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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, 18 September 2019 from 7.00pm - 7.20pm.

**PRESENT:** Councillors Simon Clark (Chairman), Simon Fowle, James Hall (Vice-Chairman), Ann Hampshire, Denise Knights, Peter Macdonald and Ken Rowles (substitute for Councillor Julian Saunders).

**OFFICERS PRESENT:** Rich Clarke, Jo Millard and Nick Vickers.

**ALSO IN ATTENDANCE:** Councillors Steve Davey and Alan Horton.

**APOLOGY:** Councillor Julian Saunders.

### 230 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the evacuation procedure.

### 231 MINUTES

The Minutes of the Meeting held on 29 July 2019 (Minute Nos. 167 – 173) were taken as read, approved and signed by the Chairman as a correct record.

### 232 DECLARATIONS OF INTEREST

No interests were declared.

### 233 WORK PLAN (INCLUDING PROFESSIONAL UPDATES)

The Chief Financial Officer introduced the report which set out the Annual Work Plan for the Municipal Year 2019/20. He explained that the Fraud and Compliance Team Annual Report for 2018/19 would now be reported to the Audit Committee meeting scheduled for 27 November 2019 along with the Annual Audit Letter for 2018/19 which Grant Thornton, External Auditors, would be presenting.

**Resolved:**

***(1) That the Annual Work Plan be noted.***

### 234 ANNUAL TREASURY MANAGEMENT REVIEW FOR 2018/19

The Chief Financial Officer introduced the report and explained that the Council was required by the Chartered Institute of Public Finance and Accountancy (CIPFA) to produce annual Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. He explained that the report would be submitted to Council on 9 October 2019.

The Chief Financial Officer said that Swale Borough Council (SBC) had a low-risk approach to Treasury Management but cash balances were running down due to investment in the Sittingbourne Town Centre (STC) regeneration scheme. He explained that the Council's continued investment in the Church Charities and Local Authorities (CCLA), had been successful as highlighted at paragraph 2.6 on page 8 of the report.

In response to the Chairman's question on whether the Council had borrowed any more money in the current financial year, the Chief Financial Officer explained that the Council had taken out 2 loans of £5million, one over a period of 1 year and the other 18 months, and he highlighted the low interest rates. He stated that £20million had been borrowed so far, for investment in the STC regeneration scheme.

A Member asked whether SBC lent money to other Councils? The Chief Financial Officer said that SBC did not lend money and explained that all borrowing was from London Boroughs, although money could be borrowed from any Council. He highlighted the low-risk borrowing.

In response to a Member's question, the Chief Financial Officer confirmed that there was a £3million limit of investment in the CCLA.

***Recommended:***

***(1) That the Treasury Management stewardship report for 2018/19 be approved.***

***(2) That the Prudential and Treasury Management Indicators within the report be approved.***

**235 INTERNAL AUDIT CHARTER FOR 2020/2021**

The Head of Audit Partnership introduced the report and thanked those Members that had attended Audit Training the previous evening. He explained the purpose of the charter, as set out in the report, and explained that an annual revision of the charter was standard to ensure documents were current and up-to-date.

The Head of Audit Partnership drew attention that there were slight changes to the previous charter in the way it set out audit independence, and explained that the charter enabled objective working and independence from Management and Members. He added that the charter set out the access rights to people and buildings when information was required, and there had been good levels of co-operation during his 5 years in the role.

In response to a Member's question on the procedure during an investigation, the Head of Audit Partnership explained that records of incidents would be made and reported to management if necessary. He added that there were facilities in the software used to log as intelligence and if evidenced, an investigation at a criminal standard would be carried out. The Head of Audit Partnership stated that a subject would be advised of the investigation at the appropriate time and there would be liaison with the Police, when there was evidence a crime had been committed, although a case could be passed directly to the Crown Prosecution Service.

The Chief Financial Officer said that the role of investigating and accessing information was powerful and only exercised if absolutely necessary. The Head of Audit Partnership added that the powers were used proportionally.

A visiting Member asked if there was a time restriction to make documents available (bullet point 11, page 25)? In response the Head of Audit Partnership said there was no set time limit, each case would be considered independently and he drew attention to the first bullet point under bullet point 10 which referred to 'free, full and unrestricted access....'.

***Resolved:***

***(1) That the Internal Audit Charter for 2020/21 be approved.***

Chairman

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