

---

## AUDIT COMMITTEE

---

**MINUTES** of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 30 November 2016 from 7.20pm - 8.45pm.

**PRESENT:** Councillors Roger Clark, Adrian Crowther, Mick Galvin, Nicholas Hampshire (Chairman), Harrison, Nigel Kay (Vice-Chairman) and Samuel Koffie-Williams.

**OFFICERS PRESENT:** Rich Clarke, Philippa Davies, James Freeman, Mark Radford, Frankie Smith and Nick Vickers.

Trevor Greenlee (Grant Thornton).

**ALSO IN ATTENDANCE:** Councillors Duncan Dewar-Whalley (Cabinet Member for Finance and Performance), Alan Horton (Cabinet Member for Safer Families and Communities), Gerry Lewin (Cabinet Member for Planning) and Bryan Mulhern (Deputy Cabinet Member for Planning and Planning Committee Chairman).

**APOLOGY:** Councillor Andy Booth.

### 1036 EMERGENCY EVACUATION PROCEDURE

The Chairman outlined the emergency evacuation procedure.

### 1037 DECLARATIONS OF INTEREST

No interests were declared.

### 1038 MINUTES

The Minutes of the Meeting held on 14 September 2016 (Minute Nos. 872 – 878) were taken as read, approved and signed by the Chairman as a correct record.

In respect of Minute No. 877, External Auditor Appointment, the Director of Corporate Services advised that he had yet to exercise the delegation, and the preferred option on the procurement of the external auditor would be considered by Council in January 2017.

### 1039 CHANGE IN ORDER OF BUSINESS

The Committee considered the Internal Audit Interim Report first.

#### Part B Minute for Information

### 1040 INTERNAL AUDIT INTERIM REPORT

The Committee considered the report which provided an update on work conducted by Mid-Kent Audit in pursuance of the Audit Plan agreed by the Audit Committee in

March 2016. The report also provided commentary on the broader objectives of the service in helping to ensure good governance at the Council.

The Chairman welcomed the Cabinet Member for Planning, the Planning Committee Chairman and the Head of Planning Services, who were attending for the Planning Enforcement section of the report.

The Head of Audit Partnership took Members through the report which provided a summary of the work and review findings to-date.

The Cabinet Member for Planning acknowledged that the report identified several weaknesses within Planning Enforcement. He explained that although the advice given by officers on enforcement cases was correct, there was a weakness in the closure of on-going cases. He outlined the staffing issues, and stated that he supported the Head of Planning Services and advised that there would be a stronger focus of management of the Enforcement Team.

The Head of Planning Services explained that the Team was able to demonstrate that compliance had been met, progress had been made with the action plan, and the Team was 'on course'. He advised that two thousand cases had now been taken off the system. Instructions on how to log new cases were now in place, and there were improvements in how the Team liaised with Members and Parish Councils.

In response to a question, the Cabinet Member for Planning suggested that an update to progress on the issues raised within the report could be given in three to six months time.

The Chairman spoke positively that the Cabinet Member for Planning, the Planning Committee Chairman and the Head of Planning Services had attended the meeting at this stage and was pleased to hear the encouraging steps that had been taken so far.

The Head of Audit Partnership explained that he would follow-up the recommendations in the report, and update the Audit Committee in March 2017.

In response to a question, the Head of Planning Services explained that the Business Support Officer did monthly monitoring checks on progress made with enforcement cases. In response to a further question, he advised that the current staffing levels in the Enforcement Team was 2.7 Full Time Equivalent, with additional support from Planning Officers and the Legal Team. He explained that this level of staffing would be looked at over the next few months. As part of the review of the Team, there could be an opportunity to bid for further funds to support staff increases.

The Chairman thanked the Cabinet Member for Planning, the Planning Committee Chairman and the Head of Planning Services for attending the meeting. The Cabinet Member for Planning commended the work that the Internal Audit Team had carried out.

