

AGENDA

COUNCIL MEETING

Date: Wednesday, 29 July 2015

Time: 7.00 pm

Venue: Swale House, East Street, Sittingbourne, Kent, ME10 3HT

RECORDING NOTICE

Please note: this meeting may be recorded.

At the start of the meeting the Chairman will confirm if all or part of the meeting is being audio recorded. The whole of the meeting will be recorded, except where there are confidential or exempt items.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this recording will be retained in accordance with the Council's data retention policy.

Therefore by entering the Chamber and speaking at Committee you are consenting to being recorded and to the possible use of those sound records for training purposes.

If you have any queries regarding this please contact Democratic Services.

Quorum = 16

Pages

1. Prayers

2. Apologies for Absence

3. Minutes

To approve the Minutes of the Meeting held on 17 June 2015 (Minute Nos. 67 - 76) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Mayor will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

5. Mayor's Announcements

6. Questions submitted by the Public

To consider any questions submitted by the public. (The deadline for questions is 4.30 pm the Friday before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

7. Questions submitted by Members

To consider any questions submitted by Members. (The deadline for questions is 4.30 pm the Wednesday before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

8. Leader's Statement

Members may ask questions on the Leader's Statement. (To follow).

9. Audit Committee Annual Report

1 - 10

To consider the Audit Committee Annual report.

Issued on Monday, 20 July 2015

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of Council, please visit www.swale.gov.uk

Council Meeting

Meeting Date	29 July 2015
Report Title	Audit Committee Annual Report 2014/15
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Mark Radford – Director of Corporate Services
Head of Service	Rich Clarke – Head of Audit Partnership
Lead Officer	Russell Heppleston – Audit Manager
Key Decision	No
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. That the Audit Committee agree the Audit Committee Annual Report for 2014/15
	<ol style="list-style-type: none"> 2. 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.

1 Purpose of Report and Executive Summary

- 1.1 The report has been proposed to demonstrate that the Audit Committee has effectively discharged its duties during 2014/15. The report provides assurance to the Council that important internal control, governance and risk management issues are being monitored and addressed by the Committee. The report seeks to provide additional assurance to support the Annual Governance Statement.

2 Background

- 2.1 The Audit Committee is required to monitor audit activity (internal and external), review and comment on the effectiveness of the Council's regulatory framework and review and approve the Council's annual statements of accounts and scrutinise associated strategy and policy. This reports sets out how this has been achieved during 2014/15.
- 2.2 This will be the fourth year that the Audit Committee has reported its annual activity to full Council.

3 Proposal

- 3.1 To agree the Audit Committee Annual Report as attached in Appendix I
- 3.2 That the Chairman of the Audit Committee provides the report to a meeting of full Council setting out how the committee has discharged its duties.

4 Alternative Options

- 4.1 The production and presentation of an annual report is required by this Committee's terms of reference. Therefore no other alternative could be recommended.

5 Consultation Undertaken or Proposed

- 5.1 We provided this report to the Chair of the Audit Committee for consultation prior to submission for this meeting.

6 Implications

Issue	Implications
Corporate Plan	None identified at this stage
Financial, Resource and Property	The role of the Audit Committee includes the review of the financial reports for the Council, including the approval of the Annual Statement of Accounts.
Legal and Statutory	None identified at this stage.
Crime and Disorder	None identified at this stage.
Sustainability	None identified at this stage.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	The role of the Audit Committee requires it to consider the effectiveness of the Councils risk management arrangements. There are no Health and Safety implications identified at this stage.
Equality and Diversity	None identified at this stage.

7 Appendices

- 7.1 Appendix I: Audit Committee Annual Report 2014/15

8 Background Papers

- 8.1 None.

APPENDIX I

Audit Committee Annual Report 2014/15



1. The Role of the Audit Committee:

Swale Borough Council understands and supports the value of having an independent Audit Committee as an essential component of the Council's governance framework.

The Swale Audit Committee comprises nine members whose key purpose is to monitor internal and external audit activity, review and comment on the effectiveness of the Council's regulatory framework and review and approve the Council's annual statements of accounts and scrutinise associated strategy and policy.

The Committee is independent from the Council's Executive and Scrutiny functions and has clear reporting lines and rights of access in order to discharge its responsibilities in line with its terms of reference. This includes direct access to the Council's Appointed Auditor and Head of Audit Partnership where appropriate.

The Committee holds, develops and maintains skills, interests and knowledge in finance and risk management, accounting concepts, standards and regulation. It must provide independent and unbiased scrutiny to promote apolitical discussion, as well as maintain ability to challenge the Executive and senior officers of the Council when required.

The Committee is not a substitute for the Executive function in the management of internal or external audit, risk management, governance, or any other review or assurance function. It is the Committee's role to examine these functions, and to offer views and recommendations on the way the management of these functions is conducted.

2. Terms of Reference

The Committee's detailed terms of reference are set out in the Council's Constitution and are based on the Chartered Institute of Public Finance and Accounting (CIPFA) model.

In summary, the Committee is responsible for providing independent assurance to the Council in relation to the areas of governance. Key terms are to:

- 1) Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- 2) Seek assurances that action is being taken on risk-related issues identified by auditors.
- 3) Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- 4) Approve (but not direct) internal Audit's strategy and Annual Audit Plan and monitor performance against them.
- 5) Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- 6) Receive the annual report of the Head of Internal Audit
- 7) Consider the reports of external audit and inspection agencies.
- 8) Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- 9) Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- 10) Approve the Annual Statement of Accounts.
- 11) Present an annual report to the Executive on exceptions and highlights throughout the year.

