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## AUDIT COMMITTEE

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**MINUTES** of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Wednesday, 9 March 2022 from 7.00 - 8.03 pm.

**PRESENT:** Councillors Derek Carnell, Simon Clark (Chairman), Steve Davey, Ann Hampshire, Mike Henderson, Peter Macdonald and Mike Whiting (Substitute for Councillor Simon Fowle).

**PRESENT (Virtually):** Councillors James Hall (Vice-Chairman) and Denise Knights.

**OFFICERS PRESENT:** Billy Attaway, Alison Blake, Lisa Fillery and Phil Wilson.

**OFFICERS PRESENT (Virtually):** Julie Hetherington, Jo Millard, Richmond Nyarko, Andrew Townsend and Darren Wells.

**ALSO IN ATTENDANCE (Virtually):** Councillors Cameron Beart, Roger Clark, Pete Neal and Ken Rowles.

**APOLOGIES:** Simon Fowle.

### 666 Minutes

The Minutes of the Meeting held on 24 November 2021 (Minute Nos. 440 - 447) were taken as read, approved and signed by the Chairman as a correct record.

### 667 Declarations of Interest

No interests were declared.

### Part B Minutes for Information

### 668 Annual Risk Management Update 2021-22

The Deputy Head of Audit introduced the report which outlined the Council's risk management arrangements.

The Deputy Head of Audit drew attention to pages 11-12 of the report which summarised the Council's risk management process and the risk management framework in more detail. Page 13 outlined the work that had been completed over the past year. Page 14 showed a diagram of the risk profile reported to the Audit Committee in March 2021 and how it had changed during the course of the year. She said that, Appendix Id showed the changes that would be made to the risk framework during 2022.

The Deputy Head of Audit advised Members that the only outstanding element of the risk management framework was the reporting of risk information in the new committee structure. Once the new committee structure had been finalised the final version of risk management framework would be brought to the committee for their agreement.

The Deputy Head of Audit said that the overall risk profile was shown on the diagram at the bottom of page 14. She explained that there had been a decrease in the total number of risks from 150 to 147. For Corporate risks there had been progress made in

implementing controls which had resulted in decreased risk rating for C, I and M and increased risk rating for G, and risk P had been added. Mitigated Corporate risks B, C, D were areas routinely monitored by Strategic Management Team (SMT). All operational risks would be reviewed as part of introduction of the new risk software (JCAD).

The Deputy Head of Audit asked Members to consider and note the Annual Risk Management Report (2021-22).

Members were invited to make comments and the following points were raised:

- Page 21, was there an assessment on the impact of the cancellation of homelessness connect policy?;
- The Council did not have an empty homes officer, so why were applications for empty homes still being advised?;
- could the Council work with Optivo and other home agencies to ensure people were being placed in accommodation that was a suitable size and affordable for them;
- paragraph 2.3, what was meant by a positive risk culture?;
- page 13 talked about admin work being restrictive and, worried that if officers spent too much time doing admin work, looking into risks, this would generate a new risk of officers being unable to complete their work;
- page 14, listed 150 risks and would like to have this looked at and reviewed to reduce them;
- some risks on the register were not necessary;
- the Council did not have enough staff to complete the current work plan;
- needed to prioritise risks that make a difference in the borough, such as fly-tipping;
- the report showed little detail on how services agreed risks;
- was glad to see the outcome of housing and homelessness on page 15 as that had cost the taxpayer a lot of money; and
- who decided what risks were placed on the register?

The Deputy Head of Audit responded to Members' points and explained that a positive risk culture was the Council engaging with and understanding what steps could be taken to prevent the risks from happening. She went on to explain that her team were inputting information onto a spreadsheet and this was very admin intensive work and she hoped that the new software would reduce the amount of administrative work. In response to the number of risks and how the risks were placed on the register, the Deputy Head of Audit said that departmental officers determined which risks needed to go on the register and that the risk register included risks for shared services as well. She added that her team sat with officers and discussed the risks and work on ways to control that risk, as well as achieving their own objectives. She explained that once the new software had been installed her team would undergo a review of the risk register and she expected some risks to come off the register as well as some new risks be added.

