

---

## AUDIT COMMITTEE

---

**MINUTES** of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 13 March 2019 from 7.00pm - 8.45pm.

**PRESENT:** Councillors Andy Booth, Roger Clark, Nicholas Hampshire, Harrison, Nigel Kay (Chairman) and Peter Marchington (Vice-Chairman).

**OFFICERS PRESENT:** Andy Bell, Rich Clarke, Trevor Greenlee, Kellie MacKenzie and Nick Vickers.

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

**APOLOGY:** Councillor Ken Pugh.

### 548 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

### 549 MINUTES

The Minutes of the Meeting held on 28 November 2018 (Minute Nos. 359 – 368) were taken a read, approved and signed by the Chairman as a correct record.

### 550 DECLARATIONS OF INTEREST

No interests were declared.

### 551 WORK PLAN (INCLUDING PROFESSIONAL UPDATES)

The Chairman welcomed the Business Manager Mid-Kent Legal (Andy Bell) to the meeting.

The Business Manager gave an update on progress of the Audit high risk action recommendations for retaining signed contracts and information supporting external invoices, following concerns raised at the Audit Committee meeting on 28 November 2018. He explained that signed contracts were kept in three secure deed rooms across the three authorities. He reported that a form system had been installed in each of the deeds rooms, and also lists of each individual contract. He further explained that forms for each contract were then scanned once completed, and Legal Services were currently undertaking a reconciliation of the 10,000 registers held. With regard to financial invoicing, these were usually related to planning applications, and reports for each were held in dedicated sub-folders.

The Chairman asked the Head of Audit Partnership to confirm whether he was satisfied with the improvements. The Head of Audit Partnership stated that both recommendations would be tested by Audit to ensure the new arrangements were

properly embedded. He added that the June 2019 report would provide assurance as to whether they had been implemented.

## 552 INTERNAL AUDIT PLAN 2019/20

Rich Clark (Head of Audit Partnership) introduced the report which set-out the Internal Audit Plan for 2019/20. He stated that having considered all the highlighted risks set-out in the Plan, he was satisfied that the Council's resources were adequate. The Head of Audit Partnership stated that they had looked at other Local Authority and private sector Audit Plans, and were satisfied that the Council's expertise was sufficient to deal with those risks. He drew attention to page 20 of the report, which set-out their planned work for 2019/20 and set-out high priority projects.

Members congratulated officers on the document which they considered was clear and concise. Members made the following comments: many long-standing Members would be standing-down at the 2 May 2019 elections, a lot of experience would therefore be lost and this would have an impact on the Council; pleased that economic development, homelessness and strategic planning were high priority projects; planning enforcement had improved but there were still issues, so would like to see a focus on that; emergency planning in relation to Brexit was critical given Swale's location in terms of road access; assured that officers would report any concerns regarding resources; was important to provide audit training for new Members before meetings commence; concerned that officers were having to pick-up issues in the Borough from social media; Policy Development and Review Committee would need to look at social media; needed to be very careful about IT especially in terms of Freedom of Information requests; should look at GDPR; and needed to hold Member training on GDPR after the May election.

In response to query from a Member, the Cabinet Member for Finance and Performance suggested contacting the Council's Communications Section in relation to providing social media training for Members. He also suggested that training be provided in the role and responsibilities of Audit Committee for all Members after the May elections.

In response to a query from a Member, the Head of Audit Partnership explained that they were unsure what extra requirements there would be following Brexit. Audit would monitor routine actions around this, and time would tell if further actions were required. The plan could be revised as circumstances changed.

The Chief Financial Officer clarified that it was an internal audit plan and therefore would not include air quality management. The Head of Audit Partnership advised that air quality featured in their 'audit universe' as a potential area for review. He stated that he was satisfied that the Council was drawing sufficient assurance from other sources such that additional work from internal audit would not assist further.

A Member asked why there was nothing specific on business rate reserve levels, and were they high enough? The Head of Audit Partnership reported that this was something that the Council's external auditors considered. He added that work on the Council's budget would look at how reserves were set. With regard to Human

Resources procedures, the Head of Audit Partnership stated that no concerns had been identified.

