

AUDIT COMMITTEE

TUESDAY, 6 FEBRUARY 2018

PRESENT:- Councillors Steve Weisinger (Chair), Malcolm Davies, Mary Friend, Des Moffatt and Timothy Swinyard

In attendance: Councillor Toby Elliott.

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

32. Declarations of Interest

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

No such declarations were made.

33. Public Question Time

There were no public questions.

34. Minutes

Resolved - That it be noted that, unfortunately, the minutes of the meeting held on 26th November 2017 (referred to at agenda item no. 3) had been omitted from the agenda. It was agreed that consideration of the minutes be deferred until the next meeting of the Committee and that, in the meantime, the minutes be circulated to members for information.

35. Exempt Items - Exclusion of Press and Public

Resolved - That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the item listed below on the grounds that it involves the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

| - | <u>Item No.</u> | <u>Paragraph No.</u> | <u>Minute No.</u> |
|---|-----------------|----------------------|-------------------|
| | 11 | 3 | 41 |

36. Treasury Management Strategy 2018/19

The Cabinet Member for Finance and Commercialisation and Corporate Director, Resources and Growth submitted a joint report concerning the Treasury Management Strategy for 2018/19, including Prudential Indicators up to 2020/21, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.

The Council's Head of Finance introduced the report, summarising the main areas of the strategy for members, including capital issues, the capital plans and prudential indicators and the MRP strategy, and also outlining changes to the Treasury Management and Prudential Codes in response to the provisions of a revised Prudential Code issued at the end of December 2017.

In response to a question by Councillor Davies, Mr Burbidge agreed to circulate to members the latest benchmarking information available to the Council.

Resolved – That the Council's Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1 of the joint report, be recommended for approval by Full Council at its meeting on 22nd February 2018.

37. Internal Audit report - Commercial Assets

In accordance with its established practice of considering at least one individual audit report at each meeting, the Committee received a report on the outcomes and key findings on the Internal Audit Review to provide assurance that the Council's strategy for non-operational/commercial property investment is up to date, reflects best practice and provides a clear direction to achieve the Council's goals for commercial assets. An assessment of how well the existing commercial property portfolio was being managed was also conducted. The Internal Audit report was issued in draft early in 2017/18 but took some time to clear due to changes in senior staff.

It was noted that the review, finalised in October 2017, had identified an "Of Concern" level of risk.

Susie Kemp, the Council's Corporate Director, Resources and Transformation, and Rob Richards, the Council's Head of Property Assets, were in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations and also responded to questions put by Councillors Moffatt and Weisinger on issues raised, including.

- Out of borough investment opportunities and the applicable criteria for such investment opportunities
- Property Strategy and HRA assets
- The current position with regard to the development of an asset management strategy and asset management plan

Resolved – (1) That the report and the Internal Audit Review of Commercial Assets, attached at Appendix 1 to the report, be noted.

(2) That a follow-up review of Commercial Assets be submitted to the Audit Committee in 12 months' time.

38. External Audit Certification Letter

Barrie Morris (Grant Thornton), submitted a report certifying the Council's Housing Benefit subsidy claim for the financial year 2016/17 relating to subsidy claimed of £61.486m. It was noted that this certification typically takes place six to nine months after the claim period and represents the final part of the process to confirm the

Council's entitlement to funding.

In response to a question put by Councillor Moffatt regarding the details of claims and returns certified for 2016/17, specifically the amount the housing benefits subsidy claim and the allocation of this total between the social housing sector (HRA and Housing Associations) and tenant landlords, it was agreed that a written answer would be provided.

Resolved – That the report be noted.

39. External Audit update

Barrie Morris (Grant Thornton) presented a report advising the Committee of the External Auditors progress, as at 17th January 2018, 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.

40. 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 report finalised since the last Audit Committee held in November 2017, progress made against the Annual Internal Audit Plan 2017/18, and providing updates on other key issues.

In response to a question by Councillor Mary Friend regarding the provision of support for young people and, in particular, the importance of them developing personal financial management skills, the Head of Internal Audit agreed to raise the issue with the Head of Education and advise members if such provision was embedded in the curriculum of Swindon schools.

Resolved – (1) That the report be noted.

(2) That a report concerning compliance with contract standing orders be submitted to the next meeting of the Committee.

41. Internal Audit report - New Eastern Villages

In accordance with its established practice of considering at least one individual audit report at each meeting, the Committee received a report on the outcomes and key findings on the Internal Audit Review to provide assurance that the Council's management of the New Eastern Villages development is sound, reflects best practice and provides a clear direction to achieve the Council's goals aligned in the Council Plan and will contribute significantly to the achievement of the Council's pledges and priorities related to housing targets and economic development. It was noted that the programme to deliver the New Eastern Villages is one of the most significant and complex that the Council has undertaken in recent years, due to the scale of the development, the infrastructure required, the number of developers and land owners involved and the complexity of land ownership arrangements.

It was noted that the review, finalised in January 2018, had identified an "Of Concern" level of risk.

Councillor Toby Elliott, the Cabinet Member for Strategic Planning and Sustainability, Susie Kemp, the Council's Corporate Director, Resources and Transformation, who is also the Corporate Lead for NEV, and Richard Bell, the Council's Head of Planning, Regulatory Services and Heritage, were in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations.

Following their introduction of the main elements of the Management Response to the Audit, as set out in the Action Plan appended to the report, the Cabinet Member and officers responded to questions put by Councillors Davies, Friend, Moffatt and Weisinger on issues raised, including.

- Land banking by property companies
- The requirement in the local plan to protect a canal route
- The Local Plan target of 22000 new homes by 2026 and whether this is deliverable in the officers' view
- The utilisation of allocated financial resources within specified timeframes, including strategic transport allocations.
- Corporate Management team and Cabinet oversight of progress and key risks

Resolved – (1) That the report and the Internal Audit Review of the New Eastern Villages development, attached at Appendix 1 to the report, be noted.

(2) That a follow-up review and updated position be reported to the Audit Committee in 12 months' time.