Audit Committee

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, ME10 3HT on Wednesday, 22 April 2026 from 7.00 pm - 7.49 pm.

PRESENT: Councillors Hayden Brawn (Substitute for Councillor Simon Clark), Lloyd Chapman (Substitute for Councillor Richard Palmer), Charles Gibson (Chair), Angela Harrison, Peter MacDonald (Substitute for Councillor Chris Palmer), Tara Noe and Dolley Wooster.

OFFICERS PRESENT: Lisa Fillery, Kellie MacKenzie, Claire Stanbury and Katherine Woodward.

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

APOLOGIES: Councillors Andy Booth, Derek Carnell, Simon Clark, Chris Palmer and Richard Palmer.

884 **Emergency Evacuation Procedure**

The Chair outlined the emergency evacuation procedure.

885 **Minutes**

The Minutes of the Meeting held on 21 January 2026 (Minute Nos. 630 – 637) were taken as read, approved and signed by the Chair as a correct record.

886 **Declarations of Interest**

No interests were declared.

887 **Internal Audit and Assurance Plan 2026/27**

The Head of Audit Partnership introduced the report as set out in the agenda papers. She outlined how the Audit Plan had been put together, and referred to paragraph 3.3 on page 11 and 12 of the Internal Audit and Assurance Plan 2026/27, at Appendix I of the report, which set out the additional criteria included to assess how the Local Government Reorganisation (LGR) would impact the role of internal audit.

The Head of Audit Partnership drew attention to paragraph 3.7 on pages 13 and 14 of the report which set out the Plan of intended work for 2026/27, and she clarified the priority ratings for Members. She stated that all essential work would be delivered.

The Chair invited Members to ask questions and make comments. These included:

- It would be beneficial if the list of intended work at paragraph 3.7 on pages 13 and 14 could be colour-coded similar to the risk matrix;
- would officers concentrate only on the priority essential items as some of the lower priority items such as Taxi Licensing and Social Housing Allocations were open to fraud and high risk when it came to reputational damage to the Council;
- how would taxi licensing be audited as some were registered outside of the Borough?; and

- considered the LGR could cause issues for auditing items.

In response, the Head of Audit Partnership advised that the intended work list could be colour-coded. The essential and high priority items would be completed which would be sufficient to get an audit opinion. There would be quarterly assessments of all the items and the risks they presented, so if taxi licensing did not meet the test for a low priority it could be increased.

The Director of Resources added that whilst the intended work list could be colour-coded, she was unsure how accurate colour-coding a service audit to a risk would be. All local authorities were subject to the same legislation in terms of taxi licensing so as long as taxi licenses were issued and checked correctly it would not matter where the taxi Licence was registered.

Councillor Angela Harrison proposed the recommendations, which were seconded by Councillor Hayden Brawn.

Resolved:

(1) That the Internal Audit & Assurance Plan for 2026/27 be approved and that the Head of Audit Partnership be given delegated 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 has 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 is compiled independently and without inappropriate influence from management be noted.

888 **Accounting Policies 2025-26**

The Head of Finance and Procurement introduced the report as set out in the agenda papers.

The Chair invited Members to ask questions and make comments. These included:

- Considered that if items changed due to legislative changes they did not need to be considered by the Audit Committee;
- how were heritage assets valued?;
- if a heritage asset was damaged due to anti-social behaviour would that trigger a response to revalue that asset?; and
- how was the Council reviewing the impact of AI software?

In response, the Director of Resources explained that the Council had not completely adopted the CIPFA legislation, as officers considered it would be detrimental to the Council's Statement of Accounts and therefore the policies did need to come to committee in this instance. With regard to Heritage Assets, the accounting valuation process looked at what the Council's assets were worth based on the criteria they were valued against. Sometimes heritage assets were based on the depreciated replacement value, but if they were leased out and the tenants were not abiding by the lease that would not be a valuation, but a property issue and not part of the audit regime, but the property regime. The Director of Resources further explained that when the value of an asset had been detrimentally affected then an impairment review would be undertaken.

The Director of Resources stated that unless the Council were going to replace AI software it would not affect the Council's Depreciation Policy as the existing piece of software would be used during that period. The Head of Finance and Procurement added that software referred to in the balance sheet was software where the Council owned the Licence for longer than a 12-month period. As systems were replaced it was usually on a Software as a Service basis where the Licence was for a 12-month period and became a revenue cost. These software licenses were therefore not on the balance sheet, and not subject to amortization.

Councillor Harrison proposed the recommendation, which was seconded by Councillor Peter MacDonald.

Resolved:

(1) That the accounting policies for use in the 2025-26 statement of accounts be approved.

889 **Grant Thornton Audit Plan 2025/26**

The Audit Director (Grant Thornton), introduced the report as set out in the agenda papers.

The Chair invited questions and comments from Members. These included:

- Concerned that developers and landowners were not paying Section 106 monies into local amenities;
- audit and financial cycles and continuity of process should be one of the first things considered with regard to the LGR, were the Council thinking about how that process would work currently?; and
- should a Member briefing for Members be held with regard to the LGR?

The Director of Resources reported that the balance of Section 106 monies held at year-end would form part of the audit, but the process of working with the developers and landowners would be a matter for an internal audit. She reported that she and the Head of Audit Partnership sat on the Audit Priority Action Group which was part of the LGR workstream programme. She stated that the LGR would not be affected by the 2025-26 Audit Plan, and her priority was to ensure that Swale was looked after properly in the run up to the transition, and the new Council would be subject to the same rules as were currently in place. The experiences of local authorities that had already gone through the LGR was that different systems were running concurrently.

The Chair said he was happy to work with officers to organise a Member Briefing on the impact of the LGR in terms of the Council's audit work. The Director of Resources suggested this be arranged for a year's time. The Head of Audit Partnership referred to the recent Risk Management Member training that had been held, and advised that the Local Government Association had held a session for Audit Committee Chairs on LGR. This had been attended by a member of the Council's Audit team and the information collected would be shared with the Audit Committee.

Councillor Brawn proposed the recommendation, which was seconded by Councillor

Dolley Wooster.

Resolved:

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

890 **Treasury Management Quarterly Report April - December 2025**

The Head of Finance and Procurement introduced the report as set out in the agenda papers.

Councillor Brawn proposed the recommendations, which were seconded by Councillor MacDonald.

Resolved:

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

Chair