The Chairman asked Mr Greenlee (Grant Thornton) for his view on the report. Mr Greenlee stated that the report seemed comprehensive.

**Resolved:**

- (1) That the Internal Audit & Assurance Plan for 2019/20 be approved.**
- (2) That the Head of Audit Partnership's view that the partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion be noted.**
- (3) That the Head of Audit Partnership's assurance that the Plan is compiled independently and without inappropriate influence from management be noted.**
- (4) That the proposed criteria for commissioning an External Quality Assessment of the audit service later in 2019/20 be noted.**

**553 STRATEGIC RISK REGISTER AND ACTION**

The Head of Audit Partnership introduced the report which provided information on the Council's risk management framework 2019/20. He explained that the report had been produced by Alison Blake (Audit Manager) who was now on maternity leave. He stated that the number of operational risks highlighted, were consistent with the amount identified at other local authorities. He drew attention to page 43 of the report, which set out the Corporate Risks, and page 44 which set out the Operational Risks. The Head of Audit Partnership stated that a workshop to look at Corporate risks was scheduled for Summer 2019, and Audit were working with the Council's Monitoring Officer on the framework.

In response to queries from Members, the Chief Financial Officer stated that the transport infrastructure risk could not be mitigated further and this was an area where the Council were constrained by decisions from external agencies such as Highways England. The Chief Financial Officer agreed to check whether health care and education could be included as an Operational Risk.

The Chairman queried why two risks had been removed. The Chief Financial Officer explained that 'Income generation' had been removed as it was linked to the budget, and it did not make sense to have it listed separately. He stated that 'external parties' had been removed as a better way to monitor this had been identified.

The Cabinet Member for Finance and Performance suggested that the proposed recommendation be amended to include the following wording 'satisfied with progress to-date'. This was agreed by Members.

**Resolved:**

- (1) That the Audit Committee were satisfied with progress to-date on the operation of the risk management framework.**

**554 CERTIFICATION OF CLAIMS AND RETURNS**

Trevor Greenlee (Grant Thornton) introduced the Certification of Claims and Returns 2017/18 report which set out the outcome for the Council's claim for housing benefit subsidy. Mr Greenlee advised that a number of small errors had been identified (these were appended to the report) but the amounts were so small any impact would be minimal. The Department for Work and Pensions comments were awaited.

In response to queries from a Member, Mr Greenlee stated that a few local authorities had achieved no errors, but this was generally because they had smaller claims. Mr Greenlee confirmed there was an error on appendix B and that for 'calculation errors relating to earned income', it should read 'Six cases resulted in an overpayment of benefit and three cases in an **underpayment** of benefit'.

Members congratulated the Revenues and Benefits Manager and her team on the outcome of the Audit on housing benefit subsidy, and it was agreed that a letter of thanks should be sent to them on behalf of the Audit Committee.

**Resolved:**

- (1) That the Certification of Claims and Returns 31 March 2018 be noted.**
- (2) That a letter of thanks, on the outcome of the audit on the housing benefit subsidy, be sent to the Revenues and Benefits Manager on behalf of the Audit Committee.**

**555 EXTERNAL AUDIT PROGRESS REPORT**

Mr Greenlee introduced the External Audit Progress report which updated Members on progress in delivering Grant Thornton's responsibilities as the Council's external auditors.

In response to a question, Mr Greenlee stated that in his experience officers at Swale Borough Council were extremely positive and easy to work with. They had a good working relationship with the Council's finance team.

**Resolved:**

- (1) That the External Audit Progress Report be noted.**

**556 2018/19 AUDIT PLAN - EXTERNAL AUDIT**

Mr Greenlee introduced the report which provided an overview of the planned scope and timing of the statutory audit of the Council. He stated that two risks had been identified, one in relation to reductions in government funding, and the other associated with Brexit. Mr Greenlee stated that the Brexit risk was the same for all local authorities in Kent.

**Resolved:**

- (1) That the report be noted.**

**557 RECORD OF THANKS**

The Chairman advised that Councillor Duncan Dewar-Whalley (Cabinet Member for Finance and Performance) was standing-down at the 2 May election. Members thanked the Member for all his help and support on the Audit Committee and wished him well.

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