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## AUDIT COMMITTEE

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**MINUTES** of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 9 March 2016 from 7.00 - 8.18 pm.

**PRESENT:** Councillors Andy Booth (Vice-Chairman), Mick Galvin, Nicholas Hampshire (Chairman), Harrison, Alan Horton, Nigel Kay, Samuel Koffie-Williams and Peter Marchington.

**OFFICERS PRESENT:** Richard Clarke, Trevor Greenlee, Zoe Kent, Jo Millard, Mark Radford, Frankie Smith and Nick Vickers.

**ALSO IN ATTENDANCE:** Councillor Duncan Dewar-Whalley.

### 575 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

### 576 DECLARATIONS OF INTEREST

No interests were declared.

### 577 MINUTES

The minutes of the Meeting held on 9 December 2015 (Minute Nos. 388 – 394) were taken as read, approved and signed by the Chairman as a correct record.

## PART B MINUTES FOR INFORMATION

### 578 INTERNAL AUDIT PLAN 2016/17

The Head of Audit Partnership introduced the report which sought Members' approval of the Internal Audit Plan 2016/17. He referred to the table on pages 8 and 9 which highlighted the projected demands on the service, whether there was a need for more resources, and concluded that sufficient resources were available.

A Member referred to point 10 on page 7 and stressed that Managers from all services should monitor resource risk, not just officers in the Audit Partnership.

Another Member thanked the Head of Audit Partnership for the cost per Audit day briefing note recently circulated and welcomed the increase of productive days of just fewer than 7%. In response to further questions from the same Member, the Head of Audit Partnership agreed to provide more detail on how much more or less resource may be required in the future and confirmed that he did not expect extra resources to be required in 2017/18 or 2018/19. In response to a question from the same Member regarding safeguarding, the Audit Manager explained that following discussions with the Head of Economic and Community Services, recommendations from the previous plan were still being addressed and it was considered too soon to include safeguarding in the current plan.

In response to a question from a Member regarding contingency plans for flexibility in the service, the Head of Audit Partnership clarified that the contingency level had been increased from 3% to 5% and further measures could be put in place if required.

In response to a question from a Member regarding the time proposed to consider Section 106 Agreements and developer contributions, the Audit Manager advised that reviews had been carried out previously, there were programmes to work from and the timeframe was deliverable. She further advised that discussions would take place with the Head of Planning Services nearer the time of the Plan.

The Chairman suggested an Annex be added in next year's Plan comparing projected and actual days taken to carry out the reviews. The Head of Audit Partnership advised that this may be included in the Annual Report.

**Resolved:**

- (1) That the Internal Audit Plan for 2016/17 be approved.**
- (2) That the longer term Plan to 2018/19 be noted.**
- (3) That the Head of Audit Partnership's view that the service is sufficiently resourced to deliver a Head of Audit Opinion for 2016/17 be noted.**

**579 INTERNAL AUDIT CHARTER UPDATE 2016/17**

The Head of Audit Partnership introduced the report which sought Members' approval of the revised Swale Internal Audit Charter for 2016/17. He advised that since the 2015/16 Audit Charter had been agreed, guidance had changed and the Charter had been updated to reflect this.

The Cabinet Member for Finance drew attention to the wording at the 3<sup>rd</sup> bullet point at number 26 on page 38 and suggested changes:

*Overall responsibility for approving the risk management approach remains with Cabinet, **after due consultation and the taking of professional advice from the Senior Management Team.** The Audit Committee retains its constitutional role of conducting its own assessments on the effectiveness of the Council's risk management approach which may, if required, also include independent review.*

A Member of the Committee proposed that the wording be used in place of the existing wording in the document. This was seconded and agreed by all Members of the Committee.

A Member sought clarification on some wording in the document and requested that the definition of 'board' and 'senior management' be added to the document. The same Member asked why training in risk management was not included with fraud at point 30 on page 39 and the Head of Audit Partnership referred the Member to point 25 on page 38 which he considered included training in risk management.

A discussion ensued in which a Member suggested approaching the Member Development Working Group to include risk awareness training in the next cycle of training. The Director of Corporate Services advised that the organisation was

changing the way that risk was approached and training later in the year would be more appropriate and this would be followed up with the Member Development Working Group.

In response to a question from the Cabinet Member for Finance on whether the Audit Committee was advised at the end of any fraud investigation, the Head of Audit Partnership advised that this was on a case-by-case basis. The Chairman stated that he was satisfied that the Audit Committee was informed when necessary but it was not always appropriate to alert the Committee.

**Resolved:**

- (1) ***That the Internal Audit Charter 2016/17 be approved subject to changes at bullet point 3 at no. 26 on page 38 to read:***

***Overall responsibility for approving the risk management approach remains with Cabinet, after due consultation and the taking of professional advice from the Senior Management Team. The Audit Committee retains its constitutional role of conducting its own assessments on the effectiveness of the Council's risk management approach which may, if required, also include independent review.***

- (2) ***That the Head of Audit Partnership's view that the Partnership is operating with sufficient independence and freedom from managerial interference to fulfil its responsibilities in line with Public Sector Internal Audit Standards be noted.***

**580 RISK MANAGEMENT UPDATE**

The Head of Audit Partnership introduced the report which sought to provide Members with a progress update on the implementation of updated risk management arrangements.

A Member referred to the timeline on page 56 of the report and considered that there should not be a corporate definition of risk as it would be different in each service of the Council. In response, the Director of Corporate Services advised that the Senior Management Team would consider and identify each department's risk.

Another Member referred to the high-level risk workshop that had taken place in December 2015 and was advised that Members had not attended.

The Director of Corporate Services advised that an updated Risk Assessment report would be reported to the Audit Committee in June 2016 and Members' needs would be discussed.

**Resolved:**

- (1) ***That the updates and progress of the risk management process for the Council be noted.***

**581 CERTIFICATION OF CLAIMS AND RETURNS - REPORT ADDED 1 MARCH 2016**

Mr Trevor Greenlee (Manager, Grant Thornton), introduced the Certification Report 2014/15 which summarised the outcomes following the requirements to certify certain claims and returns by Swale Borough Council (SBC). He considered the outcomes for SBC in 2014/15 were mixed, but generally good, there had been no impact on the amount of subsidy from the Government as the number of errors were below the Government's threshold and he noted that there was no pattern in the errors made. He further encouraged Officers to consider training and supervision to reduce errors but advised that calculations were often complex so there would always be errors.

The Assistant Revenues and Benefits Manager referred to the previous report for 2013/14, produced in November 2014, that had highlighted errors and advised that staff had subsequently had training and an improvement was anticipated for the 2015/16 report. She further advised that staff now had two screens to work from which assisted when inputting figures but with 3,000 new claims and 37,000 claim changes and a reduction in staff from 18 full time equivalents (FTE) to 15 FTE, the Department for Work and Pensions (DWP) were aware that, as at all authorities, mistakes would occur. The Assistant Revenues and Benefits Manager further confirmed that SBC would still receive 100% subsidiary from the Government.

The Chairman was satisfied that there was no system error, considered the issues were not significant and praised staff. Other Members highlighted the heavy workload, suggested Members could shadow staff and were content that the training needs had been addressed.

***Resolved:***

***(1) That the Certification Report 2014/15 be noted.***

**582 PROGRESS REPORT**

Mr Greenlee introduced the report which set out the progress in delivering the external auditors' responsibilities as SBC's external auditor.

A Member thanked Mr Greenlee for a useful report.

***Resolved:***

***(1) That the Audit Committee Update be noted.***

**583 AUDIT COMMITTEE WORK PROGRAMME**

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