In response to a question under CCTV, the Audit Manager outlined staff movements that had recently taken place within the Council, and advised that it was recommended that written procedures were in place to ensure continuity of the service. The Cabinet Member for Safer Families and Communities advised that changes within the CCTV partnership was also ongoing.

In response to a question on the 'postponed' items on page 47 of the report, the Head of Audit Partnership advised that he liaised with the Heads of Service, and the scheduling of these matters were arranged to fit in with any ongoing projects within the relevant Service. He stated that if the Audit Committee were concerned with any of the deferrals listed, that they should let him know.

In response to a question, the Head of Finance advised that he would look into when the Council's insurance arrangements were last reviewed.

The Head of Audit Partnership, in response to a question, advised that HR was considered within audit planning, for example on Learning and Development in the prior year plan, and payroll on the current year. He stated that the findings included comprised a summary report, and he could supply more detail if required.

The Audit Manager, with reference to Ground Maintenance on page 49 of the report, confirmed that the new software was now in place.

With reference to Data Protection, on page 51 of the report, the Director of Corporate Services responded to a question. He explained the context to the 15 breaches noted in the report, and advised that there had been significant investment in training, and raising awareness of data protection, at the Council. He explained that the majority of cases were small, human error issues, with no exceedance of the threshold requiring reporting to the Information Commissioner's Office. The issues had resulted in more awareness, and improved robustness. He stated that he was happy with the audit findings. The Head of Audit Partnership confirmed that 15 breaches was on par with what was expected in this size of organisation.

In response to a question on the National Fraud Initiative, the Head of Audit Partnership advised that no resources were received from the Cabinet Office; there was a charge of around £5,000 for participation, and then the Council followed up any matches, with a potential benefit for the Council, e.g. single-person benefit.

The Chairman thanked the Head of Audit Partnership and his Team for the concise and easily digestible report.

***Resolved: That the report be noted.***

## **Part A Minute for Confirmation by Council**

### **1041 TREASURY MANAGEMENT HALF YEAR REVIEW**

The Head of Finance introduced the report which reviewed the mid-year outturn position on treasury management transactions for 2016/17, including compliance with treasury limits and Prudential Performance Indicators. He stated that as

interest rates were being reduced, the Council was using its reserves strategically. There was very little yield in the markets, and some diversification was required, with protection and good management of core funds. The Head of Finance acknowledged the significance of the Council taking out a loan; he referred to the issue considered at the Extraordinary Scrutiny Committee on 29 November 2016; and emphasised the need for good project management.

In response to questions, the Head of Finance advised that the list on pages two and three of the report was a recommended list of investment companies, and the companies on page five were the companies that were actually used. A Member considered that investment needed to have a strategic impact, and that it needed to be considered as to whether it gave a good return, rather than being the 'best', as this could not be sustained throughout a project. The Head of Finance confirmed that the Council did not invest in corporate bonds.

***Recommended: That the performance information in the report be noted.***

## **Part B Minutes for Information**

### **1042 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 2016.

In response to a question, Mr Greenlee explained that he would expect the Medium Term Financial Plan to be regularly updated to take into account investments and the annual budget process, and for it to have a good framework to back up the figures.

In response to a question, the Head of Finance advised that from 2020, when Government funding stopped, £1.95million was needed by the Council to operate its business.

***Resolved: That the Annual Audit Letter for Swale Borough Council be noted.***

### **1043 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, and included a summary of emerging national issues and developments that may be relevant to the Council.

The Chairman welcomed the 'bite-sized' elements of the report.

***Resolved: That the Audit Committee Update be noted.***

**1044 AUDIT COMMITTEE WORK PROGRAMME**

The Head of Audit Partnership stated that the title for the Internal Audit Plan for the 8 March 2017 meeting, should be 2017/18, not 2016/17.

***Resolved: That the Audit Committee draft work programme 2016/17 be noted.***

Chairman

Copies of this document are available on the Council website <http://www.swale.gov.uk/dso/>. If you would like hard copies or alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request please contact Swale Borough Council at Swale House, East Street, Sittingbourne, Kent, ME10 3HT or telephone the Customer Service Centre 01795 417850.

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