
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 28 November 2018 from 7.00pm - 8.31pm.

PRESENT: Councillors Roger Clark, Nicholas Hampshire, Harrison and Nigel Kay (Chairman).

OFFICERS PRESENT: Alison Blake, Rich Clarke, Philippa Davies, Jo Herrington, Zoe Kent and Nick Vickers.

ALSO IN ATTENDANCE: Councillor Duncan Dewar-Whalley (Cabinet Member for Finance and Performance) and Mr Trevor Greenlee (Grant Thornton).

APOLOGIES: Councillors Andy Booth, Mick Galvin, Peter Marchington and Ken Pugh.

Concern was raised with the amount of apologies, and no substitutes, and it was agreed that a message be circulated to Members to remind them to find a substitute so that meetings were represented by the full number of Councillors on them.

359 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

360 DECLARATIONS OF INTEREST

No interests were declared.

361 MINUTES

The Minutes of the Meeting held on 19 September 2018 (Minute Nos. 213 – 220) were taken as read, approved and signed by the Chairman as a correct record.

362 MEMBER TRAINING AND DEVELOPMENT - RISK MANAGEMENT

The Audit Manager (Alison Blake) gave a presentation on 'Risk Management' and provided an overview of the following:

- Introduction to Risk Management;
- Swale's Risk Management Process;
- Roles and Responsibilities;
- Future Developments.

The Audit Manager explained that through the Risk Management Framework, risks were effectively managed, through a process of looking at the objectives, risk identification, risk evaluation, risk response and monitoring and reporting. She outlined the best responses to risks and the importance of maintaining continued awareness. It was the Audit Committee's responsibility to gain assurance on the

effectiveness of the risk management processes. Future developments included a review of the risk management process, the development of a training programme for Members and officers, and an annual risk management workshop.

In response to a question about whether reporting to Informal Cabinet six-monthly was frequent enough, the Audit Manager advised that the Risk Management Framework was being reviewed and this could be looked at. She added that the reporting timeline worked well at the moment, and that on a corporate level, risks did not change that much. The Chief Financial Officer agreed that there was very little that changed to warrant reporting more frequently than every six months.

There was some discussion on the role of Members in the risk management process, and that their role was to overview risk, not manage it. Some Members considered the presentation would be beneficial to newly-elected Members and suggested it be repeated in the first quarter of the new municipal year.

The Chairman thanked the Audit Manager for her comprehensive presentation.

Part A Minute for Recommendation to Council

363 SIX MONTH TREASURY MANAGEMENT REVIEW

The Chief Financial Officer introduced the report which reviewed the mid-year outturn position on treasury management transactions for 2018/19. The report would go to Council on 9 January 2019. He explained that by the next Audit Committee meeting in March 2019, the Council would have borrowed funds for the Sittingbourne Town Centre Regeneration Scheme.

In response to a question, the Chief Financial Officer agreed to clarify the value of the Property Fund.

In response to a further question, the Chief Financial Officer explained that the effects of Brexit on the loans would be minimal, as the borrowing would take place well in advance of the final terms of Brexit.

A Member congratulated the Financial Team for a very well written and comprehensive report.

Recommended:

- (1) That the performance information in the report be noted.***
- (2) That the prudential and treasury management indicators within the report be noted.***

364 INTERNAL AUDIT CHARTER

The Head of Audit Partnership introduced the report which set out the revised Internal Audit Charter. He drew attention to paragraph 2.2 on page 15 of the report which outlined the updates, which were not substantial.

In response to a question on the ability for an ad hoc report for particular issues that might come up, the Head of Audit Partnership explained that this would come under 'Independence and Objectivity', and he was happy to make that section of the document more explicit.

The Chairman requested that the final word in paragraph 38 be changed from 'fitting' to 'appropriate'.

Resolved:

(1) That the Internal Audit Charter be approved.

Part B Minutes for Information

365 WORK PLAN (INCLUDING TERMS OF REFERENCE AND PROFESSIONAL UPDATES)

The Chief Financial Officer introduced the report which set out draft Terms of Reference for the Audit Committee, for the Committee to consider prior to the report being submitted to the General Purposes Committee (GPC) and Council. He drew attention to the tabled paper which replaced the amendments outlined in paragraph 2.2 of the report.

