

AGENDA

COUNCIL MEETING

Date: Wednesday, 28 June 2017

Time: 7.00pm

Venue: Council Chamber, 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. Emergency Evacuation Procedure

The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.

The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park. Nobody must leave the assembly point until everybody can be accounted for and nobody must return to the building until the Chairman has informed them that it is safe to do so; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Prayers

3. Apologies for Absence

4. Minutes

To approve the Minutes of the Meetings held on 16 May 2017 (Minute Nos. 1 - 9) and 17 May 2017 (Minute Nos. 10 - 18) as a correct record.

5. 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 Chairman 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.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

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 Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

6. Mayor's Announcements

7. 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).

8. 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).

9. Deputy Leader's Statement

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

10. Audit Committee Annual Report 2016/17

1 - 14

11. Recommendations for Approval

Council is asked to note the recommendations from the following meetings:

Cabinet – 14 June 2017 (Minute Nos. 26 - 32)

Audit Committee – 21 June 2017 (Minute Nos. to follow)

Issued on Monday, 19 June 2017

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

Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT

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Council		Agenda Item: 10
Meeting Date	28 June 2017	
Report Title	Audit Committee Annual Report 2016/17	
Cabinet Member	ClIr Duncan Dewar-Whalley, Cabinet Member for Finance	
SMT Lead	Nick Vickers – Chief Financial Officer	
Head of Service	Rich Clarke – Head of Audit Partnership	
Lead Officer	Frankie Smith – Audit Manager	
Key Decision	No	
Classification	Open	
Recommendations	1. The Council notes the work of the Audit Committee during municipal year 2016/17 and that it has effectively discharged its duties.	

1 Purpose of Report and Executive Summary

- 1.1 The report outlines how the Audit Committee has effectively discharged its duties during 2016/17. 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 2016/17.
- 2.2 This will be the sixth year that the Audit Committee has reported its annual activity to full Council.

3 Proposals

- 3.1 The Council notes that the Audit Committee has discharged its duties effectively during the municipal year 2016/17.

4 Alternative Options

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

5 Consultation Undertaken or Proposed

- 5.1 This report is scheduled to go to Audit Committee for approval on 21 June 2017. The Chairman of the Committee will advise the Council of any changes made to the report following discussions at Audit Committee. If those changes are substantial, an updated version of the Audit Committee Annual Report will be circulated to Council Members before its 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.
Environmental 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 Council's risk management arrangements.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report:
- Appendix I: Audit Committee Annual Report 2016/17

8 Background Papers

8.1 None.

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Audit Committee

Annual Report

2016/17



Introduction by Chairman of Audit Committee

This report provides an overview of the Audit Committee's activity during the municipal year 2016/17.

I am pleased to report that the Audit Committee continues to make progress in terms of discharging its responsibilities to provide independent assurance on the adequacy of the Council's risk management framework and the associated control environment, and in providing robust scrutiny and challenge of the Authority's financial performance.

During 2016/17 the Committee met four times and was pleased to note, among the highlights, a further unqualified accounts and value for money opinion from our external auditors and a positive conclusion on the Council's control and governance from our internal auditors.

Once again during 2016/17 the Committee is grateful for the contributions of its members, as well as to those officers who support its work.



*Councillor Nicholas Hampshire ACA, BA (Hons)
Audit Committee Chairman*

Introduction

Swale Borough Council has always supported and understood the value and benefits of having an independent Audit Committee.

The Audit Committee is an essential check on the corporate governance framework; providing an independent and high-level overview of the internal control, governance and risk management for the Council.

The Committee monitors internal and external audit activity, reviews and comments on the effectiveness of the Council's regulatory framework and reviews and approves the Council's annual statements of accounts.

The Committee is independent from the Council's Executive and Scrutiny functions and has clear reporting lines and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix 1). This includes direct access to the Council's Appointed Auditor and Head of Audit Partnership without the presence of other officers where appropriate.

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.

