

## **AUDIT COMMITTEE**

**TUESDAY, 28 JUNE 2016**

**PRESENT:-** Councillors Steve Weisinger (Chair), Nick Martin, Kevin Small, Malcolm Davies, Mary Friend, Chris Watts and Des Moffatt

### **1. Appointment of Vice-Chair**

Resolved – That Councillor Nick Martin be Vice-Chair of the Audit Committee for the Municipal year 2016/17.

### **2. Declarations of Interest**

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. No declarations were made.

### **3. Public Question Time**

There were no public questions

### **4. Minutes**

Resolved - (1) That the minutes of the meeting held on 19<sup>th</sup> April, 2016, be confirmed and signed.

### **5. Internal Audit report - Stores and Equipment Management**

In accordance with its established practice of considering at least one individual audit report at each meeting, the Committee received a report on the outcome and key findings of the Internal Audit Review of Stores and Equipment Management at Waterside, included in the audit plan for 2015/16 following the transfer of most of the operational and support services from Swindon Commercial Services Ltd (SCS) to the Council and a specific investigation into an allegation in that area.

The Council's Head of Corporate Finance, Head of Streetsmart and the Warehouse Manager were in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations and also responded to members' questions on issues raised regarding identified risk areas, the management response to the audit conclusions and key recommendations, and progress in implementing the action plan. Issues raised by members included:

- The use of the DATAstox system and the appropriateness of that particular system for stock management applications.
- The cost of renewing the licence for the continued use of the DATAstox system.
- The deterioration of the stores, evidenced in the audit review, the effectiveness of the changed management structure of the Depot operations function, in response to the review, and, in particular, the decision to separate the stores and procurement functions.
- Stock security and the consolidation of stock locations.

- Security issues and the extension of CCTV coverage in the warehouse and other external stores.
- Stock issues and the review of direct purchasing arrangements.
- The role of supervisors in relation to the monitoring of stock.
- The value of stock and the adequacy of the level of stock insurance cover.
- The current and proposed arrangements for regular stock evaluations.
- The potential impact on the operation of any failure of the DATAstox system, its effectiveness in relation to the changed operational arrangements outlined in the update and the availability and cost of alternative equipment management systems.

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

(2) That a further review be conducted in six months' time and the Committee advised of any remaining outstanding issues in order that instruction might be given regarding mitigating actions to be taken

## **6. Treasury Management Performance 2015/16**

The Committee received a report of the Board Director, Resources, setting out the Treasury Management performance for 2015/16.

Resolved – That the 2015/16 Treasury Management performance, as detailed at paragraphs 3.1 to 3.17 of the report, and the Prudential Indicators shown at Appendix 1 to the report, be noted.

## **7. Draft Statement of Accounts 2015/16**

The Committee received a report providing an update on the current position in relation to the preparation of the Council's Annual Statement of Accounts for 2015/16. The Board Director, Resources, introduced the report and, with the Finance Manager, Housing, Treasury and Growth, expanded on a number of matters relating to the preparation of the statement of accounts, particularly the targeted completion of the draft accounts by the end of May to assess the readiness for the change in statutory reporting dates from 2017/18.

Following their introduction of the report, the Board Director and Finance Manager responded to members' specific queries and observations regarding the detail of the Draft Statement of Accounts including activities which will be undertaken during 2016/17 to bring forward the draft accounts completion by one week.

Resolved – That the report be noted.

## **8. Audit Committee: Annual Report 2015/16**

The Chair of the Committee introduced the Committee's Annual Report for 2015/16.

Resolved – That the report be noted

## **9. Audit Committee: Terms of Reference and Work Plan**

The Committee received a report of the Head of Internal Audit on the Audit Committee's terms of reference and details of the Committee's draft work programme for 2016/17.

Resolved – That the terms of reference and draft work programme, appended to the

report, be approved.

## **10. Head of Internal Audit Annual Report**

The Committee received the Head of Internal Audit's Annual Report for 2015/16. It was noted that it was a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit deliver an annual internal audit opinion and report that could be used by the organisation to inform its governance statement and that the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation. The Annual Report provided the Committee with assurance from the Head of Internal Audit regarding the work of the Internal Audit section and his opinion with regard to the Council's overall arrangements for internal control.

Resolved – That the report and, in particular, the Head of Internal Audit's overall opinion that the Council's internal control arrangements relating to its main financial systems during 2015/16 were found to be satisfactory, resulting in an overall risk assessment to the Council as being 'moderate' be noted.

## **11. Draft Annual Governance Statement**

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement 2015/16, setting out the Council's governance arrangements and providing an assessment of the performance of those arrangements over the year.

Resolved – (1) That the draft Annual Governance Statement 2015/16, appended to the report, be approved.

(2) That it be noted that the final version of the Annual Governance Statement would be signed off by the Leader of the Council and the Chief Executive in September 2016.

## **12. External Audit Reports**

Chris Hackett (Grant Thornton) presented the Audit Committee Progress and Update Report for the Council for the year ended 31<sup>st</sup> March 2016.

Resolved – That the Update and Progress Report for the year ended 31<sup>st</sup> March 2016 be accepted.

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at June 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.

## **13. 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 in April 2016, progress made against the Annual Internal Audit Plan 2015/16 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That, in addition to the Audit reports scheduled for consideration at the next meeting of the Committee, the Head of ICT be requested to update the

Committee on the position regarding the Council's IT Security arrangements and IT Service provision.