

AUDIT COMMITTEE

TUESDAY, 21 JULY 2020

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

1. Chair's Opening Remarks

The Chair welcomed members to the meeting and set out how it would function as a 'virtual' meeting in public. The Chair also welcomed the Committee's latest member, Councillor Jim Robbins, who was appointed at Council on 9th July 2020.

2. 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 Jim Robbins made a personal but non-prejudicial declaration of interest with regard to Agenda Item 8 - Head of Audit Annual Report/Opinion (Minute 8) in that he is a governor of Even Swindon Primary School.

3. Public Question Time

No members of the public submitted questions for this meeting.

4. Minutes

Resolved - That the minutes of the meeting held on 21st January 2020 be confirmed and signed.

5. Corporate Risk Register update

The Committee received a summary report of risk management activity within the Council, including the most recently updated and reformatted Corporate Risk Register as reported to the Council's Corporate Management Team.

The Chief Executive introduced the report and informed the Committee how the narrative about the risks and mitigations had been clarified and augmented since the previous report in October 2019. In addition, the Chief Executive drew Members' attention to the new colour coding for finance – purple – to emphasise that this was a distinctive very high risk given the Covid-19 pandemic.

Following the report's introduction, the Chief Executive along with the Corporate Director of Finance and Assets answered questions and responded to matters raised by the Chair and Councillor Jim Robbins in relation to the following issues:

- 1) The risks to the Council's finances, both in terms of extra costs and lost revenue from the initial pandemic wave.
- 2) How the Council was preparing itself and its finances in case of a second

wave later in the year. In particular, how was the Council lobbying central government for increased support.

- 3) The possible effect on employment in the Borough given the public announcement of the new Zurich offices along with the impact of both the pandemic and the impending closure of Honda.
- 4) How the Council would continue to inform and support Honda staff members seeking new employment.
- 5) Why Legal Services was not highlighted as a corporate risk as it had been in October 2019.

With regard to legal services, the Chief Executive confirmed that this risk was now being managed by the Chief Operations Officer. The Chair accepted the Chief Executive's offer that the Chief Operating Officer would bring an update on Legal Services to the next meeting of the Committee.

Resolved - That the risk management approach and the risks captured in the Corporate Risk Register be endorsed.

6. Treasury Management Performance 2019/20

The Committee considered a joint report of the Cabinet Member for Commercialisation, Education and Skills along with the Corporate Director of Finance and Assets setting out the Council's Treasury Management Performance for 2019/20.

The Corporate Director of Finance and Assets introduced the report and explained to Members that the changes to Council meetings because of the response to Covid-19 meant that it had not been considered by Audit prior to submission to Cabinet. The Corporate Director invited Members to consider the chart setting out the changes in interest rates and how the Council responded to these in making decisions about when to undertake borrowing.

Councillor Jim Robbins asked questions concerning the loans to other councils and the detail about the zero interest Salix (Green initiative Funding) loan, to which the Corporate Director of Finance and Assets responded at the meeting.

Resolved - That the 2019/20 Treasury Management performance as detailed at paragraphs 3.1 to 3.23 of the Joint report and the Prudential Indicators shown at Appendix 2 be noted.

7. Audit Committee Annual Report 2019/20

The Chair introduced the Committee's Annual Report setting out the role of the Committee, the changes because of the Covid-19 pandemic, savings delivered by the Council's Audit Team and the work undertaken during the Municipal Year 2019/20. The Chair expressed his thanks to the Audit Committee Members, officers, and the External Auditors for their endeavours over the past year.

Councillor Kevin Small asked a question in general about how all audit companies were maintaining standards and ensuring the quality of audits, given issues at some

councils and other sectors. With the consent of the Chair and the questioner, Barrie Morris (external auditor) undertook to address this under the agenda item on the Statement of Accounts.

Resolved - That the Audit Committee: Annual Report 2019/20 be noted.

8. Head of Audit Annual Report/Opinion

The Head of Internal Audit submitted the annual report for 2019/20 and informed the Committee that it is a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit delivers an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement.

The Head of Internal Audit introduced the report and invited the Committee to note that it found the Council's internal control arrangements to be satisfactory as well as confirming that the Audit Team was on target for completing internal audits. Members were invited to review the work of Corporate Fraud Team at Appendix One, which included details of £3.2m of actual or notional savings that had been identified through its work. The Head of Internal Audit also referred to the summary of Internal Audits Dashboard attached as Appendix 2 to the report

Resolved - That the Head of Internal Audit Annual Report and Opinion 2019/20 be noted.