Effective audit committees can bring many benefits to local authorities and these benefits are described in CIPFA's Audit Committees - Practical Guidance for Local Authorities as:

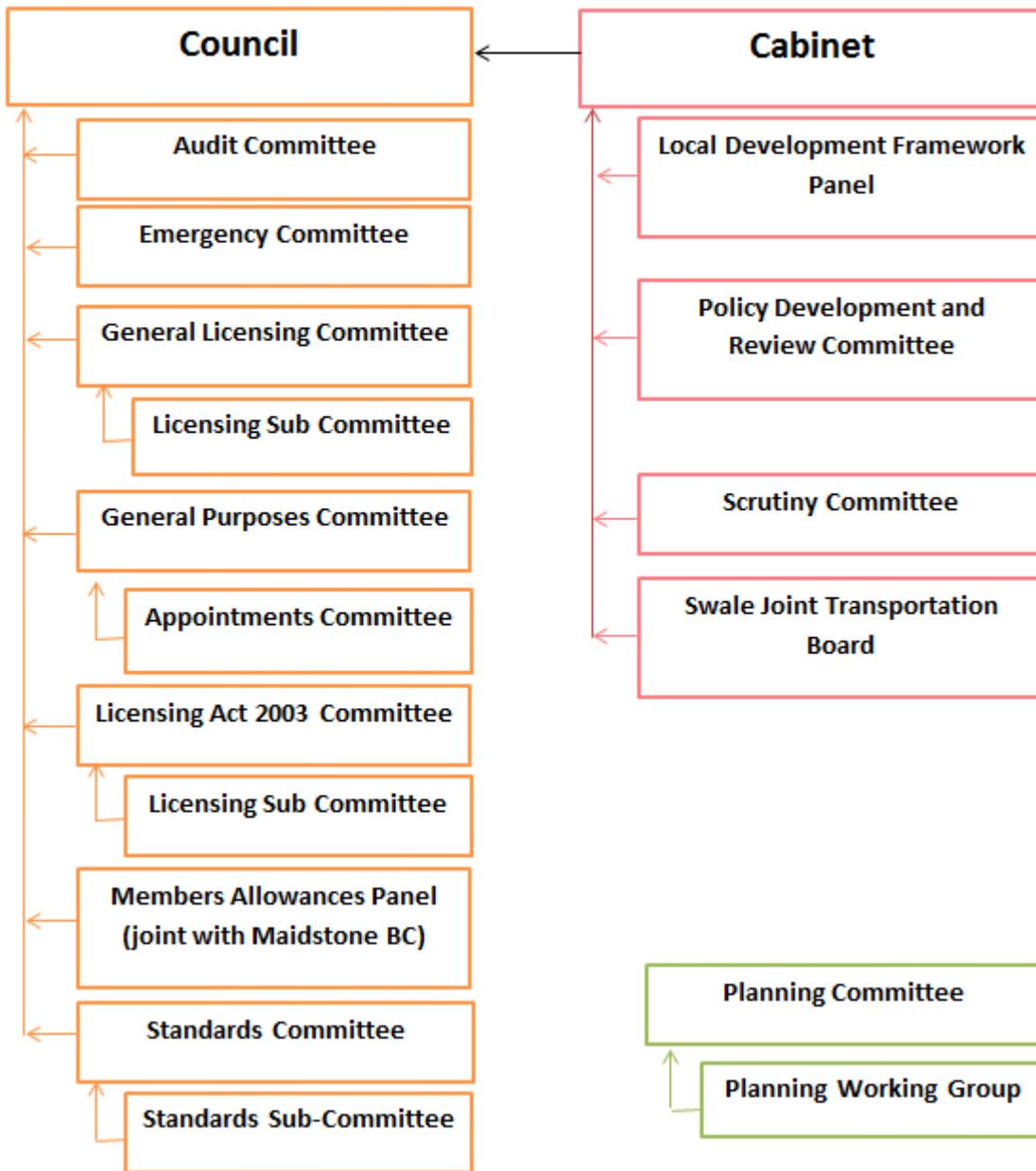
- Increased public confidence in the objectivity and fairness of Council financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through the process of independent review and challenge.
- Increasing emphasis and awareness of internal control, governance and risk management.