There was some discussion as to whether the Audit Committee was independent from the Cabinet, as Deputy Cabinet Members sat on the Committee, and there were concerns that there could be split loyalties. Mr Trevor Greenlee explained that there was no standard approach across the authorities with regard to this potential issue. Members needed to be aware of taking particular care when there were contentious/political considerations. He did not think there was an issue at Swale which would undermine being able to act independently.

Councillor Harrison proposed that it be recommended to the GPC that a Cabinet Member, or a Deputy Cabinet Member was not to sit on the Audit Committee. This was seconded by Councillor Nicholas Hampshire and on being put to the vote, the proposal was won.

Councillor Nicholas Hampshire proposed that it be recommended to the GPC that independent people be invited to sit on the Audit Committee. This was seconded by Councillor Roger Clark and on being put to the vote, the proposal was won.

There was some discussion on the inclusion of fraud within the Terms of Reference and it was suggested that it be made more prominent. The following wording was agreed: 'To monitor Council policies on 'Raising Concerns at Work (Whistleblowing) and anti-fraud and corruption'.

Members thanked the Chairman and Chief Financial Officer for the work they had done on this.

Resolved:

(1) That the General Purposes Committee be asked to consider:

(a) the proposed revisions to the Audit Committee's terms of reference, as tabled at the meeting and updated to reflect that the Committee will monitor Council policies on raising concerns at work (whistleblowing) and anti-fraud and corruption.

(b) the proposal that Cabinet Members or Deputy Cabinet Members should not sit on the Audit Committee.

(c) whether independent people should be invited to sit on the Audit Committee.

366 INTERNAL AUDIT INTERIM REPORT

The Audit Manager (Jo Herrington) introduced the report which provided an update so far towards completing the 2018/19 Internal Audit and Assurance Plan. It also provided the update information needed by Audit Standards including an assessment of available audit time, results of audit work and commentary on performance of the audit service.

A Member sought clarification on paragraph 8 on page 43 of the report and the Head of Audit Partnership explained that this was in relation to excessive or inappropriate risks, of which that had been none. In response to a question in relation to paragraph 24 in the report, the Head of Audit Partnership advised that there had been an expectation that Legal had held all contracts in one place. All the contracts had been found; this had been a potential issue, but the Audit Team were satisfied that the Legal Services Partnership were making progress on recommendations to them. The Head of Audit Partnership agreed to report back to the Audit Committee, once the recommendations had been followed-up.

The Head of Audit Partnership explained that PSIAS was the abbreviation for the Public Sector Internal Audit Standards.

Resolved:

(1) That the progress against the 2018/19 Internal Audit and Assurance Plan and findings so far, be noted.

367 EXTERNAL AUDIT UPDATE

Mr Greenlee introduced the External Audit Update which reported on progress in delivering Grant Thornton's responsibilities as the Council's external auditors. He explained that work to certify the Council's 2017/18 housing benefit was in progress, and this should be complete by the end of November 2018.

In response to a question about the timetable of accounts, Mr Greenlee acknowledged the previous short time-tabling and explained that by using the experience gained from the previous year, this would help in future work planning.

Resolved:

(1) That the External Audit Update be noted.

368 MID KENT SERVICES FRAUD AND COMPLIANCE

The Revenue and Benefits Manager introduced the report which provided a summary of the activities and outcomes undertaken by the Mid Kent Fraud and Compliance team during 2017/18.

A Member raised the issue of homeless residents 'sofa-surfing' and the problem of identifying whether a person did live at a particular property or was solely using the address for correspondence purposes. The Revenue and Benefits Manager explained that if the person put up a good case of not living in the dwelling, they would consider their claim. Her team had to balance the probability of the person living there or not. She explained that this was a relatively new issue.

In respect of the Department for Work and Pensions (DWP), £2,000 a year was received from them, which was used very quickly, and it was doubtful if this figure would increase. The Revenue and Benefits Manager considered it a moral duty to work with the DWP, to try and help with prosecutions.

Resolved:

(1) That the results of the Mid Kent Services Fraud and Compliance Team for 2017/18 be noted.

Chairman

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