The Director of Resources responded to the allocation of homes and said that it was down to the individual service areas to review the delivery of homes and how they were allocated to tenants, this would be something that could be investigated with officers. In terms of the empty homes officer post, the Director of Resources explained that they had hoped to have employed someone by now but as they were struggling she would look at getting the empty homes reporting page taken down temporarily.

Councillor Derek Carnell proposed the recommendation set-out in the report and this was seconded by Councillor Mike Henderson.

**Resolved:**

**(1) That the risk management framework be noted.**

## 669 Internal Audit Plan for 2022/23

The Interim Head of Audit introduced the Internal Audit Plan for 2022/23 which set-out the Audit Partnership's plan for specific Audit activities and projects to be delivered over the course of the year. He asked Members to consider and approve the plan.

Members were invited to make comments which included:

- Page 43, staffing in Audit was a problem and did the Government give any extensions to target dates when there was a national shortage in auditors?;
- page 43, paragraph 22 resources was clearly an issue, especially staff resources to deliver the projects on page 41, were the officers comfortable that they had enough resources to complete the works set-out in the plan?;
- clarification sought as to how the 16-project works were selected;
- pleased to see items one and two on the project plans as these were important services the Council needed to improve on;
- the website needed work done; and
- asked that Mid-Kent ICT be reviewed as hybrid meetings in the past had not worked well and felt that it was important the Council held hybrid meetings.

In response, the Interim Head of Audit hoped that the staffing vacancies would be filled, and work was being done to recruit new staff. He felt that the department had enough resources to deliver the plan as set-out in the report. He added that he expected the plan to change throughout the year as there would be new challenges that presented themselves. He said the Head of Audit had a balanced opinion of the needs across all Council responsibilities and that the projects chosen as high priority reflected this.

Councillor Mike Whiting proposed recommendation one and this was seconded by Councillor Mike Henderson.

Councillor Steve Davey proposed recommendations two and three and they were seconded by Councillor Mike Whiting.

### ***Resolved:***

- (1) ***That the Internal Audit and Assurance Plan for 2022/23 be approved.***
- (2) ***That the Partnership currently had sufficient resources to deliver the plan and a robust Head of Audit Opinion be noted.***
- (3) ***That the report's assurance plan was compiled independently and without inappropriate influence from management.***

## 670 Annual Audit Letter 2020/21

Darren Wells (Grant Thornton) introduced the report which set-out the Auditors work on the Council's value for money. The report set-out the scope required under the National Auditors Office code of practice. The code of practice focussed on three aspects; financial sustainability, governance and arrangements to assure economy efficiency and effectiveness. The findings set-out against Swale on those 3 aspects were detailed in the report. He added that no real significant weakness was identified and the recommendations highlighted were lower-level recommendations. He explained that work had been due to the Covid-19 Pandemic and pressures on the external audit timetable. He assured Members that going forward the statutory target had changed to 30 November

2022 and the intention at the moment was for the external auditor work on value for money be de-coupled from the financial statement.

Several Councillors thanked the officers, the Cabinet Member and the external auditor for the detailed report and work they had done during these difficult times.

The Chairman recommended that the Committee note the external auditor's Annual Report, and this was seconded by Councillor Derek Carnell.

Councillor Mike Henderson proposed recommendation one in the external auditors report and this was seconded by Councillor Mike Whiting.

Councillor Derek Carnell proposed recommendation two in the external auditors report and this was seconded by Councillor Steve Davey.

Councillor Mike Henderson proposed recommendation three in the external auditors report and this was seconded by Councillor Mike Whiting.

**Resolved:**

- (1) That the external auditor's Annual report be noted.**
- (2) That consideration be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to members and published on the web.**
- (3) That the development of a savings plan based on the medium-term financial plan budget projections to 2023/24 be noted.**
- (4) That consideration be given to a formal or structured consistent approach to benchmarking, appropriate to the Council's circumstances, to identify areas of potential high unit costs or low outcomes for further investigation.**

Chairman

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