Statement of Purpose

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

*Swale Borough Council
Constitution*

Swale Borough Council Committee Structure 2017



Membership & Attendance

The following table summarises attendance at all of the Audit Committees held in 2016/17:

Name	Role	8 Jun	14 Sep	30 Nov	8 Mar
Committee Members					
Clr Nicholas Hampshire	Chairman	✓	✓	✓	✓
Clr Nigel Kay	Vice-Chairman	✓	✓	✓	✓
Clr Andy Booth	Committee Member	✓	✓	Apologies	Substituted
Clr Adrian Crowther	Committee Member	✓	x	✓	x
Clr Angela Harrison	Committee Member	✓	✓	✓	✓
Clr Mick Galvin	Committee Member	✓	✓	✓	x
Clr Peter Marchington	Committee Member	✓	x	x	✓
Clr Roger Clark	Committee Member	✓	✓	✓	Apologies
Clr Samuel Koffie-Williams	Committee Member	✓	✓	✓	✓
Clr Mike Dendor	Substitute Committee Member				✓
Visiting Members					
Clr Duncan Dewar-Whalley	Cabinet Member for Finance & Performance	✓	✓	✓	Apologies
Clr Alan Horton	Cabinet Member for Safer Families & Communities	✓	✓	✓	Apologies
Clr Gerry Lewin	Deputy Leader & Cabinet Member for Planning			✓	
Clr Bryan Mulhern	Deputy Cabinet Member for Planning			✓	
Swale BC Officers					
Mark Radford	Director of Corporate Services (until Feb-17) Chief Executive	✓	✓	✓	
Nick Vickers	Chief Financial Officer	✓	✓	✓	✓
James Freeman	Head of Planning Services			✓	
Phil Wilson	Chief Accountant		✓		
Philippa Davies	Democratic Services	✓		✓	
Katherine Bescoby	Democratic Services		✓		
Kellie McKenzie	Democratic Services				✓
Mid Kent Audit Officers (Internal Audit)					
Rich Clarke	Head of Audit Partnership	✓	✓	✓	
Russell Heppleston	Deputy Head of Audit Partnership				✓
Frankie Smith	Audit Manager	✓		✓	✓
Grant Thornton (External Audit)					
Iain Murray	Engagement Lead		✓		
Trevor Greenlee	Audit Manager	✓	✓	✓	✓

All of the Audit Committee agenda papers and minutes are available on the Council's [website](#).

Business

During the year the Committee has commented, examined and reviewed the following:

Audit Activity
<ul style="list-style-type: none">• Internal Audit Annual Report
<ul style="list-style-type: none">• Internal Audit Interim Report
<ul style="list-style-type: none">• 2017/18 Internal Audit Plan
<ul style="list-style-type: none">• Risk Management Update
External Audit (Grant Thornton)
<ul style="list-style-type: none">• Fee Letter
<ul style="list-style-type: none">• Audit Plan
<ul style="list-style-type: none">• Annual Audit Letter
<ul style="list-style-type: none">• External Audit – Audit Committee Update
<ul style="list-style-type: none">• Certification of Claims & Returns
<ul style="list-style-type: none">• Progress Report
Finance
<ul style="list-style-type: none">• Annual Governance Statement
<ul style="list-style-type: none">• Annual Treasury Management Report
<ul style="list-style-type: none">• Annual Financial Report 2015/16 and Audit Findings Report
<ul style="list-style-type: none">• Treasury Management Half Yearly Review
Other
<ul style="list-style-type: none">• Work Programme
<ul style="list-style-type: none">• Future Appointment of External Auditors
<ul style="list-style-type: none">• External Auditor Appointment

Conclusion

The Audit Committee, in partnership with the Council's Internal and External Auditors, and with the support of Officers has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

The Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2016/17.

Sources of Assurance

In drawing the conclusion, the Audit Committee gained assurance from the following sources:

The work of Internal Audit

The Head of Audit Partnership issued an unqualified Head of Audit Opinion in 2015/16 which concluded that the Council was operating an effective sound system of internal control, governance and risk management. Throughout the year the Committee has been kept up to date with delivery of the Internal Audit plan, implementation of audit recommendations, and has been kept aware of any emerging risks.

