
AUDIT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 11 March 2020 from 7.00pm - 7.43pm.

PRESENT: Councillors Derek Carnell, Simon Clark (Chairman), Simon Fowle, Ann Hampshire, Denise Knights, Peter Macdonald and Julian Saunders.

OFFICERS PRESENT: Alison Blake, Russell Heppleston, Kellie MacKenzie and Nick Vickers.

ALSO IN ATTENDANCE: Councillor Steve Davey.

623 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

624 MINUTES

The Minutes of the Meeting held on 21 January 2020 (Minute Nos. 463 – 470) were taken as read, approved and signed by the Chairman as a correct record.

625 DECLARATIONS OF INTEREST

No interests were declared.

Part B Minutes for information

626 INTERNAL AUDIT & ASSURANCE PLAN FOR 2020/21

The Deputy Head of Audit said that due to an administrative error Appendix I the Annual Assurance Plan 2020/21 had not been included with the agenda pack. The Appendix had that day been emailed to Committee Members and was tabled. In order for the report to be given full consideration the report was presented to the Committee in presentation style to give Members the opportunity to challenge and ask questions.

The Deputy Head of Audit introduced the Internal Audit and Assurance Plan for 2020/21 which set-out the resources available through the Audit Partnership and the specific audit activities and projects to be delivered over the course of the year.

The Deputy Head of Audit reported that the Chartered Institute of Public Finance and Accounting (CIPFA) had just completed the External Quality Assessment of the service, and that the findings would be reported to the Committee in July 2020. The assessment included a review of how the audit plan was compiled and risk assessed.

The Deputy Head of Audit advised that the Partnership was required to give assurances to the Committee that the Plan was compiled independently of the

Council and consider the following key points: operational and strategic risks; corporate risks; and Sector risks and global risks. He stated that Cybersecurity; waste management; and climate change were all significant risks and that the audit plan included work in those areas to provide assurances to management and the Committee. He reported that the Head of Audit Partnership's view was that the Partnership had sufficient resources and expertise to deliver the plan, and drew attention to page 6 which advised that 450 audit days were allocated for Swale.

The Deputy Head of Audit explained that the Partnership also applied their own risk assessment based on four key areas: oversight risk; change risk; audit knowledge; and fraud risk. The Deputy Head of Audit referred to page 15 of the report which listed the Council's "Audit Universe" a running list of all the services that the Council might examine. The aim for the audit plan was to deliver 100% of the high priority projects, and over 50% of the medium projects. The Committee would be updated on progress throughout the year. The Deputy Head of Audit asked Members to consider and approve the document.

In response to queries from Members, the Deputy Head of Audit explained that they used a risk-matrix to ensure that the audit plan risks were appropriately weighted. The Audit universe included shared services, and as an example, Building Control would refer specifically to the service provided at Swale. With regard to coronavirus, this would be considered under the Council's business continuity arrangements.

Resolved:

- (1) That the Internal Audit and Assurance Plan for 2020/21 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.**

627 ANNUAL RISK MANAGEMENT REPORT 2019-20

The Audit Manager introduced the report which outlined the Council's risk management arrangements. She drew attention to Appendix I the Annual Risk Management report which provided an overview of the risk management process as operated throughout the year, and information relating to the Council's risk profile.

The Audit Manager drew attention to page 4 of the management report, which illustrated how the risk profile of the Council had changed throughout the year, and the actions being taken to manage those risks. She advised that there had been a slight increase in risks. The Audit Manager drew attention to page 5 of the management report which set-out the risk matrixes and what the profile would look like if the planned controls were introduced.

The Audit Manager explained that risk management was a continuing process and the Audit Partnership were enhancing current arrangements and making improvements to their current IT system.

In response to a query from a Member, it was agreed that the full list of high level operational risks would be forwarded to the Committee for information.

Resolved:

- (1) That the Annual Risk Management 2019/20 report be noted.**
- (2) That the full list of Corporate risks be forwarded to the Committee for information.**

628 CERTIFICATION OF CLAIMS & RETURNS FOR 2018/19

Mr Greenlee (Grant Thornton) introduced the Certification Report 2018/19 which summarised the outcome for the Council's claim for housing benefit subsidy. Mr Greenlee explained that they worked under a framework set by the Department for Work and Pensions. Mr Greenlee reported that a small number of minor errors had been identified, but these did not impact on the subsidy claim.

Mr Greenlee thanked officers for their assistance with their certification work, in particular the Revenues and Benefits Manager.

A Member praised the professionalism of staff in achieving such a small number of errors.

Resolved:

- (1) That the Certification Report 2018/19 be noted.**

629 EXTERNAL AUDIT PLAN FOR 2019/20

Darren Wells (Grant Thornton) introduced the report which provided an overview of the planned scope and timings of the statutory audit of Swale Borough Council for those charged with governance.

Mr Wells explained that the scope of their audit was set in accordance with the National Audit Office code of practice, and that they were responsible for considering: the authority's financial statements; and Value for Money arrangements. He drew attention to page 55 of the report which highlighted the significant risks which required special audit consideration.

Mr Wells reported that audit fees would be increasing. This was due to the Financial Reporting Council requiring auditors across all sections to improve financial reporting and undertake additional and more robust testing.

In response to a query from a Member, Mr Wells explained that the term 'materially' was about creating a bench-mark to focus effort. The valuation of the net pension fund liability was administered by Kent County Council and referred to Swale's share which was part of Swale's Assets and Liabilities.

Resolved:

- (1) That the External Audit Plan 2019/20 be noted.**

Chairman

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