

# **Audit Committee Annual Report**

**July 2021**



## Statement from the Chairman

As the Chair of the Audit Committee, it is my pleasure to introduce the annual report, providing an overview of the Committee's activity during the Municipal Year 2020/21.

The Council has continued to face big challenges because of the Covid-19 pandemic. As a Committee we have maintained our focus on the issues facing the Council from a risk, control and governance perspective. This report looks back and gives us opportunity to reflect on the activity and achievements of the Committee during the Municipal Year 2020/21.

During the year we have continued to meet remotely, and the Committee has convened three times. Looking ahead to 2021/22 we will see further changes to how we meet.

The Committee has discharged its responsibility to provide independent assurance on the adequacy of the Council's risk management framework and the associated control environment. We have also provided robust scrutiny and challenge of the Authority's financial performance.

Among the highlights for the year I am pleased to note a further unqualified accounts opinion and value for money conclusion from our external auditors. Alongside this our internal auditors provided us with a positive opinion on the Council's control and governance. We also reviewed the updated Corporate Risk Register, and a revised internal audit plan reflecting the impact of the pandemic.

I would like to take this opportunity to thank Members and Officers that have supported the Committee over the last year. Their professionalism, integrity, and openness have helped us to discuss, challenge and debate key issues and agree solutions and improvements where appropriate to do so.



Councillor Simon Clark – Audit Committee Chairman

# Purpose of the Committee

The Audit Committee operates in accordance with the [Audit Committees, Practical Guidance for Local Authorities](#). This guidance (updated in 2018) sets out the purpose of an Audit Committee and is published by the Chartered Institute of Public Finance (CIPFA).

## Swale Borough Council Audit Committee Purpose:

To consider summaries of internal audit reports produced and review management action taken on associated recommendations. To consider and comment upon any items relevant to the internal audit function. To receive the annual management letter and report from the Council's External Auditors, to include any value for money studies.

The Committee is independent from other executive management and Cabinet and has clear reporting lines and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix 1a). This includes direct access to the Council's Appointed Auditors and Head of Audit Partnership without the presence of other Officers, where appropriate.

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 not a substitute for the management function in relation to 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.

# Membership & Meetings

During 2020/21 the Audit Committee was comprised of 9 Members and met 3 times.

The Committee is supported throughout the year by senior officers and managers of the Council who are regularly present. In addition, the Council's External Auditors (Grant Thornton) regularly attend meetings of the Committee.

The following table outlines Member and Officer attendance at 2020/21 Audit Committee meetings.

Member	Role	Audit Committee Meeting Date		
		30-Sept-2020	25-Nov-2020	10-Mar-2021
Cllr Simon Clark	Chair	Present	Present	Present
Cllr James Hall	Vice-Chair	Present	Present	Present
Cllr Derek Carnell	Member	Present	Present	Present
Cllr Simon Fowle	Member	Present	Present	Present
Cllr Ann Hampshire	Member	Present	Present	Present
Cllr Nicholas Hampshire	Member	Present	Present	Present
Cllr Peter MacDonald	Member	Present	Present	Present
Cllr Julian Saunders	Member (to 15 Mar' 2021)		Present	Present
Cllr Steve Davey	Member (from 15 Mar' 2021)	Present (sub)	Present	Present
Cllr Denise Knights	Member	Present	Present	Present
<i>Cllr Ken Rowles</i>	<i>Visiting</i>	<i>Present</i>	<i>Present</i>	<i>Present</i>
<i>Cllr Tim Gibson</i>	<i>Visiting</i>	<i>Present</i>	<i>Present</i>	<i>Present</i>
<i>Cllr Cameron Beart</i>	<i>Visiting</i>		<i>Present</i>	<i>Present</i>
<i>Cllr Carole Jackson</i>	<i>Visiting</i>	<i>Present</i>	<i>Present</i>	
<i>Cllr Elliott Jayes</i>	<i>Visiting</i>		<i>Present</i>	
<i>Cllr Hannah Perkin</i>	<i>Visiting</i>		<i>Present</i>	
Officer	Capacity	Audit Committee Meeting Date		
		30-Sept-2020	25-Nov-2020	10-Mar-2021
Nick Vickers	Chief Financial Officer	Present	Present	Present
Phil Wilson	Financial Services Manager		Present	
Rich Clarke	Head of Internal Audit	Present	Present	Present
Alison Blake	Audit Manager	Present	Present	Present
Darren Wells	External Audit	Present	Present	Present
Trevor Greenlee	External Audit		Present	
Kellie MacKenzie	Committee Services	Present	Present	Present
Ryan Miles	Committee Services	Present	Present	
Billy Attaway	Committee Services			Present

We did not arrange any all-Member training sessions for 2020/21 but Members have been able to consult Officers with questions outside of the meetings. The Committee will consider training opportunities as needed during 2021/22.

All Committee agendas, papers and minutes are available on the [Council's website](#).

## Activity

Over the course of the year the Committee considered, examined and made decisions on the following areas within its Terms of Reference:

<b>Finance Activity</b>
Annual Treasury Management Review for 2019/20
Mid-Year Treasury Management Review for 2020/21
Annual Financial Report 2019/20 and Audit Findings Report
<b>Internal Audit Activity</b>
Annual Internal Audit Report & Opinion 2019/20
Updated Internal Audit & Assurance Plan 2020/21
Interim Internal Audit & Assurance Report 2020/21
Internal Audit Plan 2021/22
<b>External Audit Activity</b>
External Audit Plan 2019/20: Covid-19
External Audit Progress Report
2019/20 Annual Audit Letter
<b>Other Activity</b>
Audit Committee Annual Report 2019/20
Audit Committee Risk Management Update – Corporate Risk Register
Annual Risk Management Report

# Sources of Assurance

Audit Committee have drawn on a variety of sources of assurance to fulfil their responsibilities. During 2020/21 assurance from the following sources was considered:

<b>Finance Activity</b>
The Committee reviewed and provided challenge on the annual accounts prior to their approval and publication.
The Committee reviewed the Annual Governance Statement which supported the overall conclusion of the Head of Internal Audit Opinion and identified actions for improvement. The Committee specifically gained assurance from this document as it explains the processes and procedures in place to enable the Council to carry out its functions effectively.
<b>Internal Audit Activity</b>
The Council received an unqualified Annual Opinion from the Head of Internal Audit. This opinion considers the overall adequacy and effectiveness of the authority's framework of governance, risk management and control arrangements.
Both the updated 2020/21 and the 2021/22 audit plans included detail of audit assurance work for the year with 2020/21 being updated for the impact of covid-19. The Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.
<b>External Audit Activity</b>
The External Auditors presented an unqualified opinion for the Council's financial statements and value for money conclusion for 2019/20. The Committee provided effective challenge to the External Auditors and gained assurance from the reports and updates provided by Grant Thornton during the year.
<b>Other Activity</b>
The annual risk management report provided an overview of the effectiveness of the Council's risk management framework and the controls in place to manage corporate and operational risks.
A report detailing the Council's new Corporate Risk Register and the actions in place to manage these risks.

## Conclusion

The Audit Committee has worked in partnership with the Council's Internal and External Auditors and received support from Officers. This 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 2020/21 as set out in the respective minutes.

## Appendix Ia – Audit Committee Terms of Reference

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