The Internal Audit plan for 17/18 included a breakdown of internal audit assurance for the coming year, and the Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.

There have been no significant issues raised for the Committee's attention during the year by the Internal Audit team. The Committee has continued to show its support to the Internal Audit team throughout the year, and has recognised the role, responsibility and authority of the service within the Audit Charter which was updated and agreed by the Committee in March 2016.

The work of External Audit (Grant Thornton)

The external auditors report back to the Audit Committee providing regular updates on their programme of work. During the year, the External Auditors presented an unqualified value for money conclusion and an unqualified opinion on the financial statements. Particularly, the External Auditors recognised high quality of the Council financial statements and supporting working papers. The Audit Committee has provided effective challenge to the External Auditors as appropriate and gained assurance from the reports and updates provided during the year.

Finance & Governance Reports

The Council's accounts are reported to the Audit Committee for approval, along with the Annual Governance Statement. The Committee has provided challenge and questioning to the Section 151 Officer on the finance and governance matters.

The Committee specifically gains assurance from the Annual Governance Statement which is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

The statement is produced following a review of the council's governance arrangements and includes actions address any significant governance issues identified. The Committee reviewed and approved the 2015/16 Annual Governance Statement.

Member Development

During 2016/17 Audit Committee Members attended a number of development briefings which covered the following areas:

- The role of the Audit Committee
- Risk management
- Counter fraud and corruption

Proposed Development Programme 2017/18

Continued professional development is key to the effective operation of the Audit Committee. Briefings enable Members of the Committee to be kept up to date on the latest developments in the areas of governance, risk and internal control.

The table below sets out a development programme which could be provided to Members of the Audit Committee in 2017/18. The topics suggested below mirror the responsibilities of the Committee and complement the role the Committee has to oversee the effective governance of the Council:

Briefing theme & potential specific topics
Internal Audit Standards <ul style="list-style-type: none">○ How standards are set and monitored○ Specific work on IA conformance
Risk Management <ul style="list-style-type: none">○ Risk appetite○ Specific strategic and operational risks○ Risk management strategy○ Local government risk outlook
Treasury Management <ul style="list-style-type: none">○ Investment and borrowing options for local authorities○ Prudential Code○ Financial outlook for local authorities
Reviewing the Annual Governance Statement <ul style="list-style-type: none">○ The AGS within the Council's governance○ Specific topics within the AGS○ Comparative review of AGS across local government

Audit Committee - Terms of Reference

Purpose

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Audit Activity	Regulatory Framework	Accounts
<p>To consider the Head of Audit Partnership's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it can give over the council's governance arrangements, and any report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.</p>	<p>To review any issue referred to it by the Chief Executive or a Director or any Council body.</p> <p>To monitor the effective development and operation of risk management and corporate governance in the Council.</p>	<p>To review and approve the annual statement of accounts. Specifically, to consider whether there are concerns arising from the financial statement or from the audit that need to be brought to the attention of the Cabinet or the Council.</p>
<p>To consider reports dealing with the management and performance of Internal Audit Services, including consideration and endorsement of the 3 year Strategic Internal Audit Plan.</p>	<p>To monitor council policies on 'Whistleblowing' and the 'Antifraud and Corruption Strategy'.</p>	<p>To consider the external auditor's report to those charged with governance on issues from the audit of the accounts.</p>
<p>To consider the external auditor's annual letter, the report to those charged with governance, and any specific reports as agreed with the external auditor.</p>	<p>To consider and comment on the authority's Annual Governance Statement and agree its adoption as part of the approval of the annual accounts.</p>	<p>To be responsible for ensuring effective scrutiny of the treasury management strategy and policies (Note: Council is responsible for adopting the Treasury Management strategy and policy).</p>
<p>To liaise with the Audit Commission over the appointment of the Council's external auditor, comment on the scope and depth of external audit work and ensure that it gives value for money.</p>	<p>To consider the council's arrangements for governance and whether adequate safeguards are in place to secure compliance with its own and other published standards and controls and best practice.</p>	

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