



AGENDA

COUNCIL MEETING

Date: Wednesday, 11 September 2019

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 Mayor 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. Prayers	
2. Emergency Evacuation Procedure	

The Mayor 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 Mayor 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 Mayor 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 Mayor 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 Mayor 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.

3. Apologies for Absence

4. Minutes

To approve the [Minutes](#) of the Meeting held on 24 July 2019 (Minute Nos. 151 - 161) 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 Mayor 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 on the Wednesday 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 on the Monday the week before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

9. Motion submitted in accordance with Procedure Rule 15

Proposed by Councillor Hannah Perkin and seconded by Councillor Ben J Martin.

1. This council notes that:

- a) Women and minority groups face discrimination and disadvantage on a daily basis.
- b) Hate crime across different minority groups has risen by 123% in the last eight years.
- c) Minority groups are underrepresented as councillors both nationally and locally:
 - a. Fewer than one-third of councillors nationally are female, while in Swale the figure is less than one-fifth.
 - b. Nationally fewer than a quarter of councillors are aged between 18 and 49, whereas this same age range makes up approximately half of the general population.
 - c. A significantly smaller proportion of councillors nationally have a disability or other long-term health problem than is the case for the whole population, notwithstanding councillors' high average age compared to the general population.
- d) The pace of change in improving the representativeness of elected representatives is negligible.

2. This council believes that:

- a) All forms of hate crime are abhorrent.
- b) We should condemn all forms of discrimination based on personal characteristics.
- c) We should provide all our members with the training and support needed to eradicate discrimination and champion diversity.
- d) We should welcome and support people from underrepresented groups to stand as councillors, because more inclusive councils

bringing more diverse perspectives are better equipped to represent the interests of their communities.

3. This council therefore resolves:

- a) To agree that members will work actively with each other to encourage a safe and fair working environment for all members, by advocating robustly and actively for minority groups and by condemning incidences of discrimination in their role as a councillor, whether in the chamber or out in their communities.
- b) To support members and officers in speaking out against and condemning any form of discrimination based on personal characteristics, whether this be racism, sexism, ageism, ableism, homophobia, transphobia, misogyny, maternity-, paternity- or faith-based discrimination, or any other form of discrimination.
- c) To encourage greater diversity within our council by working to understand and break down barriers for underrepresented people wanting to stand for election.
- d) To recall its adoption in 2017 of the International Holocaust Remembrance Alliance's definition of anti-Semitism, and to adopt the All-Party Parliamentary Group on British Muslims' definition of Islamophobia as follows:

Islamophobia is rooted in racism and is a type of racism that targets expressions of Muslimness or perceived Muslimness.
- e) To implement compulsory training for all members on diversity and equality, including unconscious bias, and to request officers to consider how the allocation of seats on some committees could be restricted to those who have completed the training.
- f) To call on those charged with providing pastoral care to members (including group leaders and senior officers) to be sensitive to diverse members' needs and ready to signpost to sources of help and support.
- g) To call on the standards committee to ensure that incidents of harassment and discrimination in any form are dealt with appropriately.
- h) To request officers to produce an action plan for improving equality and diversity among members, to include policies on disability as well as maternity, paternity and adoption.

10. Leader's Statement

11. Audit Committee Annual Report

7 - 20

Issued on Monday, 2 September 2019

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 Meeting	
Meeting Date	11 September 2019
Report Title	Audit Committee Annual Report 2018/19
Cabinet Member	Councillor Roger Truelove – Leader and 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. That Council agree the Audit Committee Annual Report for 2018/19.

1 Purpose of Report and Executive Summary

- 1.1 The report outlines how the Audit Committee has effectively discharged its duties during 2018/19. 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 report sets out how this has been achieved during 2018/19.

The Audit Committee Annual Report (2018/19) was reviewed and approved by Audit Committee on 29 July 2019.

3 Proposals

- 3.1 To agree the Audit Committee Annual Report as attached in Appendix I.
- 3.2 That the Chairman of the Audit Committee provides the report to a meeting of Full Council setting out how the Committee has discharged its duties.

4 Alternative Options

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

5 Consultation Undertaken or Proposed

- 5.1 We provided this report to the Chairman of the Audit Committee for consultation prior to submission for this meeting.
- 5.2 The report was considered and approved by Audit Committee on 29 July 2019.

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: Annual Audit Committee Report 2018/19

8 Background Papers

8.1 None

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Audit Committee

Annual Report

Municipal Year 2018/19



Introduction by Chair of Audit Committee

This report provides an overview of the Audit Committee's activity during the Municipal Year 2018/19. Councillor Nigel Kay was the Chair of the Committee for that Municipal Year and I would like to record the Committee's thanks to him for his service to it as Chair.

As the new Chair it falls to me 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 2018/19 the Committee met four times and was pleased to note, among the highlights, a further unqualified accounts opinion and value for money conclusion from our external auditors, consideration of the Council's risk management processes and a positive opinion on the Council's control and governance from our internal auditors.

Once again during 2018/19 the Committee is grateful for the contributions of its members, as well as to those officers who support its work.

*Councillor Simon Clark
Audit Committee Chair*

29 July 2019

Introduction

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.

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

Swale Borough Council (the Council) has for many years supported and understood the value and benefits of having an independent Audit Committee.

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 of the Council's Executive and Scrutiny functions and has clear reporting lines, including to Full Council and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix 2). 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.

Swale Borough Council Committee Structure 2018/19

The Audit Committee is part of the Council's committee structure. The following organisational chart illustrates where the Audit Committee sits in the committee structure and its reporting line to Full Council.



