

# Swindon Borough Council

## Audit Committee

**Tuesday, 25 November 2008**

Committee Room 6, Civic Offices, Swindon  
(Anticipated meeting room)

**At 5.30 p.m.**

### **Conservative Councillors**

Michael Dickinson  
(Chair)  
Mark Edwards  
Mary Martin  
David Sammels  
Peter Stoddart

### **Labour Councillors**

Des Moffatt (Vice-  
Chair)  
Steve Allsopp

### **Liberal Democrat Councillors**

**Committee Officer:** Steve Jones (01793 463602)

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(Telephone 01793 445500)

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## **AGENDA**

### **PART 1 (PUBLIC ITEMS)**

**1. Apologies for Absence**

**2. Declarations of Interest**

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

**3. Public Question Time**

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

**4. Minutes (Pages 1 - 4)**

To receive the minutes of the meeting held on 23<sup>rd</sup> September 2008

**5. Exempt Items - Exclusion of Press and Public**

*Certain items are expected to include the consideration of exempt information and the Sub-Committee is, therefore, recommended to resolve "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 items listed below, on the grounds that they involve the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act".*

<u>Item No.</u>	<u>Paragraph No.</u>
<b>8</b>	<b>3</b>
<b>9 and 10</b>	<b>7</b>

- 6. Update on Progress of implementing Internal Audit recommendations regarding Project Management (HIA-CE) (Pages 5 - 28)**
- 7. Audit Committee – Proposed change to the Council’s Constitution (DLDS-B) (Pages 29 - 34)**

## **PART 2 (TO BE CONSIDERED WITHOUT THE PRESS AND PUBLIC PRESENT)**

- 8. Risk Management Status Update (DPPC-B) (Pages 35 - 44)**
- 9. Internal Audit reports identifying significant risk or ‘of concern’ (HIA-CE) (Pages 45 - 94)**
- 10. Head of Internal Audit Update (HIA-CE) (Pages 95 - 104)**

**Date of Despatch:** 18 November 2008

### **Key:**

CE	-	Chief Executive
GDC	-	Group Director: Children
GDHSC	-	Group Director: Housing & Social Care
GDER	-	Group Director: Environment & Regeneration
GDBT	-	Group Director: Business Transformation
DF - B	-	Director of Finance
HIA-CE	-	Head of Internal Audit

**Public Question Time** - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

**Access Arrangements** – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

### **The Audit Committee - Terms of Reference**

*(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 61 of the meeting of the Audit Sub-Committee held on 25 January 2006)*

To provide independent assurance to the Council on the following responsibilities:

- (i) the effectiveness of the Council's risk management, internal control and its overall assurance framework;
- (ii) the effectiveness of the Council's financial and non-financial performance to the extent that it might impact upon (i) above;
- (iii) the performance of the Council's Internal Audit section;
- (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
- (v) advise upon and/or review the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.

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**AUDIT COMMITTEE**

**TUESDAY, 23 SEPTEMBER 2008**

**PRESENT:-** Councillors Michael Dickinson (Chair), Mark Edwards, Mary Martin, David Sammels and Peter Stoddart

Apologies for absence were received from Councillors Steve Allsopp.

**16. Declarations of Interest**

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

**17. Public Question Time**

No questions were asked under Standing Order 18.

**18. Minutes**

Resolved – That the Minutes of the Meeting held on 24<sup>th</sup> June 2008 be confirmed and signed.

**19. Exempt Items - Exclusion of Press and Public**

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 items listed below on the grounds that they involve 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>
8 - 9	7	22-23

**20. External Audit Report on the Statement of Accounts 2007/08**

Paul Benfield, Martin Robinson, and Peter Smith of the Audit Commission, the Council's External Auditors, attended the meeting to present to the Committee their report in relation to the Annual Audit of the Council's Statement of Accounts and Value for Money conclusion. The Committee noted that the Council had received an unqualified audit opinion in relation to the Accounts with no material audit adjustments being required and an unqualified for Value for Money conclusion, which was an excellent outcome for the Council. The Auditors advised the Committee of the minor issues identified within the Appendices to the report, and confirmed that they were entirely satisfied with the management response to the issues raised. The Finance Team and External Auditors confirmed that the communications and relationship between both parties had been excellent.

