
AUDIT COMMITTEE

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Monday, 26 July 2021 from 7.00 pm - 7.34 pm.

PRESENT: Councillors Derek Carnell, Simon Clark (Chairman), Steve Davey, Ann Hampshire, Denise Knights and Peter Macdonald.

OFFICERS PRESENT: Billy Attaway, Alison Blake, Philippa Davies, Darren Wells and Phil Wilson.

Darren Wells (Grant Thornton).

ALSO IN ATTENDANCE (REMOTELY): Councillor Cameron Beart.

APOLOGIES: Councillors James Hall and Eddie Thomas.

183 **EMERGENCY EVACUATION PROCEDURE**

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

184 **MINUTES**

The Minutes of the Meeting held on 10 March 2021 (Minute Nos. 521 – 527) were taken as read, approved and signed by the Chairman as a correct record.

185 **DECLARATIONS OF INTEREST**

No interests were declared.

Part B Minutes for Information

186 **ANNUAL INTERNAL AUDIT REPORT & OPINION 2020/21**

The Audit Manager introduced the report which included the Head of Audit Partnership's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion would be fed into the Annual Governance Statement for 2020/21. The Audit Manager drew attention to the Head of Audit Partnership's overall conclusion of sound assurance, as set out on page 11 of the report; she outlined the work undertaken in 2020/21, set out on page 12 of the report, which included the post Covid-19 pandemic adjustments made in September 2020; and she outlined work on audit quality and improvement, including the new collaboration agreement which was in progress and would be signed-off by the end of the year. The Audit Manager confirmed that the work had been completed without undue influence from Members and officers. She acknowledged the achievements of the internal audit team, which included being shortlisted as 'Best Public Sector Audit Team' and she thanked the internal audit team for their work throughout the year.

Members were invited to ask questions and make comments which included:

- Concerned with the situation around the use of waivers;
- explanation needed on why specific software was used to monitor different processes;
- congratulations to all the staff achievements and to the team being shortlisted as 'Best Public Sector Audit Team';
- concerned with the vacant posts in the Audit team and any financial implications from the employment of contract staff;
- more explanation was needed on the comment that the Council lacked oversight of its contracts and their management; and
- confirmation needed on the Local Authorities which were part of the Mid Kent partnership.

In response, the Audit Manager explained that Contract Standing Orders had been amended to ensure that the procedure of putting waivers in place were exceptional, rather than the normal procedure and this would make the process more robust. She outlined the process of using specific software to monitor, for example, Section 106 Agreements, and said that it was good practice to have this type of system in place. Four of the vacant posts were out for recruitment at the moment, and in the meantime contractors were being employed, which meant that the Audit Plan continued to be delivered, and she added that the costs of using contractors was within the audit budget. The Audit Manager explained that some contracts and their management needed improved guidance to provide consistency and robustness. She also confirmed that the Mid Kent Partnership consisted of Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils.

Resolved:

- (1) That the Head of Audit Partnership's opinion be noted.***
- (2) That the work underlying the opinion and the Head of Audit Partnership's assurance of its independent completion in conformance with proper standards be noted.***

187 AUDIT COMMITTEE ANNUAL REPORT 2020/21

The Audit Manager introduced the report which set out how the Audit Committee effectively fulfilled its duties during 2020/21, and provided assurance to the Council that the Committee had monitored and addressed issues of governance, risk management and internal control throughout the year.

Resolved:

- (1) That the Audit Committee Annual Report for 2020/21 be agreed.***
- (2) That the Chairman of the Audit Committee presents the report to a meeting of Full Council to demonstrate how the Committee had discharged its duties.***

188 EXTERNAL AUDIT PLAN

Darren Wells (Grant Thornton) introduced the report which provided an overview of the planned scope and timing of the statutory audit of Swale Borough Council for those charged with governance. He outlined the key features of the report and explained that the external auditors had focused on areas where the risk of error was the greatest, as noted on pages 44 and 45 of the report. The first two listed risks were typical of what a local authority would experience. The two significant risks on page 45 were also common to other local authorities, and they were chosen because of their complex estimates and external audit needed to determine that they had been arrived at on a reasonable basis. Mr Wells explained that there was a revised approach to value for money work, and this was set out on page 52 of the report.

Members were invited to ask questions and make comments and these included:

- Suggested there was a typo on page 51 in relation to figures £78m and £78k;
- more information was needed on ISA (UK) 240 on page 44, as it looked like there was already a presumed risk; and
- when would the audit findings for 2021 be presented to the Audit Committee?

In response, Mr Wells said the figure should be £78k. He referred to the two risks identified on page 44 of the report and explained that the assumption was that as they were complex issues, it was not easy to determine how the judgement was made, and there was a presumption that there was a higher risk that they might be calculated incorrectly. Mr Wells added that although challenging, they hoped to deliver the audit findings for 2020/21 to the Committee by the end of September 2021.

The Chairman reminded members of the Committee that the next meeting was on 15 September 2021. After some discussion with Mr Wells and Members, it was suggested the date be changed to 30 September 2021 to allow more time for the audit findings report to be finalised. Members were happy with this approach.

Resolved:

- (1) That the External Audit Plan 2020/21 be noted.**
- (2) That the next meeting date be changed from 15 September 2021 to 30 September 2021.**

189 INFORMING THE RISK ASSESSMENT

Mr Wells introduced the report which included a series of questions, with responses from SBC's management, with the Audit Committee being asked whether they considered the responses were consistent with its understanding and whether there were any further comments it wished to make.

In response to a question, Mr Wells explained that the questions were not sent to one specific manager, but to the senior management team as a whole, and it was usually the Section 151 officer who responded.

Resolved:

(1) That the report be noted.

190 RECORD OF THANKS

The Chairman concluded the meeting by thanking members of the Committee and officers.

Chairman

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