Business

During the year the Committee has reviewed the following [agenda items](#):

Internal Audit (Mid Kent Audit)
• Internal Audit Annual Report and Opinion 2017/18
• Internal Audit Interim Report 2018/19
• Internal Audit Plan 2019/20
• Internal Audit Charter
• Strategic Risk Register & Actions Update 2018/19
• Member Training – The role of the Audit Committee
• Member Training – Risk Management
External Audit (Grant Thornton)
• External Audit Annual Fee Letter 2018/19
• External Audit Audit Plan 2018/19
• External Audit Annual Audit Report 2017/18
• External Audit – Audit Committee Update 2018/19
• External Audit – Certification of Claims & Returns 2017/18
Finance
• Annual Governance Statement 2017/18
• Annual Treasury Management Report 2017/18 *
• Annual Financial Report 2017/18 and Audit Findings Report, including Letter of Representation
• Treasury Management Half Yearly Review 2018/19 *
Other
• Audit Committee Annual Report 2017/18
• Audit Committee's Work Programme
• Audit Committee Terms of Reference
• MKS Fraud & Compliance Report 2017/18

* The Audit Committee provides oversight of Treasury Management reports. All Treasury Management reports are approved by Full Council.

Appendix A provides a summary of membership and attendance during 2018/19.

Sources of Assurance

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

The work of Internal Audit

Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils.

The Head of Audit Partnership issued an unqualified Head of Audit Opinion in 2017/18 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 regularly updated with delivery of the Internal Audit Plan, implementation of audit recommendations, and has been kept aware of any emerging risks. The Committee has also requested updates on *weak assurance audit reports*, including Legal Services.

The Internal Audit plan for 18/19 included a breakdown of internal audit assurance work 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 November 2018.

The work of External Audit (Grant Thornton)

The Council's external auditors are Grant Thornton, the fifth largest accountancy firm in the UK. Grant Thornton were appointed as the Council's auditors by *Public Sector Audit Appointments Limited (PSAA)*, a wholly owned subsidiary of the Local Government Association. The Council has opted into PSAA's procurement arrangements post-2018 and, under those arrangements, Grant Thornton will continue as the Council's external auditors.

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 by Grant Thornton 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 to address any significant governance issues identified. The Committee reviewed and approved the 2017/18 Annual Governance Statement.

Terms of Reference

The Audit Committee also commenced a review of the Committee's Terms of Reference – Appendix 2.

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 2018/19 as set out in the respective minutes.

Appendix 1:

Membership & Attendance

The following table summarises attendance at all Audit Committees during 2018/19:

Members	Capacity	30-Jul-18	18-Sep-18	28-Nov-18	13-Mar-19
Councillor Nigel Kay	Chairman	Present	Present	Present	Present
Councillor Peter Marchington	Vice-Chairman	Present	Present	Apologies	Present
Councillor Andy Booth	Committee Member	Present	Apologies	Apologies	Present
Councillor Roger Clark	Committee Member	Present	Present	Present	Present
Councillor Adrian Crowther	Committee Member	Present	Absent	Absent	Absent
Councillor Mick Galvin	Committee Member	Present	Apologies	Apologies	Absent
Councillor Nicholas Hampshire	Committee Member	Present	Present	Present	Present
Councillor Angela Harrison	Committee Member	Apologies - substituted by Councillor Roger Truelove	Apologies	Present	Present
Councillor Ken Pugh	Committee Member	Apologies	Apologies	Apologies	Apologies
Councillor Roger Truelove	Substitution	Present			
Councillor Duncan Dewar-Whalley	Visiting Councillor	Present	Present	Present	Present
Officers					
Nick Vickers	Chief Finance Officer	Present	Present	Present	Present
Rich Clarke	Head of Audit Partnership	Present	Present	Present	Present
Phil Wilson	Chief Accountant	Present			
Phillipa Davies	Committee Services	Present	Present	Present	
Jo Herrington	Audit Manager	Present		Present	
Alison Blake	Audit Manager			Present	
Zoe Kent	Revenues & Benefits Manager			Present	
Kellie MacKenzie	Committee Services				Present
Grant Thornton					
Trevor Greenlee	External Audit	Present	Present		Present

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

Member Development

Proposed Programme 2019/20

Continued professional development is key to the effective operation of the Audit and Governance 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. During 2018/19 the Committee received, as part of its meeting agendas, briefings on the role of the Audit Committee and Risk Management.

So far for 2019/20 the Chairman has agreed one session on **The Role Of The Audit Committee**. Reflecting the significant change in committee membership, this will be a development and expansion of the session originally presented in November 2018. This training session will take place on the evening of **10 September 2019** and Members are encouraged to attend.

Below are some possible topics for further briefings, either as separate sessions or within meetings through 2019/20 for the Committee to consider and discuss.

- Internal Audit Standards and evaluating the quality of internal audit
- Risk Management
- Treasury Management
- Reviewing the Annual Governance Statement
- Local Government Finance
- Counter Fraud & Corruption

Appendix 2:

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 & Report
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>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>	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.
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.	To monitor council policies on 'Whistleblowing' and the 'Antifraud and Corruption Strategy'.	To consider the external auditor's report to those charged with governance on issues from the audit of the accounts.
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.	To consider and comment on the authority's Annual Governance Statement and agree its adoption as part of the approval of the annual accounts.	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).
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.	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.	To present an annual report to the Council providing assurance that the responsibilities of the Committee have been met.