Resolved – (1) That the Audit Committee notes the content of the External Auditors ISA260 Report and its findings in relation to the Audit of the Statement of Accounts for 2007/08 and the Value for Money conclusion.

(2) That the Committee approves the Auditor's Statement of Accounts for 2007/08 and the Chair of the Audit Committee sign the Statement of Accounts for 2007/08 on behalf of the Committee.

(3) That the Director of Finance be authorised as Section 151 Officer to sign the letter of representation to the Audit Commission.

(4) That the Finance Team, in particular Darren Stevens, be congratulated on their exceptional work on the Accounts for 2007/08 and on the achievement of unqualified Accounts.

(5) That the Audit Commission be thanked for their work in the first year as the Council's External Auditor.

## **21. Audit Committee: Member Training**

The Head of Internal Audit circulated a list of possible areas for training for Audit Committee Members to assist them in their role. This training was to keep Members of the Audit Committee up-to-date with new legislation, policies and best practice to ensure the Committee was able to continue operating independently and effectively.

Resolved – That Members of the Committee consider the list of possible areas of training and inform the Head of Internal Audit what training they would like to receive from the list and any other training that they require.

## **22. Internal Audit Follow up Contracting of Works**

The Committee considered a report of the Head of Internal Audit and presented by the Managing Director of Swindon Commercial Services and the Chief Executive, providing an update on the audit of Contracting of Works within Swindon Commercial Services and a management response to the findings of the audit. The Committee were pleased to note the significant progress which had been taken place on the implementation of the Action Plan, and the management assurance that it would be fully implemented.

Resolved – (1) That the Committee notes the report of the Head of Internal Audit and the improvements made by Swindon Commercial Services.

(2) That the Head of Internal Audit consider where the lessons learnt could be applied to other areas of the Council and report back to a future meeting of the Committee.

(3) That the Head of Internal Audit be consulted on the new Swindon Commercial Services Procurement Strategy currently in preparation.

## **23. Head of Internal Audit Update**

The Committee considered the report of the Head of Internal Audit in relation to progress against the Annual Audit Plan, the number of reports finalised since June 2008 and progress to date on other audits. It was noted that the section was slightly behind on target due to carrying a number of vacancies but that the main financial systems audits were on target and would take place in the second half of the year.

The Committee expressed concern of the implications of the Financial Management Systems Audit on small primary schools and asked the Director of Finance to raise this issue with the Group Director for Children to understand where support could be provided and where schools can be encouraged to work in collaborative arrangements in order to reduce the workload created by this new

statutory duty.

Resolved – (1) That the Head of Internal Audit Update Report be noted.

(2) That the Head of Internal Audit bring back a report to the next Committee on progress on the implementation of the Benefits Claims Processing Audit Action Plan and invite the relevant Director and Lead Member to attend and answer any questions from the Committee.

(3) That the Director for Children report back to the Committee at a future meeting on support that can be provided to schools in relation to the Financial Management Systems Auditing requirements.

(4) That the Committee noted the new addition of the Internal Audit Fraud Bulletin as tabled at the meeting.

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### Update on Progress of implementing Internal Audit recommendations regarding Project Management

**AUDIT COMMITTEE**

Date: 25<sup>th</sup> November 2008

**Author: Head of Internal Audit**

**Wards Affected: None**

#### **Purpose**

To inform the Audit Committee on the progress made to date in implementing agreed Internal Audit recommendations regarding Project Management.

#### **Recommendation**

- It is recommended that the contents of the report be noted.

### **1 Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 An Internal Audit report on the system for Project Management was presented to the March 2008 meeting of the Committee. The report identified fundamental weaknesses in the system resulting in a significant potential risk to the Council.
- 1.3 Members requested, at the March meeting, that the relevant Group Director/Director return in approximately six months to inform the Committee of progress in implementing agreed Internal audit recommendations.