(Councillor Jim Robbins made a personal but non-prejudicial declaration of interest with regard to this item in that he is a governor of Even Swindon Primary School.)

9. Annual Governance Statement 2019/20

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement 2019/20. It is a requirement of the Accounts and Audit Regulations that the Council prepares an Annual Governance Statement. This set out the Council's governance arrangements, which included regular monitoring by the Council's Corporate Management Team along with providing an assessment of the performance of those arrangements and their effectiveness over the year.

The Head of Internal Audit confirmed that the draft had been circulated to Members for comment prior to the meeting and that the arrangements were in alignment with SOLACE's guidance.

Councillor Kevin Small asked a number of questions about the committee structure chart, in particular that Special Committee should have a direct link to Council, for which it is authorised to act and that the overview and scrutiny committees should be shown as subordinate to the Scrutiny Committee. The Chair agreed to follow up this issue with Councillor Small and relevant officers outside the meeting.

Resolved - That the Annual Governance Statement 2019/20 be noted.

10. Statement of Accounts 2019/20 - update

The Corporate Director of Finance and Assets introduced the item and explained

that the audit of the Statement of Accounts was not yet completed because of the Covid-19 pandemic; however, the Government had moved the deadline for completion to the end of November 2020.

Barrie Morris and Sophie Morgan-Bower from the External Auditors summarised the work being undertaken and noted that Swindon Borough Council was among the first to have submitted draft accounts for audit. In response to a question raised earlier in the meeting, Mr Morris also outlined the actions Grant Thornton was taking to ensure that the external audit process remained up to date, effective, and of a high quality.

The Chair along with Councillor Kevin Small asked a range of questions to which the External Auditors responded at the meeting, covering:

- 1) The cost and time-scale for the additional scrutiny by the external auditors,
- 2) The timeline for bringing the Accounts to the Committee, and
- 3) Any indications of how councils might be audited for the way they disbursed government grants during the Covid-19 pandemic.

Resolved - That the Corporate Director of Finance and Assets, in consultation with the Chair and the External Auditors, be requested to schedule a special meeting of the Audit Committee in late September/October 2020 for the sole purpose of considering the Statement of Accounts 2019/20.

11. Regulation of Investigatory Powers (RIPA) Update

The Head of Internal Audit submitted an annual report reviewing the Council's use of powers set out within the Regulation for Investigatory Powers Act 2000 (RIPA) and seeking confirmation that the current policy in respect of its use was operating effectively.

The Head of Internal Audit presented the report and advised the Committee that the service was inspected by the Investigatory Powers Commissioner's Office, with the summary of their findings in Appendix One. There were some recommendations to improve processes from the inspection the Head of Internal Audit confirmed that all of these had been implemented or set out in in proposed amended policy.

Resolved - (1) That the Regulation of Investigatory Powers (RIPA) Update report be noted and

(2) The recommended amendments to the Council's RIPA policy be approved.

12. Internal Audit Annual Plan 2020/2021

The Head of Internal Audit presented the draft Internal Audit Annual Plan (2020/21) for approval by the Audit Committee. The Head of Internal Audit explained that the original plan was drafted in March but as a consequence of the disruption from Covid-19, the plan has been reprioritised by the Corporate Management Team and Senior Management Teams. The detailed plan would be developed as Audit Staff return from redeployment duties as well as vacant posts being filled.

The Chair and the Head of Internal Audit responded to questions from Councillors Kevin Small and Councillor Jim Robbins covering:

- 1) Clarification of the scope of the update report into the Swindon Housing

Company.

- 2) How the plan will be reprioritised and updated over the year to make best use of resources.
- 3) How the Audit Committee would be kept updated with progress reports throughout the year.

The Chair and the Head of Internal Audit agreed to involve ward councillors in the review of Toothill Big Local

Resolved - That the draft Internal Audit plan for 2020/21, attached at Appendix 1, be approved as the Committee is satisfied that it includes all areas where it requires assurance with regards to the Council's Control, Risk and Governance framework.

13. Head of Internal Audit - update report

The Head of Internal Audit presented Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in January 2020, to update Members with regard to progress against the annual internal audit plan as set out in Appendix 3 and other key issues.

Resolved - That the Head of Internal Audit's Update report be noted.