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## Extraordinary Audit Committee

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**MINUTES** of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Monday, 17 April 2023 from 7.00 pm - 7.42 pm.

**PRESENT:** Councillors Derek Carnell (Chair), Tim Gibson (Substitute for Councillor Simon Clark), Angela Harrison, Denise Knights and Richard Palmer.

**OFFICERS PRESENT:** Alison Blake, Catherine Byford, Lisa Fillery, Kellie MacKenzie, Claire Stanbury and Katherine Woodward.

**OFFICERS PRESENT (VIRTUALLY):** Philippa Davies, Richmond Nyarko and Darren Wells (Grant Thornton).

**ALSO IN ATTENDANCE (VIRTUALLY):** Councillor Elliott Jayes.

**APOLOGIES:** Councillors Simon Clark, Mike Henderson and Pete Neal.

### 824 **Emergency Evacuation Procedure**

The Chair outlined the emergency evacuation procedure.

### 825 **Declarations of Interest**

No interests were declared.

## **Part B Minutes for Information**

### 826 **Internal Audit Plan 2023-24**

The Head of Audit Partnership introduced the report which set-out the annual internal audit plan 2023/24 and detailed how the plan was devised, the resources available through the Partnership and the specific audit activities to be delivered over the course of the year. The Head of Audit Partnership read-out the three recommendations as outlined in the report.

The Head of Audit Partnership said that the Public Sector Internal Audit Standards (PSIAS) required the Internal Audit Plan to be risk-based and she referred to page 10 of the report which highlighted the global and sector risks, and pages 11 and 12 of the report which outlined the Council's specific risks.

The Head of Audit Partnership reported that it was hoped that the vacancies within the audit team would be filled by July 2023 and she said they would utilise the specialist expertise they had access to, via framework agreements, to assist with delivery of the plan during the recruitment period. She referred to Section 15 of the report which set-out the days allocated to deliver the plan, and Section 18 of the report which set-out the audit engagements they aimed to deliver. She said it was important to note that there was flexibility within the plan to respond to any organisational change that might occur throughout the year.

In response to comments from a Member, the Head of Audit Partnership explained that the Leisure Services audit had not been delivered due to resource issues within the Mid-Kent Audit Partnership and the Leisure Services team and also the Covid-19 Pandemic.

Following the 'weak' rating of Land Charges in 2017/18 the recommendations advised following that audit had been implemented and it was a shared service and had not been looked at across the three authorities. The Head of Audit Partnership said that with regard to Counter Fraud it was important that the necessary policies were in place.

A Member raised concern in respect of staff wellbeing as set-out on page 11 of the report. He asked what the Council were doing to mitigate the risks of homeworking and whether audit could review this? The Head of Audit Partnership explained that Internal Audit reviewed the risks associated with staff wellbeing as part of the audit planning process and that homeworking was considered within the Human Resources audit. It was managements responsibility to set the policy for homeworking, but this was not something Internal Audit would review.

In response to comments from Members, the Head of Audit Partnership said they would be undertaking a stand-alone audit of Emergency Planning which would include work on the Council's business continuity. They planned to carry out an audit of Emergency Planning across the partnership to ensure best practice across all areas. She said that the risks around Cyber Security were increasing and spoke about the National Initiatives that provided guidelines to ensure Cyber Security within local authorities was up to standard. The Head of Audit Partnership reported that they worked very closely with the ICT Partnership with whom they had a good relationship. She advised that following a restructure, the ICT Partnership had appointed a specific Cyber Security Officer.

Councillor Tim Gibson proposed the recommendations, which were seconded by Councillor Richard Palmer.

**Resolved:**

- (1) That the Internal Audit & Assurance Plan for 2023/24 be approved and that the Head of Audit Partnership be given delegated powers to keep the plan current as set out in Appendix I of the report.**
- (2) That the Head of Audit Partnership's view that the Partnership currently had sufficient resource to deliver the Plan and a robust Head of Audit Opinion be noted.**
- (3) That the Head of Audit Partnership's assurance that the Plan was compiled independently and without inappropriate influence from management be noted.**

**827 Risk Management Annual Report**

The Interim Deputy Head of Audit introduced the report which set-out the risk management work undertaken during 2022/23 and aimed to assure the Audit Committee that the Council had effective risk management arrangements. She drew attention to pages 24 and 25 of the report and said the Council had continued to identify and manage its Corporate and Operational Risks. She reminded Members that in July 2022 the Audit Committee had approved a new Risk Management Framework and subsequently all risks identified had been reviewed, updated, rescored and monitored using the new criteria and framework.