### **2 Detail**

- 2.1 The initial review of Project Management was reported to the March 2008 meeting of the Committee and gave an audit opinion of 'significant' risk.
- 2.2 The main issues raised in the original report were:
  - Strategic planning should be carried out to establish the needs associated with the Council's current and future high level of project and programme activity. It should identify the core corporate structures and

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Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk)

## **Update on Progress of implementing Internal Audit recommendations regarding Project Management**

### **AUDIT COMMITTEE**

Date: 25<sup>th</sup> November 2008

processes that are required, aligning business and IT processes to support investment.

- Corporate responsibility for project management should be determined, and allocated to a central project/programme management office (PMO). The PMO should capture, monitor and quality assure projects checking that key project controls operate. It should be responsible for updating corporate (intranet) guidance; this should incorporate project management guidance based on PRINCE2 with other Council control processes, i.e. Best Value procurement, Gateway reviews, commitment accounting and accurate forecasting of costs against budget.
- The Council must ensure that project organisation is appropriate and effective. In particular, ensure that the Project Executive (Sponsor) role be customised for the project and the project manager should have the authority to ensure tasks are carried out. Project and Programme Boards should direct the projects, authorise stages, give advice and approve new plans, but do not need to address day to day issues, allocate tasks, chase up on activities not done.
- An appropriate level of training in PRINCE2 should be given to Project Team members with encouragement by the Council to ensure that project disciplines are adequate amongst partner agencies.
- The Programme Management Office should be responsible for ensuring that key project control documents are produced, and reviewed by a project assurance role. Particular attention should be paid to the structure and controls for projects to be delivered jointly with partners (e.g. Capita, PCT and through Local Area Agreements).
- It is essential that resources, skills and capacity be retained to support the growth in project activity and the joint projects that will be initiated within the Council's planned growth period.

2.3 Attached, as Appendix 1, is the Group Director: Business Transformation's update on the progress made in implementing the audit recommendations.

2.4 The Group Director will be at the November meeting of the Committee to update Members and answer any questions.

### **Alternative Options**

Not Applicable

## **Update on Progress of implementing Internal Audit recommendations regarding Project Management**

### **AUDIT COMMITTEE**

Date: 25<sup>th</sup> November 2008

#### **Risk Management**

##### *Financial and Procurement Implications*

There are no direct financial implications arising from this report however the detailed audit report address the suitability of internal controls within the systems examined.

##### *Legal/Human Rights Implications*

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

##### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

#### **Consultees**

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Group Director: Business Transformation

Project Management Office Manager

#### **Appendices / Background papers**

Appendix 1: Project Management – Update on progress with implementing Internal Audit recommendations

#### **Key Decision/Decision in Forward Plan**

Not Applicable

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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

AUDIT	Project Management	PREPARED BY	Mark Hopkins – PMO Manager	DATE	October 2008
REPORT DATED	October-December 2007	REVIEWED BY	Hitesh Patel	PAGE	1 OF 19
NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response

1.1	<p>Strategic planning should address the needs of a high level of project and programme activity. It needs to identify the core corporate structures and processes that are required, aligning business and IT processes to support investment.</p> <p>The Council must evaluate the level of joint working anticipated over the next few years (e.g. in partnership with Capita, or within the SBC/PCT Multi-Agency Teams). The Council must have project management processes and controls in place so that when SBC works with third parties to deliver common outcomes and objectives, it can be clear on what is expected. Required skills, capabilities, reporting structures and management information must be specified. SBC should review the way forward, or alternatively, set up a strategy review team with wider input e.g. Capita, PCT. It may be appropriate to incorporate this in a review of the client role that the Council undertakes in managing partners.</p> <p>Continued Overleaf.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>A PMO is being set up and will be operational by 31-Aug-08. During 2008/09 the PMO will introduce portfolio, programme and project management practices and tools that do not currently exist in SBC. The portfolio management processes will ensure a cross-Council and partnership(s) view of project investments and enable decision-making at this strategic level. At portfolio level, joint working will be evaluated. The PCT will be included in the scope of the PMO during the year 2008/09. The PMO is a joint creation between SBC and Capita and will ensure a consistent project management process across the partnership.</p> <p>Continued Overleaf.</p>	<p>Implemented</p>	<p>PMO was launched during August 2008, initially providing support to the Transformation Programme and other identified programmes/projects across SBC and the partner organisations.</p> <p>Development of the tools to support projects and programme continue including a sharepoint system.</p> <p>The PMO Project Board remains in place to act as an ongoing Steering Group for the development of the PMO through the various levels of the Portfolio, Programme and Project Management Maturity Model (OGC).</p> <p>Membership of the PMO Project Board includes a Joint Director from ASC/PCY, and from Capita.</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

