

## **AUDIT COMMITTEE**

**TUESDAY, 5 FEBRUARY 2019**

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin, Des Moffatt, Roger Smith and Rahul Tarar.

Apologies for absence were received from Councillors John Ballman and Kevin Small.

### **40. Declarations of Interest**

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

Councillor Des Moffatt made a non prejudicial declaration of interest in respect of Agenda Item No. 6 in his capacity as an as Chair of Central Swindon North Parish Council.

Councillors Nick Martin, Roger Smith and Steve Weisinger made a non prejudicial declarations of interest in respect of Agenda Item No. 6 in their capacity as Parish/Town Councillors.

### **41. Public Question Time**

No public questions were received during the meeting.

### **42. Minutes**

Resolved - That the minutes of the meeting held on 27<sup>th</sup> November 2018, be confirmed and signed.

### **43. Treasury Management Strategy 2019/20**

The Director of Finance submitted a report setting out the Council's Treasury Strategy 2019/20, including Prudential Indicators up to 2023/24, the Council's Annual Investment Strategy and the Minimum Revenue Provision Policy Statement.

In presenting the report the Director of Finance and the Head of Finance highlighted the following points:

- The potential use of the UK Municipal Bond Agency for the purposes of obtaining loans should the interest rate be preferential to that offered by the Public Works Loan Board.
- A change to the strategy to permit the Council to make loans to local charities where they are supportive of the aims of the Council.
- The Council's Capital Financing Requirement for the General Fund which was expected to rise with the delivery of the new Eastern Villages before falling back following its delivery.
- The Capital Financing Requirement for the Housing Revenue Account, the Account's anticipated investment balance and the Account's Debt Limit which had been removed by the Government.

The Director of Finance and the Head of Finance answered questions and responded to matters raised by the Chair and Councillors Nick Martin, Des Moffatt, Roger Smith relating to the following issues:

- The financial implications to the Council should there be a slippage in the timetable for the development of the Eastern Villages.
- The protocol for the Council to approve investments in the Local Authority Property Fund or a similar multi-asset fund.
- The anticipated differential rate between loans with the Public Works Loans Board and the UK Municipal Bond Agency.

Resolved – (1) That the Cabinet and Council be recommended to approve the Treasury Management Strategy, Minimum Revenue Policy and Prudential Indicators, as set out in appendix 1 of the report.

(2) That the Cabinet and Council be recommended to approve the terms of the UK Municipal Bond Agency as set out in Appendix 2 to the report.

(3) That the loan facilities to Swindon Music Services as outlined in paragraph 3.23 of the report be noted.

(4) That the final sentence of Paragraph 8.23 of Appendix 1 be amended to read “These investments will be subject to a specific Cabinet approval before they are undertaken.”

#### **44. Internal Audit Report: Services to Parishes**

The Committee received a report on the outcome and key findings of the Internal Audit Review of Services to Parishes. It was noted that this audit emerged from the creation of four parishes under a Community Governance Review and the subsequent transfer of services to those and existing Parish Councils over the previous twelve months.

Steve Jorden, Corporate Director of Communities and Housing, gave a brief presentation on the relationship between Swindon Borough Council and Parish Councils and services provided.

The Head of Internal Audit noted the report arose from a request from the Head of Streetsmart to provide assurance in respect of roles and responsibilities, forward planning, management arrangements and health and safety in relation to services provided to Parishes. The Head of Internal Audit introduced the reports key findings and recommendations of the audit and he and the Corporate Director of Communities and Housing responded to questions and comments from the Chair and Councillors Nick Martin, Des Moffatt, Roger Smith and Rahul Tarar on the following issues:

- How Parish Councils could establish whether services provided by Swindon Borough Council and services they provided offered value for money.
- The sustainability of services provided by Swindon Borough Council and Parish Councils.
- The accuracy of information provided to Parish Councils when they took responsibility for service delivery.
- The relationship between Swindon Borough Council and Parish Councils and the need to establish meetings with all Parish Councils.

- Recharging for services to Parish Councils.
- Lessons learnt following the establishment of new Parish Councils and how good practice could be shared among Parish Councils and the enhancement of closer co-operation.
- Responsibility and liability for any incidents arising from non-compliance with Health and Safety Regulations during service delivery by Parish Councils or by third party contractors.
- The rationale for the creation of Parish Councils.
- The transfer of assets to Parish Councils.

