), Frankie Smith and Nick Vickers.

ALSO IN ATTENDANCE: Councillors Duncan Dewar-Whalley (Cabinet Member for Finance and Performance) and Alan Horton (Cabinet Member for Safer Families and Communities).

APOLOGIES: Councillors Roger Clark and Mick Galvin.

46 **EMERGENCY EVACUATION PROCEDURE**

The Chairman drew attention to the emergency evacuation procedure.

47 **DECLARATIONS OF INTEREST**

No interests were declared.

48 **MINUTES**

The Minutes of the Meeting held on 8 March 2017 (Minute Nos. 1232 - 1239) were taken as read, approved and signed by the Chairman as a correct record.

49 **INTERNAL AUDIT ANNUAL REPORT 2016/17**

The Deputy Head of Audit Partnership introduced the report which set out the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control which can be used to inform the Annual Governance Statement for 2016/17.

The Deputy Head of Audit Partnership highlighted the good news that for the third year running Swale Borough Council (SBC) had satisfied the requirements necessary and gave a summary of the contents of the individual sections within the report.

In response to a question from a Member relating to Whistleblowing, the Deputy Head of Audit Partnership advised, and later clarified, that whilst a concern had been raised, there had been no formal disclosure and an update would be given in the future should it be necessary. He added that SBC's policy was clear, work was due on the policy this year and staff would be updated and offered training.

In response to a question from the Vice-Chairman, the Audit Manager confirmed that the Review of the Human Resource Policy Compliance was scheduled for 2017/18, but timing was yet to be agreed.

A Member congratulated the team on a clear and robust report, drew attention to the item on CCTV on page 13 of the report and advised that the Scrutiny Committee would be considering a CCTV review in the future. In response to a question on an audit recommendation made within the report, the Deputy Head of Audit Partnership advised that procedures had been written and the recommendations had been implemented.

The same Member added his concern on the results of the Planning Enforcement audit. A discussion around the Planning Enforcement service followed, and the Deputy Head of Audit Partnership advised that the Head of Planning Services had engaged well, there would be a follow up meeting in July 2017 and progress would be reported to the Audit Committee meeting in September 2017. The Chief Financial Officer added that the Head of Planning Services had recently presented a report to the Senior Management Team (SMT) Meeting of proposals for the Planning Enforcement Team following the current Planning Enforcement Team Manager's retirement in August 2017. The Chief Financial Officer advised that previously there had been too much reliance on one officer and that SMT were fully supportive of the new proposals which were more resilient.

A Member referred to page 39 of the report and asked if any provision had been made for income not received? The Deputy Head of Audit Partnership clarified the arrangements around debt recovery and collection and the Chief Financial Officer agreed to look into the details and provide a further update.

Resolved:

- (1) That the Head of Audit Partnership's opinion that in view of internal audit, the Council's system of internal control, corporate governance and risk management arrangements have operated effectively during 2016/17 be noted.**
- (2) That the work underlying that opinion and the Head of Audit Partnership's view, that the Audit Service had completed, with sufficient independence and conformance with Public Sector Internal Audit Standards, through 2016/17 be noted.**

50 ANNUAL GOVERNANCE STATEMENT

The Chief Financial Officer introduced the report which sought the agreement of the Audit Committee of the Annual Governance Statement. He advised that the last line of paragraph 3.16 should be removed from the report.

Several Members commented that the report was clear and concise.

At the suggestion of a Member, the Chief Financial Officer agreed to re-phrase the wording at paragraph 5.1 (ii) to read "*Moving in to the delivery phase of a quality and appropriately financed Sittingbourne Town Centre regeneration project.*"

Resolved:

- (1) *That the Annual Governance Statement be agreed.*

51 AUDIT COMMITTEE ANNUAL REPORT 2016/17

The Audit Manager introduced the report which outlined how the Audit Committee had effectively discharged its duties during 2016/17.

The Chairman praised the report for being clear and concise.

Resolved:

- (1) *That the proposed 2017/18 Member Development Programme be noted.*
(2) *That the Audit Committee Annual Report for 2016/17 be agreed.*
(3) *That the Chairman of the Audit Committee provides the report to a meeting of the Full Council to demonstrate how the Committee has discharged its duties.*

52 FEE LETTER 2017/18

Mr Iain Murray (Engagement Lead – Grant Thornton) introduced the report which set out the planned audit fee for 2017/18, and highlighted that there was no increase on the previous year's fee.

A Member said that the fee represented good value for money for such high quality work and the Chairman agreed and stated that the whole team should be applauded.

In response to a question from a Member, Mr Murray confirmed that any additional costs incurred as a result of the Sittingbourne Town Centre scheme would be absorbed within the fee until such times it was not sustainable. The Chief Financial Officer explained that Mr Murray and Mr Greenlee from Grant Thornton did meet with the Spirit of Sittingbourne consortium.

Mr Murray also explained that Grant Thornton have just been awarded a larger share of the Audit Services market and whilst specific details were not yet known, there would unlikely be any changes for SBC.

Resolved:

- (1) *That the report be noted.*

53 2016/17 AUDIT PLAN - EXTERNAL AUDIT

Mr Murray introduced the report which set out an overview of the planned scope and timing of the audit, as required by International Standard on Auditing.

Mr Murray drew attention to page 58 of the document and highlighted the changes to the timetable of submission of financial statements by the Accounts and Audit Regulations 2015, bringing forward accounts submissions. The Chairman asked

how this would affect accounts? In response, Mr Murray advised that it was challenging and accounts would be estimated rather than actual. The Chief Financial Officer added that SBC would need the maximum amount of time, to the end of June, was concerned that the process would be rushed and reminded Members that the new ruling affected all authorities. The Cabinet Member for Safer Families and Communities asked what the benefit was in closing down accounts earlier? Mr Murray advised that the timing suited the Government recess and the Chairman suggested that the change in the time of the Chancellor's budget to October may have influenced the change in timetable.

Resolved:

(1) That the report be noted.

54 AUDIT UPDATE REPORT 2016/17

Mr Murray introduced the report.

There were no questions.

Resolved:

(1) That the report be noted.

55 WORK PROGRAMME 2017/18

The Chairman advised that the Audit Committee Meeting in March should be **2018** on the Work Programme on page 89.

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