AUDIT	Project Management	PREPARED BY	Mark Hopkins – PMO Manager	DATE	October 2008
REPORT DATED	October-December 2007	REVIEWED BY	Hitesh Patel	PAGE	2 OF 19
NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response

1.1	A Programme/Project Management Office (PMO) should be set up to ensure there is a framework for management control of investment programmes. The PMO must have the capability and capacity to execute monitoring and assurance roles.		<p>The PMO direction and development will be provided by a steering group that will include an appropriate director from Capital, and when appropriate possibly from the PCT.</p> <p>For reference later in this document, the target of the PMO is to ensure:</p> <ul style="list-style-type: none"> <li>• Strategic emphasis for all projects.</li> <li>• Project Sponsors are an effective link between Corporate Board &amp; the Project.</li> <li>• Project teams are capable of delivering objectives:               <ul style="list-style-type: none"> <li>- They have the skills &amp; experience.</li> <li>- Resources are available.</li> <li>- Effective tools &amp; processes are in place.</li> </ul> </li> </ul> <p>Reliable and timely information supports decision-making processes.</p>		
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

AUDIT	Project Management	PREPARED BY	Mark Hopkins – PMO Manager	DATE	October 2008
REPORT DATED	October-December 2007	REVIEWED BY	Hitesh Patel	PAGE	3 OF 19
NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response

1.2	<p>The Council should analyse what it understands by a project, and to define it bearing in mind the type of agency / partner / community projects SBC is likely to be delivering within its growth horizon (2020). This may include reference to capital and revenue projects and externally financed projects. It may include projects of low cost but which have a high impact.</p> <p>Projects must be defined so that they can be identified and managed. Consideration should be made as to the nature of activities that warrant project controls – for example, whether feasibility studies should be defined as projects, and whether there are any “Business as Usual” activities that should potentially be included (such as Land and Property sale/ purchase negotiations).</p> <p>Guidance should be available to all managers so that they know what constitutes a project. The guidance should be reviewed regularly. Criteria for assessing what constitutes a project should be clearly stated, with up to date examples, which are reviewed regularly. This should be the first stage of intranet guidance, or dissemination direct to Service Directors.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>Appropriate definition of a project will be done by the PMO in April 08. A Business Case to Benefits path will be created that will ensure the intelligent application of appropriate tools and techniques for controlling different types of project. Guidance will be provided in a number of forms: reading material available on the Intranet, a formal process flow in Sharepoint (a special PMO Sharepoint tool) and through training, mentoring and coaching.</p> <p>This will be rolled out in stages during the course of 2008/09.</p>	Being Implemented	<p>Project Definition agreed by the PMO Board in August 2008.</p> <p>Business case through to benefit realisation agreed (11<sup>th</sup> June 2008, version 7.4)</p> <p>Sharepoint system with a formal “process flow” for transformation activity, programme and projects is under development – initially to support the Transformation Programme, and then whole organisation from January 2009.</p> <p>A learning needs analysis questionnaire was sent to all project and programme managers during July/August 2008; 54 of these have been returned and the results analysed.</p> <p>The PMO working with SBC L&amp;D to agree the support and development requirements for the project and programme management community including OGC qualifications, commercial awareness and business case development.</p>
<p><b>Status:</b> 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other</p>					

