
AUDIT COMMITTEE

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 29 November 2017 from 7.00pm - 7.48pm.

PRESENT: Councillors Adrian Crowther, Nicholas Hampshire (Chairman), Harrison and Nigel Kay (Vice-Chairman).

OFFICERS PRESENT: Rich Clarke, Jo Millard, Frankie Smith and Nick Vickers.

Trevor Greenlee (Grant Thornton).

ALSO IN ATTENDANCE: Councillor Duncan Dewar-Whalley (Cabinet Member for Finance and Performance).

APOLOGIES: Councillors Andy Booth, Roger Clark and Mick Galvin.

364 EMERGENCY EVACUATION PROCEDURE

The Chairman outlined the emergency evacuation procedure.

365 DECLARATIONS OF INTEREST

The Chairman disclosed a non-pecuniary interest related to the Audit Committee Update as it included an audit review of the Leisure Centre Contract, and he sat on the Swale Community Leisure Board.

366 MINUTES

The Minutes of the Meeting held on 13 September 2017 (Minutes Nos. 218 – 225) were taken as read, approved and signed by the Chairman as a correct record.

A Member drew attention that the Terms of Reference discussed at Minute 225 had not been included in the current Work Programme. The Head of Audit Partnership apologised for the oversight and advised that a report on the Audit Terms of Reference would be considered at the next Audit meeting in March 2018. In response to a request from a Member the Head of Audit Partnership agreed to provide information on Risk Management but highlighted that Audit's role was to advise on the risk framework, not manage the risks themselves. The Chief Financial Officer reminded Members that risks were reviewed annually and the Chairman suggested that the frequency of reviewing risk should be discussed outside of the meeting.

Part A Minute for Recommendation to Council

367 TREASURY MANAGEMENT HALF YEAR REVIEW

The Chief Financial Officer introduced the report which reviewed the mid-year outturn position on treasury management transactions for 2017/18. He was

pleased to report that there had been no breaches of Treasury Management Policy and referred to the Regulatory Updates – MiFID II on page 2 of the report. Finally he advised that no external borrowing had yet been undertaken as highlighted at 2.11 on page 3 of the report.

In response to a question from a Member on the future timing of borrowing, the Chief Financial Officer advised that Swale Borough Council (SBC) had gone unconditional that day on the Sittingbourne Town Centre Regeneration project and advice on the optimum options for borrowing was being sought.

Recommended:

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

(2) That the prudential and treasury management indicators with the report be noted.

Part B Minutes for Information

368 ANNUAL AUDIT LETTER

Mr Trevor Greenlee (Manager, 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 2017.

Mr Greenlee advised that there were no concerns and all information was published and available for public view.

The Chairman was pleased to see such sound financial management and praised SBC staff, Members and the thoroughness of the External Auditors.

Resolved:

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

369 AUDIT COMMITTEE UPDATE

Mr Greenlee introduced the Audit Committee Update which reported on progress in delivering Grant Thornton's responsibilities as the Council's external auditors. He stated that there had been a focus on Housing Benefits and was pleased to report an improvement in the service. He explained that there had previously been a high number of errors in the service so additional testing had to be carried out for two years after, and this had resulted in a high volume of testing. Mr Greenlee advised that strong efforts to improve had been made to successfully reduce the additional areas of testing from last year.

The Chairman praised the improvement and reminded Members that the Revenues and Benefits Manager would be in attendance at a future meeting and could answer questions Members may have.

In response to a question from the Chairman, Mr Greenlee advised that the introduction of Universal Credit would have little impact on testing.

The Chairman said he looked forward to working with Grant Thornton again in 2018.

Resolved:

(1) That the Audit Committee Update be noted.

370 INTERNAL AUDIT INTERIM REPORT

The Head of Audit Partnership introduced the report which provided an update on work conducted by Mid-Kent Audit and advised that there had been some changes to Audit standards. He referred to the bullet points on page 46 of the report and confirmed that Mid-Kent Audit operated independently and in conformance with audit standards. He added that Management had accepted all recommendations so he was not obliged to report to Members any instances of management taking on unacceptable risks.

The Head of Audit Partnership took Members through the report which provided a summary of the work and review findings up to November 2017. In doing so, he highlighted that a member of Mid-Kent Partnership had been off sick long-term, the Audit Management Software was being updated and that one of their Trainees had accepted an offer of a permanent post to take up after completing his qualification.

The Chairman welcomed the good news highlighted by the Head of Audit Partnership on page 50 of the report that the controls in place at the Leisure Centre were now considered to be sound.

In response to a Member's question about single fraud investigation, the Chairman advised that this subject would be discussed at a future meeting.

A Member asked about the Rent Deposits work that had received a weak assurance rating. The Chief Financial Officer advised that the Housing Service had experienced overspends partly due to the unexpected cost of Bed and Breakfast accommodation. He added that some of the processes had not been as orderly as they could have been and a big effort was being made to address this. He added that procedures had been reviewed and there was now a different approach.

The Cabinet Member for Finance and Performance praised the professional and reactive service from Mid-Kent Audit and the easy-to-read reports produced. He praised all staff in the Mid-Kent Audit Team, the Finance Team and the External Auditors, Grant Thornton.

The Head of Audit Partnership drew attention to the follow-up of recommendations on page 64 of the report and the Audit Manager gave an update follow-up generally and on Planning Enforcement recommendations specifically. She advised that there had been some delays of implementing recommendations overall, there was no extra risk and in general good progress had been made. On the Planning Enforcement recommendations, the Audit Manager stated that at a recent follow-up, five new enforcement cases were selected and all five cases were signed off as satisfactory. She added that there had been a recent restructure of the team and new staff employed.

A discussion ensued around the Planning Enforcement service and the Chief Financial Officer reminded Members that there may still be issues of concern but the issues were not Audit-related. The Chairman agreed.

The Head of Audit Partnership highlighted the coloured graph on Risk Management on page 66 of the report which showed that SBC were appropriately managing risk. A Member appreciated the interim report.

The Head of Audit Partnership agreed to circulate a formatted version of the graphs on page 67 of the report.

The Head of Audit Partnership referred to the Counter Fraud update on page 68 and drew attention to a matter that was raised and resolved. He added that Counter Fraud policies would be considered in the New Year in line with updated Government policies and the Code of Ethics and Audit Standards were both compliant.

The Head of Audit Partnership referred to the results of the survey submitted as part of the Mid-Year Review on page 72 of the report and highlighted the positive response from Members which reflected well on the team.

In summing up, the Head of Audit Partnership praised the team and their success in winning the Team of the Year at the Swale Stars earlier this year.

The Chairman praised the Audit team and the Cabinet Member for Finance and Performance said that the award was well deserved.

Resolved:

(1) That the report be noted.

371 AUDIT COMMITTEE WORK PROGRAMME

The Chairman highlighted that the dates on the Work Programme for the next meeting and the Internal Audit Plan should be 2018/19 not 2017, and requested that Democratic Services circulate an updated Work Programme to include Terms of Reference as an item for the next meeting in March 2018.

Resolved:

(1) That the Audit Committee draft work programme 2017/18 be noted.

Chairman

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