

## **AUDIT COMMITTEE**

**TUESDAY, 23 FEBRUARY 2016**

PRESENT:- Councillors Steve Weisinger (Chair), Steve Allsopp, Oliver Donachie, Mark Edwards, Nick Martin, Des Moffatt, Maureen Penny and Kevin Small.

### **32. Declarations of Interest**

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting.

Councillor Donachie made a non-prejudicial declaration of interest in respect of items on the agenda relating to Public Power Solution, in his capacity as Non-Executive Director of that organisation.

### **33. Public Question Time**

There were no public questions.

### **34. Minutes**

Resolved – (1) That the minutes of the meeting held on 17<sup>h</sup> November 2015 be confirmed and signed.

(2) That, further to Minute 30(ii)(2), the officers seek to obtain for members the information previously requested regarding levels of written off expenses.

### **35. Corporate Risk Management Update**

The Committee received the Annual Summary Report on Risk Management activity within the Council. The report included the latest Corporate Risk Summary for the Committee's inspection and provided members with an update on progress in relation to the implementation of the new framework for Corporate Risk Management and the embedding of the Risk Management Strategy across the Council.

The Head of People, Performance and Engagement introduced the report, advising of the establishment of the risk management team and the appointment of a Risk and Performance Officer and, in particular, the work done to streamline the Risk Management processes and to integrate and align these with the Council's performance management arrangements.

The Corporate Planning Lead took members through the detail of the report, expanding on the main key risk areas identified in the Corporate Risk Summary, attached to the report at Appendix 1, and the respective causes, impacts and planned actions to reduce likelihood for each area of risk. Members' views were sought on the functionality of the newly-adopted corporate risk summary format.

Following the presentation of the report, the Head of People, Performance and Engagement and the Chief Executive responded to members' specific questions on

related issues, including.

- The revised corporate risk summary format.
- Organisational sustainability and the capacity to maintain services.
- The summary's assessment of major unplanned expenditure as "low risk".
- Governance and the summary assessment of potential impacts due to contraventions of legislative and statutory obligations.
- The summary information relating to possible causes of Highways and Transport risks.
- The measurability of summary plans to mitigate key risks.
- IT support, business continuity planning and the mitigation of IT related business continuity risks.
- The ability of the Committee to consider specific service and Pillar risk areas.
- The summary's identification of ownership of key risk areas.
- Financial and organisational resilience and the mitigation of reputational risk resulting from a generalised view of business affairs across the local government sector.

Resolved – (1) That the report be noted and its conclusions around the effectiveness of the Council's Risk Management, Internal Control and overall assurance framework be endorsed.

(2) That the officers be thanked for attending the meeting and for their full and open responses to members' questions and observations on the Council's Corporate Risk Strategy and specific issues relating to the key risk areas identified in the Corporate Risk Summary.

### **36. Internal Audit report - Brindley Close (Lessons Learnt)**

The Committee received the Internal Audit "Lessons Learnt Review", carried out in relation to the waste fire on Council owned land at Brindley Close, which was leased to Averies Recycling (Swindon) Ltd. It was noted that the audit was carried out as a consultancy review to look at lessons learnt and therefore had no overall audit opinion attached.

The Head of Internal Audit introduced the report, taking the Committee through the key findings of the review and, with the Board Director, Service Delivery, and Head of Property Assets, responded to members' questions and observations the Management response to the various recommendations set out in the Action Plan annexed to the report.

- The position and liability of the Council as the "landlord of last resort" in respect of waste, landfill and waste transfer sites on council-owned land.
- The role and function of the Council in providing sites under licence for business operations that involve "non-conforming uses" and the enforcement of licence conditions.
- The suggested lease terms and conditions for inclusion in waste operator lease agreements and the ability of the Council to require appropriate insurance cover in respect of the "non-conforming" uses.
- The feasibility of introducing a monitoring and inspection schedule, in conjunction with the Environment Agency, in respect of all non-conforming use licences issued by the Council.

Resolved – That the report be noted and that the Committee receive a further report reviewing issues pertaining to the licencing, monitoring and inspection of the operation of waste sites in nine months' time.

### **37. Internal Audit report - Licensing**

Further to Minute 28, the Committee received a report on the outcome of the Internal Audit Review of the effectiveness of the Licensing (Taxi and Private Hire) income and reconciliation process.

The Council's Licensing Manager was in attendance to introduce the report and provide an update on the effectiveness of process changes made in relation to the specific audit recommendations regarding:

- The Analysis and reconciliation of income.
- The segregation in duties between the collection of income and administration of the applications.

Following the update, the Licensing Manager responded to members' questions on the issues raised, particularly members' concerns at the apparently limited progress in responding to the initial audit recommendations.

Resolved – (1) That the report, and the management response to the specific audit review recommendations, be noted.

(2) That a further review report be submitted to the Committee in the latter part of the next Municipal Year, following the implementation of all the requisite IT support systems.

### **38. External Audit Reports**

- (i) Certification Work for Swindon Borough Council for the year ended 31 March 2015

Chris Hackett (Grant Thornton) presented a report regarding the certification of claims and returns submitted by the Council. The report also provided a summary of the External Auditors' assessment of the Council's management arrangements in respect of the certification process and highlighted significant matters in relation to each of four claims and returns that were certified for the Financial Year 2014/15.

Resolved – That the report be noted.

- (ii) Audit Committee Update

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 23<sup>rd</sup> February 2016, in respect of the delivery of their audit responsibilities. The report also included a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the report and supporting papers be noted.

### **39. Public Sector Internal Audit Standards - External Assessment**

The Committee received a report of the Head of Internal Audit on the requirement of

the Public Sector Internal Audit Standards for an external assessment of internal audit. It was noted that this assessment had to be conducted at least once every five years by a qualified, independent reviewer external to the organisation. Members were invited to consider the proposed arrangement for that external assessment.

Resolved – That the report be noted and that the terms of reference for the external assessment of internal audit be approved.

#### **40. Head of Internal Audit Update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in November 2015, progress made against the Annual Internal Audit Plan 2015/16 and Internal Audit business, staffing and resource issues, including the successful bid for DCLG monies for counter fraud work.

Resolved – That the report be noted.

(Councillor Mark Edwards made a non-prejudicial declaration of interest in respect of matters in this report relating to Isambard School, in his capacity as a Governor of that school.)

Signed at a meeting of the Cabinet held on 19<sup>th</sup> April 2016

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Person presiding at meeting at which minutes signed