Audit Committee

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Wednesday, 23 April 2025 from 7.00 pm - 8.07 pm.

PRESENT: Councillors Andy Booth, Simon Clark (Chair), Charles Gibson, Angela Harrison, Tara Noe, Terry Thompson and Dolley Wooster.

OFFICERS PRESENT: Catherine Byford, Lisa Fillery, Georgia Harvey, Kellie MacKenzie, Claire Stanbury and Katherine Woodward.

OFFICERS PRESENT (VIRTUALLY): Ade O Oyerinde and Ooha Putthuru (Grant Thornton).

APOLOGIES: Councillors Derek Carnell and Richard Palmer.

806 **Emergency Evacuation Procedure**

The Chair outlined the emergency evacuation procedure.

807 **Minutes**

The Minutes of the Meeting held on 22 January 2025 (Minute Nos. 570 – 576) were taken as read, approved and signed by the Chair as a correct record.

808 **Declarations of Interest**

No interests were declared.

809 **Change to the order of business**

The Chair changed the order of business as minuted.

810 **Internal Audit Charter and Internal Audit Strategy**

The Head of Audit Partnership introduced the formal Internal Audit Charter set out at Appendix I of the report which detailed internal audits functions; mandate; organisational position; reporting relationships; scope of their work; and other specifications.

There were no comments from Members on the Internal Audit Charter.

The Audit Delivery Manager introduced the Internal Audit Strategy set out at Appendix II of the report. She summarised internal audits purpose and vision; organisational alignment; current status and desired status in respect of the Mid Kent Audit Maturity Analysis; the use of audit management software; critical success factors; skills and resource analysis; and strategic roadmap.

The Chair invited Members to ask questions and raise comments on the Internal Audit Strategy, and these included:

- Had the document been looked at for accessibility, as some of the colour combinations and designs made it difficult to read?;

- referred to page 22 of the report and asked where benchmarking in respect of the visions of sustainable growth and better homes was set out in the document?; and
- sought assurance that the strategic goals on pages 30 and 31 of the document would be achieved and that the Audit Committee would receive regular updates on their progress.

In response, the Audit Delivery Manager agreed to look at the accessibility of the strategy. She confirmed that the Audit Committee would be kept informed on the progress of the Strategy. The purpose of internal audit aligned with the strategic objectives of all the Councils they served. With regard to resources, the Audit Delivery Manager reported that the career grade matrixes would be considered by the Job Evaluation Panel at the beginning of May 2025. If approved, this would allow recruitment at all grades and provide a larger pool of talent to recruit from.

Councillor Andy Booth proposed the recommendations, which were seconded by Councillor Charles Gibson.

Resolved:

(1) That the Internal Audit Charter be approved.
(2) That the Internal Audit Strategy be approved.

811 **Internal Audit and Assurance Plan 2025/26**

The Head of Audit Partnership introduced the report which set out the proposed Internal Audit and Assurance Plan 2025/26, set out at Appendix I of the report.

The Head of Audit Partnership explained that officers had taken a different approach in constructing the Plan for 2025/26 compared to previous years due to the level of change the Council had experienced and the expected change in the short to medium term. The Head of Audit Partnership said officers needed to strike a balance between defined expectations of deliverables and flexibility. She summarised for Members the refreshed audit process from 2025/26 onwards; the essential annual assurance needs; and resourcing the plan.

The Chair invited Members to ask questions and make comments, and these included:

- Applauded the use of external resourcing;
- stressed the importance of the Health and Safety audit;
- the borough was under pressure to accommodate large scale housing developments so it was important the Development Management audit was ‘water-tight’ to avoid leaving the Council exposed;
- important that officers were focused on the waste collection audit as it was very important to residents;
- welcomed the report;
- what steps would officers take to ensure outsourcing of staff and the resulting costs were kept to a minimum?;
- would there be sufficient finances to outsource staff if internal audit could not recruit the officers they needed?; and
- welcomed the up-skilling of staff.

In response to points raised, the Head of Audit Partnership advised that a member of their team would in 2025 receive NEBOSH (National Examination Board in Health and Safety) training to ensure the essential Health and Safety audit was carried out to the highest standard. She added that officers would commence the Waste Contract Audit in September/October 2025.

The Director of Resources stated that since she had been in post the Head of Audit Partnership had always been able to deliver the Council's audits within her budget by using officers from her team and external contractors. The Head of Audit Partnership explained that contractors would only be used for the next two years, and that would allow officers the capacity to recruit officers and train them to the relevant standard so contractors were not needed in the future.

Councillor Booth proposed recommendation (1), which was seconded by Councillor Gibson.

Councillor Booth proposed recommendations (2) and (3), which were seconded by Councillor Angela Harrison.

Resolved:

(1) That the Internal Audit & Assurance Plan for 2025/26 be approved, and delegated authority be given to the Head of Audit Partnership authority 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 Annual Audit Opinion be noted.
(3) That the Head of Audit Partnership's assurance that the Plan be compiled independently and without inappropriate influence from management be noted.

812 **Annual Risk Management Report**

The Auditor and Systems Officer introduced the report which sought to provide assurance that the Council was operating an effective risk management process, and provided an update on risk management for the financial year 2024-2025. She set out the following changes to the format of the report since it had last been presented to Members a summary narrative on the main changes to the risks were now included on page 59; the inclusion of a 'dashboard' to show all risk matrixes were shown on page 60; and a table to show the changes to the unmitigated ratings at the end of each quarter for each of the corporate risks were set out on page 69.

