
Audit Committee

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Wednesday, 24 January 2024 from 7.00 pm - 7.58 pm.

PRESENT: Councillors Andy Booth, Simon Clark (Chair), Angela Harrison, Claire Martin (Substitute for Councillor Mike Henderson), Tara Noe, Chris Palmer (Substitute for Councillor Derek Carnell) and Richard Palmer.

PRESENT (VIRTUALLY): Councillors Rich Lehmann and Dolley Wooster.

OFFICERS PRESENT: Billy Attaway, Catherine Byford, Lisa Fillery, Mark Goodwin and Claire Stanbury.

OFFICERS PRESENT (VIRTUALLY): Matt Dean (Grant Thornton).

APOLOGIES: Councillors Derek Carnell and Mike Henderson.

566 **Emergency Evacuation Procedure**

The Chair outlined the emergency evacuation procedure.

567 **Minutes**

The Minutes of the Meeting held on 23 October 2023 (Minute Nos. 380 – 383) were taken as read, approved and signed by the Chair as a correct record.

568 **Declarations of Interest**

No interests were declared.

569 **Treasury Management Strategy 2024/25**

The Head of Finance and Procurement introduced the report and clarified that there were no proposed changes to the Treasury Management Strategy for 2024/25. She added that appendix I of the report outlined the prudential indicators that must be set and monitored each year.

The Chair invited members to make comments, which included:

- It was good to see the Church, Charities and Local Authorities (CCLA) investment was finally improving;
- could the capital expenditure and finance spending with regards to reserves on page 18 of the report be identified?; and
- could officers confirm what the current reserve level was?

The Director of Resources responded to points raised and said that as of March 2023 the general funds reserves were at £3 million, £13.7 million had been earmarked and of those £1.4 million was ringfenced for disability grants and other projects. She added that by the end of the financial year 2023/24 if everything that had been planned expenditure was spent, then the general reserves fund figure would be £13.2 million.

Recommended:

(1) That the Treasury Management Strategy 2024/25 and the Prudential and Treasury Management Indicators be agreed at the next meeting of the Policy and Resources Committee.

570 Treasury Management Half Year Report

The Head of Finance and Procurement introduced the report which provided an update of the performance of the Treasury Management function for the first half of the year. She pointed members to appendix I of the report, which showed the Investment and borrowing figures as at 30 September 2023, and appendix II of the report showed the Prudential and Treasury Management Indicators.

A member sought clarification with regards to the capital financing requirement shown on page 31 on appendix II of the report, and asked what it had been allocated to in 2024/25? The Head of Finance and Procurement responded explaining that it was a cumulative amount of past capital spend and there had been an increase on the borrowing required for the new waste vehicles.

Resolved:

(1) That the performance information in the report be noted.

(2) That the prudential and treasury management indicators in the report be noted.

571 Internal Audit & Assurance Progress Report 2023/24

The Audit Planning Manager introduced the report and summarised the work that had been completed against the 2023/24 Audit & Assurance Plan. He pointed members to page 41 of the report and said that the Audit team had managed to successfully fill some of the vacant posts but were currently using a contractor to help delivery of the plan. Members were made aware that pages 42 and 43 of the report showed the current and expected progress of the Audit Plan for 2023/24.

A member commented that it had always been a struggle to fill vacant posts and the audit team would regularly have resource issues but thought it was not acceptable for audit recommendations and actions to be outstanding after six months. She proposed that where a recommended action had been outstanding for more than six months after the agreed completion date for that action, the relevant officer be brought before Audit Committee. This was seconded and on being put to the vote agreed by Members.

The Chair invited Members to make comments, which included:

- Recognised that there were staffing issues but thought the number of actual days completed in the Audit Plan up to 31 December 2023 versus the planned days was shocking;
- thought that being short staffed was not an acceptable reason for the low number of days delivered against the Audit Plan;
- asking who the contractor was that the Audit team were using? and
- what was the outstanding action from 2021 and what department did it relate to?

The Audit Planning Manager responded by explaining that delivery of the audit plan did not run strictly to the same timeline as the financial year and that it could take a long

time to gain momentum to start audit projects. He added that the contractor being used was Veritau and that the Audit team were using a contractor to help fill gaps from vacancies and to help deliver the plan on time.

The Audit Planning Manager referred to the outstanding action from 2021 and said it was from an audit on developer income completed within the Planning service. He said there had been lots of staff changes in the planning team, and the monitoring of nonfinancial contributions was not present in the arrangements at the time of the audit. The service had not forgotten about the action and said that a recent restructure would review the resources to address the concern.

The Chair thought that this was not an acceptable reason as to why the action had not been met since 2021. Councillor Andy Booth proposed that the Head of Planning Services be bought before the Audit Committee to explain why the action had not yet been met. This was seconded and on being put to the vote agreed.

Recommended:

- (1) That the work completed so far on the 2023/24 Audit & Assurance Plan be noted.***
- (2) That any service manager who did not complete the recommended action following an audit after a period of six months following the agreed implementation date, be bought before the Audit Committee;***
- (3) That the Head of Planning Services be bought before the Audit Committee at the nearest convenient date.***

572 External Auditors Annual Report 2022/23

The Chair invited Matt Dean, Grant Thornton, to speak. He started by introducing the third annual audit report and wanted members to note that overall, it was a positive report, given Local Councils financial position.

The Chair invited members to make comments, which included:

- There was no need for independent members to sit on the Audit Committee;
- Did not think that having an independent person sitting on the Audit Committee would be beneficial to the council; and
- sought clarification of the £10 million plus difference between year-end cash position, on page 60 of the report.

In response the Director of Resources explained that due to borrowing rates and returns on investment the cash position of the Council each year was always different and ever changing.

Councillor Angela Harrison proposed that for the next four year cycle the Audit Committee did not wish to have an independent person sit on the committee. This was seconded and on being put to the vote agreed by members.

Resolved:

- (1) That the external auditor's annual report (appendix I to the report) be noted.***
- (2) The recommendations set out in the Auditors Annual report and the management responses be noted.***

(3) That during the next four-year cycle of the Audit Committee it is not required to have an independent person be a part of the membership.

573 Urgent Item - Final Audit Findings Report

The Chair accepted this urgent item in order that officers could proceed with the relevant action as soon as possible.

The Head of Finance and Procurement introduced the urgent report which included the external auditors annual report that marked the end of the 2022-23 audit process. The audit findings report previously presented to audit committee had a late amendment, so it was necessary for the report to be presented to the committee along with the external auditor's report.

Resolved:

(1) That the updated external auditor's Audit Findings Report (Appendix I to the report) be noted.

Chair

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