

AUDIT COMMITTEE

TUESDAY, 18 JUNE 2019

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin (Vice-Chair), Malcolm Davies, Roger Smith, Claire Crilly, Des Moffatt and Kevin Small.

1. Declarations of Interest

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

2. Public Question Time

No public questions were received during the meeting.

3. Minutes

Resolved – That the minutes of the meeting held on 19th March 2019, be confirmed and signed as a correct record.

4. Treasury Management Performance 2018/19

The Committee considered (a) a joint report of the Cabinet Member for Finance and Director of Finance setting out the Council's Treasury Management Performance for 2018/19, and (b) an introduction by Mr Ian Burbage, Head of Finance (Technical).

Resolved – That the 2018/19 Treasury Management Performance, set out in paragraphs 3.1 to 3.21 of and the Prudential Indicators set out in Appendix 2 of the joint report be noted.

5. Internal Audit Report: OK4U

The Committee received a report on the outcome and key findings of the Internal Audit Review of the Council's OK4U run day care service which provides statutory services to adults with learning and physical disabilities.

The Operations Manager made a brief presentation to the Committee setting out work undertaken to date in responding to the findings of the audit report.

The Head of Internal Audit noted the report arose to provide the Director of Adults with assurance in respect of the risks associated with the service. The Head of Internal Audit introduced the reports key findings and recommendations of the audit and he and the Operations Manager responded to questions and comments from the Chair and Councillors Des Moffatt and Kevin Small on the following issues:

- New paperwork and the Service Improvement Plan implemented by management.
- The new arrangements in place for staff handling cash and for ensuring that cheques were paid into the bank in a timely manner.
- Plans to increase the use of electronic payments and to move to a primarily cashless service using "better" cards.
- The new timetable of activities available to service users.

- Staff training to ensure all relevant staff were aware of accounting codes and the effective recording of financial transactions.
- The outturn for the overall OK4U service budget for the 2018/19 Financial Year.
- The current budget projection for the current financial year.

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, on progress in meeting the audit recommendations and service balance sheet, to this Committee in March 2020.

6. Audit Committee Annual Report 2018/19

The Chair introduced the Committee's Annual Report setting out the role of the Committee, saving made by the Council's Audit Team and the work it had undertaken during 2018/19.

Resolved – (1) That the report be noted.
(2) That Council Officers and Grant Thornton be thanked for their work on behalf of this Committee during the Municipal Year, 2018/19.

7. Head of Internal Audit Annual Report 2018/19

The Committee received the Head of Internal Audit's Annual Report for 2018/19. 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.

The Head of Internal Audit briefly summarised the work undertaken during the 2018/19 Municipal Year, including that of the Corporate Fraud Team which was attached to the report as Appendix 1, a summary of Internal Audits Dashboard attached as Appendix 2 to the report. He noted that an external assessment was carried out on a five year basis and that arrangements for the next external assessment would be commencing in the near future.

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 2018/19 were found to be satisfactory, resulting in an overall risk assessment to the Council as being 'moderate' be noted.

8. Letter to those charged with governance

The Head of Internal Audit submitted a report on the requirement of the External Auditor, as part of its audit of the Council's financial statements, and in order to comply with the International Standards (UK and Ireland) on Auditing, to make inquiries of both officers and the Audit Committee, as to their knowledge and

understanding of the following areas:

- Fraud
- Related Parties
- Going Concern
- Litigation and Claims
- Accounting estimates; and
- Laws and Regulations

The Committee was invited to consider whether the responses submitted by the Council's officers and members, and by the Chair on behalf of the Audit Committee, set out in Appendix 1 to the report, were consistent with its understanding and whether there were any additional points Members wished to make. Members discussed the benefits of them responding directly to a plain English questionnaire.

Resolved – That the responses by officers and the Chair of this Committee to the various questions put by the External Auditors in relation to the specified risk areas identified in the report be confirmed as being consistent with this Committee's understanding of the position.

9. Draft Annual Governance Statement

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement 2018/19, setting out the Council's governance arrangements, including regular monitoring by the Council's Corporate Management Team, and providing an assessment of the performance of those arrangements and their effectiveness over the year in accordance with the Accounts and Audit Regulations 2015.

The Head of Internal Audit also drew Members' attention to (a) Children's Services, (b) Information Governance and Security, and (c) GCSE attainment, which required further progress before they could be taken off the statement. However, the Annual Governance was considered satisfactory in the whole. Members' noted that the Council's ability to influence GCSE results was limited by the increasing number of academy schools within the Borough.

Resolved – (1) That the draft Annual Governance Statement 2018/19, appended to the report, be approved.

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

(3) That the Cabinet Member for Finance, Education and Skills and Head of Education be advised of this Committee's concerns that the Local Education Authority's ability to influence GCSE results continues to be limited due to the increasing number of grant maintained schools within the Borough.

10. External Audit Progress Report and Sector Update

Steve Johnson (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 31st May 2019, in respect of the delivery of their audit responsibilities. External Auditors would commence work with the Council's Finance Team from Monday 24th June 2019 following interim work on controls with the Council and planning for the external audits and current work on auditing the

Council's Information Technology systems. Work was on schedule to report on the External Audit to the Committee's July meeting and for providing the audit opinion by 31st July 2019.

He confirmed that 2018/19 certification in relation to the Teacher's Pension Return, the homes and Community Agency Return, the Capital Receipts Return and Housing Benefit Subsidy claim would commence, in accordance with Government Guidance during the summer.

The update report also included a summary of key emerging national issues and developments that might be of interest to the Committee, including, (a) Pressures on Children's Social Care identified by the National Audit Office, and (b) the Chartered Institute of Public Finance and Accountancy Social Care risk tool.

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

11. 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 March 2019, and progress made against the Annual Internal Audit Plan 2019/20. He drew Members' attention to (a) the work of the Corporate Fraud Team and the nominal and actual savings made to date, and (b) Internal Audits on (i) Fuel, (ii) Payroll Mileage and Expenses, (iii) Public Health Grant Return, (iv) Recording Child Protection Conferences, (v) Financial Assessment and Benefits, (vi) Commissioning, Contracts and Brokerage: Domiciliary Care (Adults Social Care), (vii) Troubled Families Claim April/May 2019, (viii) Payroll Additional Payments – Homeline, (ix) Avon and Wiltshire Partnership Trust (x) Disabled Facilities Grant (Additional work), (xi) Even Swindon Primary School, (xii) Main Accounting, and (xiii) Consultancy Review: Co-operative Intelligent Transport Systems (C-ITS) Project, finalised since the March meeting of the Committee.

Resolved - That the report of Head of Audit be noted.