The Auditor and Systems Officer reported that at the time of publishing the report there were 14 corporate risks identified, however an additional risk in respect of Local Government Reorganisation had been added to the Corporate Risk Register. She added that a review of the Corporate Risk Register and the Risk Management Framework were due and further details would be circulated in due course to ensure Members were involved in the process. There had been no changes to any unmitigated risk ratings for 2024-2025.

In response to questions from Members, the Auditor and Systems Officer clarified that the corporate risk register presented on page 60 reflected all the changes over the past year and had 'gradually' increased. She referred to changes to corporate risks set out in paragraph 4.2 and changes to operational risks set out in paragraph 4.3 on page 59 of the report. The Auditor and Systems Officer explained that some of the changes were due to Swale Borough Council joining the Revenue and Benefits shared service and also because there had been some general changes to services to reassess the ratings of their own risks.

A Member referred to a typographical error on the comparison dashboard on page 60 of the report, that the Corporate Risks and Operational Risks for the previous year should read 'March **2024'** not March 2025 as stated.

Councillor Booth proposed the recommendation, which was seconded by Councillor Harrison.

Resolved:

(1) That the comments from the Audit Committee on the Risk Management Annual Report be noted.

813 **Final 2023/24 Audit Findings Report**

The Director of Resources introduced the report which provided an update on the audit position on the Statement of Accounts considered by the Audit Committee at their January 2025 meeting. She reminded Members that at that time Grant Thornton (GT) had not finished their final audit testing. This had now been completed and an updated report received, which was set out at Appendix I of the report. She summarised their findings in respect of Bourne Place, Sittingbourne and the position of the Council, and advised that the financial statements for 2023/24 remained unchanged to those approved by the Committee in January 2025. The result of this was an 'except for' audit opinion, meaning that the auditors were satisfied with all other aspects of the accounts, except for the accounting treatment surrounding this asset. This was confirmed by Mr Ade Oyerinde (GT). Mr Oyerinde reported that there were additional fees as a result of the work they had undertaken and once finalised they would inform the Audit Committee.

Councillor Booth proposed the recommendation, which was seconded by Councillor Harrison.

Resolved:

(1) That the external auditor's updated Audit Findings Report, set out at Appendix I of the report, be noted.

814 **External Audit Plan 2024/25**

The Director of Resources introduced the report which presented GT's Annual Audit Plan covering their audit of the Council's 2024/25 accounts and the process for assessing the arrangements to secure value for money in the use of resources.

The Chair invited Mr Oyerinde (GT) to speak. Mr Oyerinde advised that he had replaced Matt Dean (GT) as the Council's Engagement Lead. Mr Oyerinde reported that GT were confident that the plan was unlikely to change as they moved into the field work. He summarised the new International Financial Reporting Standards 16 Leases on page 17; the key significant risks, materiality and value for money arrangements on page 20.

The Chair invited Members to ask questions and make comments, and these included:

- Referred to page 42 and asked where the improvement recommendations made in respect of Financial sustainability and Governance were within the agenda pack?;
- welcomed the ‘thorough’ report and asked that the document included photographs of some of the borough’s beautiful landscapes and heritage assets;
- referred to page 13 under Housing crisis and disagreed with the wording ‘….*and it’s difficult to find land for new housing developments’* the Council had 3,000 hectares of brown field sites, the wording needed to be amended; and
- also on page 13 under Housing crisis the wording ‘*Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements’*, again the wording needed to be amended otherwise it would make it easier for developers to undermine the Council in terms of planning.

In response the Director of Resources advised that the improvement recommendations referred to on page 42 had been included within the external audit plan for 2023/2024. She agreed to circulate these to Members of the Committee.

Mr Oyerinde agreed to re-word the paragraph on the Housing Crisis on page 13.

Councillor Booth proposed the recommendation, which was seconded by Councillor Gibson.

Resolved:

(1) That the Annual Audit Plan presented by Grant Thornton be noted.

815 **Treasury Management 2024/25 Q3 Report**

The Head of Finance and Procurement introduced the report which provided an overview on the Quarter 3 position on treasury management transactions for 2024/25, including compliance with treasury limits and Prudential and Treasury Management Indicators.

A Member welcomed the report and congratulated staff on their performance.

Councillor Harrison proposed the recommendations, which were seconded by Councillor Terry Thompson.

Resolved:

(1) That the performance information within the report be noted.
(2) That the prudential and treasury management indicators within the report be noted.

816 **2024-25 Accounting Policies**

The Head of Finance and Procurement introduced the report which sought the Audit Committee's approval of the accounting policies for 2024/25. These were the accounting policies which would be used in preparing the financial statements, and were included within the Statement of Accounts document. The Head of Finance and Procurement summarised the main changes from previous years; the proposed minor changes; and explained that leased assets valued at less than £10,000 be classed as 'low-value'.

The Chair invited Members to ask questions and make comments, and these included:

- Questioned whether technical software would not last for more than 15 years?;
- would the changes create more work for officers?; and
- how did the Council dispose of technical assets such as laptops? Local schools might be able to make good use of them.

In response, the Head of Finance and Procurement considered that scanners could last for 15 years and that all the Council's software licences were kept up-to-date with upgrades. With regard to workloads, the lease requirement would create a lot of work for the first year to calculate the liabilities. The Director of Resources added the Head of Finance and Procurement had a considerable amount of work to do on assessing the liability for each asset not on a pepper-corn rent.

The Director of Resources agreed to find out how the Council's ICT Department disposed of used laptops and report back to Members.

Councillor Booth proposed the recommendation, which was seconded by Councillor Thompson.

Resolved:

(1) That the accounting policies for use in the 2024/25 statement of accounts be approved.

Chair

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