
AUDIT COMMITTEE

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Wednesday, 24 November 2021 from 7.01 pm - 7.27 pm.

PRESENT: Councillors Steve Davey, Denise Knights, Peter Macdonald and Mike Whiting (Substitute for Councillor Ann Hampshire) (Chairman for this meeting).

OFFICERS PRESENT: Billy Attaway, Rich Clarke, Lisa Fillery, Kellie MacKenzie and Jo Millard.

ALSO IN ATTENDANCE REMOTELY: Councillors Cameron Beart and Hannah Perkin.

APOLOGIES: Councillors Derek Carnell, Simon Clark, Simon Fowle, James Hall, Ann Hampshire and Mike Henderson.

440 ELECTION OF CHAIRMAN

In the absence of the Chairman and Vice-Chairman Members agreed that Councillor Mike Whiting (Substitute for Councillor Ann Hampshire) would chair the meeting.

441 EMERGENCY EVACUATION PROCEDURE

The Chairman ensured that those present were aware of the emergency evacuation procedure.

442 MINUTES

The Minutes of the Meeting held on 26 October 2021 (Minute Nos. 398 – 402) were taken as read, approved and signed by the Chairman as a correct record.

443 DECLARATIONS OF INTEREST

No interests were declared.

Part A Minutes for Recommendation to Council

444 MID-YEAR TREASURY MANAGEMENT REVIEW FOR 2021/22

The Director of Resources introduced the report which outlined the mid-year outturn position on treasury management transactions for 2021/22, including compliance with treasury limits and Prudential and Treasury Performance Indicators. The report would be considered by Full Council on 12 January 2022.

Recommended:

- (1) That Council notes the performance information in the Treasury Management Half Year Report 2021/22.**
- (2) That Council approves the prudential and treasury management indicators detailed within the Treasury Management Half Year Report 2021/22.**

445 RE-APPOINTMENT OF EXTERNAL AUDITOR - OPTION TO OPT INTO NATIONAL SCHEME

The Director of Resources introduced the report which set-out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24, and drew attention to the letter of invitation from the Public Sector Audit Appointments (PSAA) to opt into the national scheme for auditor appointments from April 2023. The decision to take advantage of the national auditor appointment arrangements would need to be made by Full Council, under the local audit regulations. The Director of Resources outlined the options open to the Council which included arranging their own procurement and appointing themselves, or joining the national collective scheme administered by the Public Sector Audit Appointments (PSAA).

The Director of Resources responded to points and questions raised by Members. She advised that the lack of external public auditors had been a national issue following the abolition of the Audit Commission. She confirmed that the Council was not able to appoint an external auditor that did not have Key Audit Partner status and so was not able to appoint a local audit firm. The Council were not guaranteed to keep Grant Thornton as their external auditors and she spoke about how invaluable it was to the Council to have the consistency of the same audit team. The Director of Resources confirmed that there was some provision within the Council's budget for an increase in audit fees, and also funding from the Department for Housing Communities and Local Government, but it was unknown whether that funding would be available for 2022/23.

In response to further questions from Members, the Director of Resources considered that the regulators of external audit were part of the problem and explained that the rules of the Financial Reporting Council (FRC), who currently governed all auditors, were based on private audit which did not have the same risks and requirements as Local Government audit. She spoke of her frustration that whilst the accounting regulations were tweaked for Local Government, the audit regulations were not meaning that the Council were audited as if it was a private organisation. The Redmond Review had recommended that the FRC become the Audit, Reporting and Governance Authority (ARGA) which would have a public element and long-term the Director of Resources was hopeful that there would be a regime that was fit for purpose for Local Government and confirmed that the Council would champion local authorities when responding to any consultations.

Recommended:

- (1) That Council accepts the invitation from Public Sector Audit Appointments to opt-in to the national scheme to reappointment external audit.**

Part B Minutes for Information**446 MID-YEAR INTERNAL AUDIT UPDATE**

The Head of Audit Partnership introduced the report which summarised the work of the Audit Team in completing the 2021/22 Audit & Assurance Plan agreed by the Committee in March 2021. He drew attention to the Internal Audit Interim Report 2021/22 set-out in Appendix I of the report which summarised progress towards delivering the plan up to mid-October 2021 and the path towards completing the plan over the next six months.

The Head of Audit Partnership confirmed: that internal audit had been able to work independently from council officers and Members; no audit work had identified management taking risks considered unreasonable; and that Mid-Kent Audit had enough resource to deliver the 2021/22 plan.

The Head of Audit Partnership advised that this would be his last meeting as he was leaving to work at the London Borough of Lewisham. He thanked his team for their work and also the Committee for their support.

Resolved:

(1) That work so far towards completing the 2021/22 Audit & Assurance Plan and updates on the Mid-Kent Audit Partnership be noted.

447 VOTE OF THANKS

There was a vote of thanks to Rich Clarke (Head of Audit Partnership) who was leaving the Council. The Director of Resources said that the Chairman had asked that she pass on his thanks to Rich for all his hard work and support.

Members wished Rich well in his new job.

Chairman

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