SWINDON BOROUGH COUNCIL

AUDIT		Project Management		PREPARED BY	Mark Hopkins – PMO Manager	DATE	October 2008
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NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response		

1.2	Follow-up with those project and programme managers that have not yet completed and returned the LNA has started (Nov 2008)				
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Status: 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other

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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response

1.3	<p>A procedure should be designed and implemented to ensure that new projects are formally identified and captured at the corporate level. Without this it is not possible to verify that projects are set up in a controlled environment, and that the key stages, project controls and organisation have been put in place. Identification of projects will be assisted by if detailed guidelines and examples are provided on the definition of a project, as in recommendation 1.2 above. (<b>Recommendation outstanding from 2005 audit</b>).</p> <p>A corporate process for project monitoring must be introduced that includes the Capital Programme monitoring process. This should include building on the good work being done by the Capital Highlight Reporting Team.</p> <p>A Project Management Office (PMO) should clearly define the project controls and expectations to ensure that third parties/ partners work to common standards.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>As part of the portfolio management function the PMO will create (during Apr-08) a 'project register'. Full portfolio management will be rolled out by the PMO, with an initial portfolio review in the first quarter of 2008/09 and subsequent reviews as part of the normal AOP reviews.</p> <p>The PMO will introduce project controls as part of the Business Case to Benefits Path, as well as toolkit to assist in the application of those controls.</p> <p>The Capital Highlight Reporting process will be modified and rolled out to all projects in the Council.</p>	Implemented	<p>SBC project portfolio has been created, and updated (latest update Nov 2008)</p> <p>Link between each project and the primary/secondary strategic outcomes (Scorecard) has been agreed with project managers/sponsors.</p> <p>The first project portfolio review was included with the Quarterly Business Review (previously CPAR) at Corporate Board on the 29<sup>th</sup> October 2008; projects were identified for discussions based on risk, costs and status.</p> <p>Monthly status reporting, consolidating Capital Highlight Reports and the Promise Reports, has been implemented as part of the SBC performance reporting process to include the full portfolio. Financial information is now gathered via Oracle Financials for all projects.</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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1.4	<p>Corporate control of projects via monitoring of key project data and stages on a central projects register should be re-introduced.</p> <p>The register should be complete and supported by clear guidance for information required.</p> <p><b>Recommendation outstanding from 2005 audit.</b></p> <p>Ideally the information will be automatically provided from the project controls themselves project initiation documents, plans, products and highlight reports, such that they key information can be easily identified and extracted.</p> <p>A PMO (Project/Programme Management Office) should be set up to carry out this role, and Directorates should be informed of the role of the PMO.</p> <p>All projects should report key data identified by a corporate PMO function. Plans should be baselined. Reports should be quality assured by the PMO. Quality standards should be set by the PMO with minimum contents/ composition of management products and level of plan reporting.</p> <p><b>(A member of the Corporate Project Team should control access to the register. Recommendation outstanding from 2005 audit, superseded by PMO recommendation).