The Interim Deputy Head of Audit advised that the report also included the 2023-24 risk work plan, which included a refresh of the Corporate Risk Register and further risk training to embed those processes and a risk culture. She explained that the role of the

Audit Committee was to gain assurance that adequate risk management arrangements were in place and operating effectively.

Councillor Denise Knights moved the recommendation, which was seconded by Councillor Angela Harrison.

**Resolved:**

**(1) That the arrangements on the operation of the risk management framework be noted.**

## 828 Auditor Annual Report 2021-22

The Director of Resources apologised for the lateness of the covering report (the auditor's report was included in the original agenda pack) and drew attention to the two recommendations asking Members to note the external auditor's Annual Report and to consider the six recommendations contained within it.

Darren Wells, Grant Thornton, introduced the Annual Audit Report 2021-22 which discharged their responsibility to provide commentary on the Council's arrangements to secure economy, efficiency and effectiveness. He said that it was the second year of a new style of reporting and was based on the requirement that the code of audit practice established by the National Audit Office (NAO). He advised their role as auditors was to review the Council's arrangements to ensure financial stability, good governance and to ensure the Council used its resources at its disposal in the most economic and most effective way possible. They were also responsible for highlighting any significant weaknesses and any positive aspects of the Council's arrangements.

Mr Wells reported that no significant weaknesses were identified. Some areas of improvement had been identified and they proposed three recommendations in respect of improvement and three recommendations in respect of governance.

Members were invited to ask questions and points raised included:

- Did not support recommendation (4) Independent Members and considered the Committee should solely consist of elected Members;
- could see the benefit of having Independent Members sit on the Audit Committee, especially if they had expert knowledge of audit; and
- the audit experts were not members of the Committee but the officers employed and paid for by the Council so Independent Members did not need to be experts in audit.

There was some confusion around the external auditors recommendation (1) "reporting the achievement or not of savings into the annual budget". Mr Wells provided some background as to why they were requesting the recommendation, which they considered would ensure completeness and transparency. He said it was meant as an enhancement to the Council's existing budget monitoring report not an additional report.

The Director of Resources reported that Independent Members on the Audit Committee was likely to become a mandatory requirement.

The Chair asked Members to consider the recommendations one by one.

Councillor Angela Harrison proposed that recommendation (1) from the external auditors not be accepted as it was already part of the Council's budget monitoring report. This was seconded by Councillor Tim Gibson.

Councillor Richard Palmer proposed that recommendation (2) from the external auditors be approved. This was seconded by Councillor Angela Harrison.

Councillor Tim Gibson proposed that recommendation (3) from the external auditors be approved. This was seconded by Councillor Angela Harrison.

Councillor Richard Palmer proposed that recommendation (4) from the external auditors be approved. This was seconded by the Chair. On being put to the vote the proposal was lost.

Councillor Richard Palmer proposed that recommendation (5) from the external auditors be approved. This was seconded by Councillor Angela Harrison.

Councillor Denise Knights proposed that recommendation (6) from the external auditors be approved. This was seconded by Councillor Tim Gibson.

**Resolved:**

- (1) That the external auditor's Annual Report be noted.**
- (2) That the managements responses to the auditors recommendations be noted and recommendations (2), (3), (5) and (6) of the external auditor's Annual Report be agreed.**
- (3) That recommendation (1) and (4) of the external auditor's Annual Report be refused.**

**829 Audit Plan 2022-23**

The Director of Resources introduced the covering report and referred to management's concerns in respect of Grant Thornton's proposed timetable as set-out in paragraph 1.2, 1.3 and 1.4 of the report. She asked the Committee to request that Grant Thornton liaised with the Department for Levelling Up, Housing and Communities to agree an extension to the statutory audit deadline if the revised timetable was not delivered.

Richmond Nyarko, Grant Thornton, introduced the Swale Borough Council (SBC) Audit Plan 2022-23 which covered their audit of the Council's 2022/23 accounts and the process for assessing the arrangements to secure value for money in the use of resources. Mr Nyarko reported that no significant risks had been identified.

Councillor Angela Harrison proposed the following amendment to recommendation (2): That the requirement to amend the date of the autumn audit committee, once the audit was completed, be agreed. This was seconded by Councillor Denise Knights.

Councillor Angela Harrison proposed the recommendations with the amendment to recommendation (2), which were seconded by Councillor Denise Knights.

**Resolved:**

- (1) That the Annual Audit Plan presented by Grant Thornton, subject to**

**confirmation of the audit timetable as detailed in the body of the report (Appendix I) be noted.**

- (2) That the requirement to amend the date of the autumn audit committee, once the audit was completed, be agreed.**

Chair

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