3. Membership 2014/15

The Audit Committee comprised nine members in 2014/15:



Cllr Pat Sandle
Chairman



Cllr Andy Booth
Vice Chairman



Cllr John Coulter



Cllr Adrian
Crowther



Cllr Ed Gent



Cllr Nick
Hampshire



Cllr Angela
Harrison



Cllr Peter
Marchington



Cllr Nick Williams

4. Committee Attendance 2014/15

The Committee met on four occasions in 2014/15. Audit Committee meetings are held in public, and members of the Council and the public are welcome to attend. All of the Audit Committee agenda papers and minutes are available on the Council's [website](#).

The Audit Committee has been well supported throughout the year by both Members and Officers. Regular attendees to the Audit Committee meetings include the Director of Corporate Services/ Monitoring Officer, the Head of Finance (with S151 responsibility), the Head of Audit Partnership and the Audit Manager and senior representatives from the external auditor. The Committee also has the right to call any other officers or agencies of the Council as required.

Attendance records for 2014/15 are set out in the table below:

Cllr/Officer	11 June 2014	17 Sept 2014	10 Dec 2014	25 Mar 2015
Audit Committee Members				
Councillor Pat Sandle (Chairman)	✓	✓	✓	✓
Councillor Andy Booth (Vice-Chairman)	✓		✓	✓
Councillor John Coulter	✓	✓	✓	✓
Councillor Adrian Crowther	✓			
Councillor Ed Gent				
Councillor Nicholas Hampshire		✓	✓	✓
Councillor Angela Harrison	✓	✓	✓	✓
Councillor Peter Marchington	✓	✓		
Councillor Nick Williams			✓	
Substitute Members				
Councillor Derek Conway			✓	
Cabinet Member				
Councillor Duncan Dewar-Whalley		✓	✓	
Officers				
Director of Corporate Services	✓			✓
Head of Finance	✓	✓	✓	✓
Chief Accountant		✓		
Head of Audit Partnership	✓	✓	✓	
Audit Manager	✓		✓	✓
Senior Auditor			✓	
Benefit Fraud Team Manager	✓			
Revs & Bens Manager – Financial & Technical				✓
External Audit – Grant Thornton				
Swale BC Audit Manager	✓	✓	✓	✓
Engagement Lead		✓	✓	✓
Democratic Services				
Democratic Services Officers	✓	✓	✓	✓

5. Reports Considered by the Committee

The Committee considered the following reports during 2014/15:

Function / Issue	11 June 2014	17 Sept 2014	10 Dec 2014	25 Mar 2015
Internal audit annual report 2013/14	✓			
Internal Audit 14/15 Reporting Refresh	✓			
Audit committee annual report	✓			
External Audit Fee Letter 14/15	✓			
Benefit Fraud Annual Report 13/14	✓			
Annual Governance Statement	✓			
Annual Treasury Management Report 13/14		✓		
Annual financial report 13/14		✓		
Audit Findings Report 2013/14		✓		
Treasury Management ½ Year Review 14/15			✓	
Annual Audit Letter 13/14			✓	
Audit Committee Update – Grant Thornton			✓	
Internal Audit Interim Report 14/15			✓	
Investigation Summary Report			✓	
Internal Audit Plan 2015/16- 2018/19				✓
Internal Audit Charter				✓
Certification Report 13/14				✓
Audit Plan 14/15 – Grant Thornton				✓
Audit Committee Update – Grant Thornton				✓
Audit Committee Work Programme	✓	✓	✓	✓

6. Assurance

The Audit Committee has considered the following areas of work over the course of the year in fulfilling its duties in line with its terms of reference:

Risk Management

In June 2014 the Committee considered the adoption of the risk based audit planning process and a revised internal audit process and assurance levels.

In June 2014 the Committee considered the Benefit Fraud Annual report 2013/14, including summary of fraud prevention and detection activity.

In March 2015 the Committee considered the operational audit plan for 15/16 - 18/19. The report set out the risk based audit planning process in compliance with the Public Sector Internal Audit Standards (PSIAS).

Internal Control

In March 2015 the Committee considered the Internal Audit Charter including substantial revisions as per PSIAS.

In December 2014 the Committee considered the Internal Audit interim report including a summary of audit findings and overall assessment of controls.

In December 2014 the Committee considered the findings from an investigation which included summary of resulting control improvements.

In June 2014 and December 2014 the Committee considered the Treasury Management activity reports and Prudential Indicators.

Audit Activity

In June 2014 the Committee considered the Head of Audit Partnerships Annual Report for 2013/14 which included the opinion on the Council's control environment and performance of the Internal Audit service against delivery of the audit plan.

Throughout the year the Committee has reviewed and considered various Internal Audit reports covering revised processes and updates. The Committee has contributed and commented to how these have been adopted to the service.

Accounts

In June 2014 the Committee approved the Annual Governance Statement for 2012/13 for submission to Council.

In September 2014 the Committee approved the Statement of Accounts within the Annual Financial Report 13/14.

Throughout the year the Committee considered various reports from the External Auditor (Grant Thornton). Notably, the Committee agreed the certification of the grant claim, the Annual Audit Letter and agreed the Audit Plan and fee scales for 14/15.

7. Conclusion

In partnership with its External Auditors, and with the support of Officers, the Audit Committee has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues. It is concluded therefore, that the Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties for 2014/15.

8. Work Programme 2015/16

The Audit Committee will continue to seek best practice to satisfy itself that the Council maintains effective systems of internal control, governance and risk management. In particular the committee will continue to oversee the external audit arrangements with Grant Thornton.

The Members of the Audit Committee continue to enhance their skills, knowledge and experience through training and development to provide robust challenge throughout 2015/16. This will include induction of new members following the elections of May 2015.

The Audit Committee will face challenges in 2015/16 as the Council continues to operate within restricted finances, and adopting new ways of working to deliver services.