</b></p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The Business Case to Benefits path introduced by the PMO will ensure that all projects are controlled, tracked and monitored throughout their life-cycle. The 'project register' will capture relevant project detail, plans will be baselined, a central repository for project data will enable 'live' project reporting against the baseline.</p> <p>The PMO will set up quality standards and a special role, the QA / CoE will quality assure projects.</p>	Implemented	<p>The PMO Business case (11<sup>th</sup> June 2008, version 7.4) has been agreed including benefit realisation.</p> <p>SBC project register has been set up initially from benchmarking information, then 3 further updates and a final update via the information received in the new Project Status Report as part of the performance management process.</p> <p>Role description agree for the Quality Assurance role within the PMO.</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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2.1	<p>The Project Management Office (PMO) should provide corporate guidance on, and central assistance for, project management.</p> <p>The practice leaders initiative, led by HR Learning and Development, should be considered as a vehicle to providing support for Project Board Members and Sponsors, and Project Managers, for new projects.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The PMO will provide tools and be a centre of project excellence. L&amp;D are currently engaged in developing a training plan for project teams and indeed other project stakeholders.</p>	<p>Being Implemented</p>	<p>The PMO sharepoint system is under development, which will include best practice templates for projects and programmes.</p> <p>Working with L&amp;D and HR&amp;C to develop training/development session including Sponsorship Development</p>
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## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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2.2	<p>All personnel involved in projects should be aware of guidance and training available. The following should be evaluated as possible ways to improve understanding of project requirements:</p> <ul style="list-style-type: none"> <li>Promote knowledge through short training sessions and information pack handouts.</li> <li>Assist in preparing roles and responsibilities for project team members (Board, Executive, Project Manager etc) at the start up stage.</li> <li>Maintain an up to date Project Management intranet site, and refer to this in staff newsletters.</li> </ul> <p>Minimum mandatory training/ awareness should be provided before projects are undertaken. The most relevant training is PRINCE2, the Council's project management methodology.</p> <p>HR Learning &amp; Development should continue to advertise the PRINCE2 courses. On establishment of the PMO a skills analysis should be undertaken to ensure that project team members are capable of fulfilling their project role. The PMO should also be in a position to determine if specific, targeted training is more appropriate for some Executive (Sponsor) roles, or other project team members.</p>	<p>Group Director of Business Transformation</p> <p>August 2008 – start of review and training, with ongoing reviews each quarter.</p>	<p>The PMO will develop a full communication plan that will cover the full range of its service. One of the primary aims of the PMO is skills transfer and development. A development programme will be rolled out in stages, and will target specific individuals and skills gaps. It will provide both hard and soft skills development. A skills analysis will be completed during Apr-08.</p>	<p>Implemented – ongoing reviews</p>	<p>Communication plan developed during the project phase including; brand and image for the PMO and the sharepoint system; intranet site, ongoing project management community forums.</p> <p>Ongoing development of an operational communication plan for the PMO to include intranet updates, briefings, project management community forums etc</p> <p>Skills analysis completed as per 1.2 above</p>
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NO	Recommendations	Responsible Officer and timescale.	Comments/Actions by department at the time of the audit.	Status	Follow Up Response

