

## **AUDIT COMMITTEE**

**WEDNESDAY, 17 FEBRUARY 2021**

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

### **24. 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.

### **25. Public Question Time**

No public questions were submitted.

### **26. Minutes**

Resolved: That the minutes of the meeting held on 27<sup>th</sup> October 2020 be confirmed and signed.

The Chair asked a question with regard to Minute 19, in which the Committee had requested information about the issues with the Oracle system. The Chief Operating Officer apologised that this had not been circulated and undertook to do so via the Committee Officer.

### **27. Corporate Risk Management Update**

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

The Chief Executive introduced the report and informed the Committee that Simon Phillips had moved from his role as a Principal Auditor to become Head of Data, Performance and Insight. The Committee was invited to acknowledge Martin Bell's work was the lead officer in obtaining the data and producing the report.

The Chair and Councillor Jim Robbins asked a number of questions to which the Chief Executive and the Chief Operating Officer responded, details of which are set out below:

- (1) Could there be more detail about the welcomed lowering of the risk around finance from the additional tier of 'purple', as well as information about why health and safety has been raised to red? The Council has received significant financial contributions to cover the budget concerns raised in the previous report. Both Health and Safety officers and Learning and Development colleagues have prioritised risk assessment work to support the Council's operations during the

Covid-19 pandemic. There was less resource and less availability of external trainers to ensure that all the health and safety training could be delivered in a Covid-safe way. A rapid action plan is being developed in consultation with Councillor Jandy, the Cabinet portfolio holder, and Councillor Burns-Howell of the Joint Safety Committee.

- (2) On Growing the Economy, where the risk is rated high, what is the latest position regarding the closure of Honda due in July 2021? Honda is working well with the Council, the Swindon and Wiltshire Local Enterprise Partnership and other agencies to help all of its associates find new opportunities once the plant closes. More detail cannot be provided at this time because Officers have had to sign non-disclosure agreements.
- (3) What has the impact of Brexit been on the Council and Swindon's businesses? Companies such as Honda that rely on 'just in time logistic models' have experienced disruption. The Council had not reported any effects yet but this would be monitored and reported via the existing risk management processes.

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

## **28. Treasury Management Strategy Update**

The Corporate Director of Finance and Assets submitted a report on Treasury Management Strategy for 2021/22, including Prudential Indicators up to 2025/26, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.

The Chair drew Members' attention to the amended Appendix that had been circulated. The Head of Finance set out the report's context and informed the Audit Committee that this is the forward-looking report, which includes the capital plans for the years ahead, prudential indicators, how debt is charged to the budget, the Treasury management strategy, along with the non-cash and investment strategy.

Councillor Kevin Small, referring to Table 6 in Appendix One, asked if the Capital Financing Requirements contained only those schemes that had already been approved or if it also contained those schemes that were yet to be adopted by Council at its Budget meeting? The Head of Finance stated that it includes all the existing commitments and he undertook to provide a response, before 19.00 on Thursday 18th February 2021 if possible to confirm whether it included proposed schemes yet to be approved.

Resolved: (1) That the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, be recommended for approval by Full Council on 18th February 2021.

(2) That the prohibition of borrowing from the Public Works Loan Board to support the purchase of 'debt for yield' investments, as detailed in paragraphs 3.27 to 3.2 of the main report be noted.

## **29. Annual Audit Letter**

Mr Barrie Morris introduced the report and, in thanking Ms Sophie Morgan-Bower for her work, advised the Committee that she would be leaving her role for maternity leave. Mr

Morris introduced Grace Hawkins, who would be taking on the role after which Ms Hawkins gave the Committee some details about her prior local government external audit experience.

Mr Morris drew Members' attention to the report, which highlighted issues that had been reported previously to the Committee in November 2020 as part of the Audit Findings Report on the Financial Statements. He also advised Members that, as set out in Appendix A, the additional work to complete the audit because of Covid-19 had resulted in a request for additional fees of £18,555.

The Chair welcomed the fact that there were no errors reported on the Housing Benefit subsidy, to which Mr Morris said more would be reported on this in the external audit update.

Resolved: That the Annual Audit letter be noted.

### **30. External Audit - progress report**

Ms Morgan-Bower introduced the report, which set out the progress as at February 2021. She confirmed that the 2019/20 Audit had been concluded on 3rd February and then highlighted aspects from the report. She drew Members' attention to the fact that the Housing Benefit Subsidy claim had received an unqualified opinion, as the auditors identified no issues through their testing, which was a rare distinction for a local authority. The Teachers' Pensions claim and the pooling of Housing Capital receipts were also certified.

Ms Morgan-Bower advised the Committee of the challenges still presented by Covid-19 and possible changes to the timetable for audit; however, Members would be kept updated.

The Committee was informed of two changes to the 2020/21 External Audit. First, the External Auditors were now required to comment on all elements of the value for money audit, not just by exception, which would mean additional work. Second, the Committee was informed that Members would be challenged about their understanding of the processes and methods used to make accounting estimates as well as how they oversee the management process for making these estimates as part of the new external audit requirement.

Mr Morris also emphasised how unusual it was to have an unqualified opinion on Housing Benefits and that the service area was to be recognised for this achievement. The Chair added his congratulations to the Revenue and Benefits Team for achieving this.

The Chair proposed and Councillor Nick Martin seconded that Ms Morgan-Bower be thanked formally for her work as well as having the Committee's best wishes for her future. The Committee approved unanimously.

Resolved: (1) That the External Audit progress report be noted  
(2) That the Committee's thanks to Ms Morgan-Bower be recorded along with Members' good wishes.

**31.**

**Head of Internal Audit - Update report**

The Head of Internal Audit introduced the report setting out the internal audits completed since the Committee's last meeting as set out in Appendix A along with audits completed this financial year in Appendix B. He drew Members' attention to an update on the performance of the corporate fraud team.

The Chair thanked the Head of Internal Audit and his team for their work during Covid19.

Councillors Kevin Small and Jim Robbins asked the following, to which the Head of Internal Audit responded.

- (1). Empty Homes audit – will this look at the obstacle to bringing these homes back into use? This audit has been completed and will be brought to the next meeting. It did address this issue. The Housing department is preparing a business case to respond to the recommendations.
- (2). Did the car parking audit look at the investments being made as part of the capital programme, the on-going effects of Covid? The audit was focused on the collection and control of income. There was a recommendation to look at credit card/phone payments given the health and safety issues of solitary staff when collecting cash from isolated locations.
- (3). Media reports referred to significant car-parking income losses from machines-being out of order, is there a figure of how much was lost? The Head of Internal Audit offered to find out and respond to Members.

Resolved: That the report be noted.