Resolved – (1) That the report be noted and officers be thanked for their presentations and comprehensive response to issues raised by Members.

(2) That the Head of Internal Audit be requested to submit an update report of Services to Parish to this Committee in twelve months' time.

(Councillor Des Moffatt made a non prejudicial declaration of interest in respect of this item his capacity as an as Chair of Central Swindon North Parish Council.)

(Councillors Nick Martin, Roger Smith and Steve Weisinger made a non prejudicial declarations of interest in respect of this item in their capacity as Parish/Town Councillors.)

#### **45. Internal Audit Report: Absence Management**

The Committee received a report on the outcome and key findings of the Internal Audit Review of Absence Management. It was noted that this audit was requested by the Human Resources Operations Manager.

Julie Walsh, Human Resources Operations Manager provided an updated position which had been circulated with the Committee papers.

The Head of Internal Audit introduced the reports key findings and recommendations of the audit and he and the Human Resources Operations Manager responded to questions and comments from the Chair and Councillors Nick Martin, Des Moffatt, Roger Smith and Rahul Tarar on the following issues:

- The timetable for the completion of management training in respect of Absence Management.
- The level of staff absence and improvements to the management of staff.
- The main symptoms of staff who are absent from work and the process for engagement with them on return to work.
- The monthly and quarterly scrutiny of key performance targets including sickness absence data, accidents data, reasons for absence together with complaints from employees and/or grievances.
- The effect of long term sickness on absence figures and the effect of long term sickness had on other employees.
- Guidelines and training for managers who were required to engage with employees suffering long term sickness absence.
- Low cost measures that might increase staff morale and reduce sickness absence.
- Mitigation work, including a Health and Wellbeing Programme, to bring the Council's sickness absence into line and below the national public sector average.

- The role of Corporate Board in overseeing Sickness Absence.

Resolved – (1) That the report be noted and officers be thanked for their presentations and comprehensive response to issues raised by Members.  
(2) That the Head of Internal Audit be requested to submit an update report in 2020/21 Municipal Year on the Council's success in reducing sickness absence below the national public sector average.

#### **46. External Audit Plan**

Barrie Morris (Grant Thornton) presented the Audit Plan for 2018/19, explaining the External Auditors' responsibilities in accordance with the requirements of the Code of Audit Practice issued by the National Audit Office (NAO), and detailing the work to be undertaken in relation to (a) significant risks facing the Council, (b) its opinion that there was minimal risk of fraud in relation to the revenue cycle, (c) management over-ride and controls and the environment put in place by the Council, (d) the audit of the key challenges and opportunities the Council is facing, (e) the valuation of the Council's pension liability, (f) Value for Money plans and their monitoring, (f) interim audit work, and the impact of the findings on the accounts audit approach, the key dates of the audit cycle and fees for the Council audit and other services agreed at the time of the issue of the Audit Plan.

Resolved – That the External Auditors' Audit Plan 2018/19 be accepted.

#### **47. Swindon Borough Council Certification Letter 2017/18**

Barrie Morris (Grant Thornton), submitted a report certifying the Council's Housing Benefit subsidy claim for the Financial Year, 2017/18 noting that this was the last year the Council would receive this letter following rule changes for auditing the Housing Benefit subsidy claim. The subsidy claim for the year was £49.464m which was qualified, but not amended, due to the wrong bedroom rate had been used to cap benefit resulting in a £1,000 overpayment.

Resolved – That the report be noted.

#### **48. Audit Progress Report and Sector Update**

Barrie Morris (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at March 2019, in respect of the delivery of their audit responsibilities. He confirmed that 2017/18 accounts in relation to the Teacher's Pension Return, the homes and Community Agency Return and the Capital Receipts Return had been certified. In terms of the audit deliverables work relating to 2017/18 had been completed.

The Update report also included a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the update report and the summary of key emerging national issues and developments be noted.

#### **49. 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 2018, and progress made against the Annual Internal Audit Plan 2018/19. He confirmed that the Housing Revenue Account contribution funding of the Corporate Fraud Team for next year had been agreed and answered questions in respect of checks undertaken in respect of (i) Right to Buy applications, (ii) tenancy checks, and (iii) Council Tax checks.

Resolved - That the Head of Audit be requested to submit a reports to the next meeting in respect of the OK4U Day Service and the Swindon Housing Company.