3.1	<p>Standard roles (Project Sponsor /Executive, Project Board members, and Project Manager), should be reviewed at a project level, i.e. specific job descriptions (even if part time) agreed.</p> <p>The detailed responsibilities for Project Executive (Sponsor) roles should be considered and documented for each project, and supported by the PMO in determining the appropriate detailed responsibilities. The mix of skills and experience needed for each project will be specific and unique and should be considered.</p> <p>Guidance for the project executive/sponsor role should include detail on specific responsibilities and assurance roles, key decision-making points and stages and responsibilities that may be delegated.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The PMO will introduce rigour in the start-up and initiation of projects that will extend into the selection and formation of the project board and project team. Appropriate guidance, training and coaching will be provided.</p>	<p>Implemented</p>	<p>Standardised programme and project role descriptions, linked with In Touch including; project board, team, manager, support, programme manager, sponsor etc – along with standard approach to project and programme structure. These are used during initial “fact-finding session with either in-flight or new projects/programmes.</p> <p>A “consultation” approach developed for an initial project or programme review/meeting based on OGC best practice/health check and the Champs 2 Transformation Methodology</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

AUDIT	Project Management	PREPARED BY	Mark Hopkins – PMO Manager	DATE	October 2008
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3.2	<p>Project Boards must demonstrate strong leadership and accountability for all activities on the project with clearly defined boundaries between responsibilities.</p> <p>Project assurance and business assurance responsibilities need to be allocated to Board members on all projects.</p> <p>The Executive (Sponsor) and the Board must take responsibility for all aspects of the project, particularly reviewing the business case.</p> <p>Monitoring of activities and delivery should be done as day-to-day project work. Board meetings should not become the environment where tasks and responsibilities are allocated. The project manager should have the authority to ensure tasks are carried out.</p> <p>A standard template for Board meetings should be prepared by a PMO, and guidance given on the role and responsibilities of Boards.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The PMO will create the good project environment for governance of management.</p>	<p>Implemented</p>	<p>Best practice structure for programmes and projects has been established and is being used to supporting new and existing projects/programmes including; HR &amp; Change Programme, Promise 27, Adult Social Care etc</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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3.3	<p>Directorates should plan the assistance they require from central services, liaise with central services during the planning stage, particularly Property Services, so that assistance is requested in sufficient time.</p> <p>In the event of potential staff transfers (TUPE), planning for the required level of input from the HR and legal functions must be made.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The Business Case to Benefits Path created by the PMO will include a number of processes overlaid on the PRINCE2 methodology. These processes include: policy gateway, procurement gateway, planning framework and legal framework.</p>	<p>Being Implemented</p>	<p>The development of the sharepoint system will provide a standardised process for programme and projects including gateway process via the PMO</p> <p>Meetings have taken place with Brian Rees and Lawrence Bunn of Procurement to “link-up” the transformation method and gateway and the existing procurement gateway process.</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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4.1	<p>Corporately, all projects should be checked to ensure a business case exists, and that it is robust. As a minimum it should contain reasons, quality and acceptance criteria, costs and benefits, and how benefits are going to be measured.</p> <p>An approvals process should be set in place to verify that there is a clear business case for projects and that there is process for regular review of the forecast costs and benefits, to ensure ongoing viability of the project. It is suggested that the approvals process should operate for medium and large-scale projects in line with the Gateway thresholds (£500k works projects, £144k other investment).</p> <p>Benefits monitoring and definition of acceptance criteria are key project controls, which a PMO or project assurance role should ensure are developed adequately.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>Peer review of Business Cases will be a requirement in the Business Case to Benefits path introduced by the PMO. Business Cases will require formal signoff before projects can proceed.</p> <p>The monitoring of benefits delivery will occur throughout the project lifecycle and Project Sponsors will be accountable for ensuring the continued viability of the project. Portfolio reviews will include scrutiny of project benefits and the progress towards achieving them. Strategic level decisions will be encouraged, ensuring that even projects that are on target for successful delivery may be stopped if required.</p>	<p>Being Implemented</p>	<p>Support being provided on the ongoing development of business cases for the transformation programme.</p> <p>Support for the wider organisation will be provided from January 2009</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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4.2	<p>Controls need to operate throughout the projects / programmes and key deliverables should be produced on all projects to ensure that the project is delivering within the constraints set by the business case and governed by the Project Initiation approval.</p> <p>Key control documents should be independently checked. On larger schemes, configuration management should operate. For the projects in the project sample, deliverables are not systematically, critically reviewed and checked.</p> <p>Acceptance criteria should be defined for key project deliverables, products and outcomes, and final acceptance recorded (signed).</p> <p>Plans should be baselined at the close of the project initiation stage and revised (exception) plans redrawn, documented and reported.</p> <p>Change control processes must be developed and implemented.</p> <p>Projects should have a close stage, or be formally closed when the project outcome has been delivered so that costs can be confirmed and acceptance procedures documented.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>Project performance will be monitored throughout the project life-cycle. The traditional measures of cost, schedule and deliverables will be monitored, and the Project Management Scorecard and Earned Value Analysis will be introduced to measure other aspects of project delivery. Indeed, the aim is to enable SBC to monitor current project performance and to predict future performance.</p>	<p>Being Implemented</p>	<p>Sharepoint system with a formal “process flow” for transformation activity, programme and projects is under development – initially to support the Transformation Programme, and then whole organisation from January 2009. This will include an initiation phase for programmes and projects, through implementation, delivery, benefit realisation and continuous improvements.</p> <p>Project Management Scorecard and Earned Value Analysis is included in the ongoing development of the PMO through the various levels of Portfolio, Programme and Project Management Maturity Model (OGC).</p>
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# SWINDON BOROUGH COUNCIL

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4.3	<p>Expenditure details presented to Project Boards etc. should be up to date and include all actual and committed expenditure.</p> <p>Commitments and accrued expenditure must be captured, and reviewed in line with project performance to enable effective project monitoring. Any variances should be justified and recorded on Highlight reports monthly for executive decision-making. Action should be taken where necessary to obtain up to date financial monitoring information and reasons explained for any delay so that these can be addressed.</p> <p>Where relevant, project budgets should be adjusted to reflect the receipt of tenders and contract award, within the available project funding.</p> <p>At project close stage, the financial position should be accurately assessed so that it is known when all costs have been charged to the project. Virements/ new project start-ups can be requested if funds are remaining.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>A target of the PMO is to link Oracle Financials and highlight reports to enable a 'live' view of project finances. Project accounting will be developed to ensure whole project budget monitoring as well as financial year budget monitoring.</p> <p>The PMO will introduce rigour in the project planning phase that will enable the more accurate forecasting of project costs and cash flow.</p>	Being Implemented	<p>As part of the performance management reporting process, the reporting of financial information for programme and projects is now direct using Oracle Financials (decision by Kirsty Cole in Sept 2008). A summary of the financial position for each project is included in the new Project Status Report.</p>
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# SWINDON BOROUGH COUNCIL

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4.4	Project risk registers must be comprehensive and maintained throughout a project. Highlight reports must show changes to risk status.  Projects should be subject to independent risk management review at key stages.	Group Director of Business Transformation  May 2008	The PMO includes a function concerning Project Risk Management – this role will be fulfilled by the Corporate Risk Manager. Highlight reports will be updated to provide a distinctly risk focus. Risk-based exception reporting will be encouraged through the Business Case to Benefits path.	Implemented	Corporate Risk Manager is a member of the PMO Implementation Team. Standardised risk management register has been introduced and being used for corporate risk reporting. Where PMO support is being provided, then follow-up meetings with the Corporate risk manager and the project manager have taken place to set up the risk register following the new corporate guidance including CP2, StreetSmart. The PMO has a risk register for the project and operational elements following the new standards
4.5	Training, support and guidance given to Project Sponsors, Project Board members, and Project Managers should remind Officers that it is their responsibility to refer projects to the Procurement Advisory Group at the relevant Gateway stages and to prepare the relevant project and business case documentation.	Group Director of Business Transformation  May 2008	Agreed – see 3.3 above.		

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5.1	<p>The corporate projects register should include a checklist of key control documents, and record what quality assurance has been carried out on them.</p> <p>Quality assurance of project documents is required at the review stages to ensure they address the required project control objectives.</p> <p>Exception and management reports should be produced from a Corporate Projects Register, to show where monitoring data is incomplete or where milestones are not achieved. Reviews of control stages should also check that procurement rules are followed. (<b>Recommendation outstanding from 2005 audit</b>).</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The PMO's QA/CoE role will monitor project controls and assure the quality of project documents. The introduction of proper project portfolio management will ensure appropriate project reviews.</p>	<p>Implemented</p>	<p>Ongoing monitoring of the portfolio of projects to identify project requiring PMO/QA support dependant on status, risk, quality and financial reporting.</p> <p>Primary focus on the transformation programme, however other projects and programmes have been identified for support including promise 27, promise 17, Play Service etc</p>
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# SWINDON BOROUGH COUNCIL

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6.1	<p>The corporate project management team, or PMO, should ensure resources are available to keep up to date with best practice.</p> <p>External guidance should be reviewed, and incorporated into SBC documented processes, where this develops best practice.</p> <p>A process should be defined to gather information from both internal experience and external sources on an ongoing basis to ensure best practice is implemented.</p> <p>Lessons learned reports should be produced at the end of projects, and reviewed by a central project management team to disseminate advice and to update guidance and procedures.</p> <p>Internal skills and knowledge, including lessons learned, should be disseminated by the PMO through the issue of best practice bulletins, incorporating with project management guidance on the intranet, and delivery of internal training. Lessons Learned reports should be available on a central repository or library.</p>	<p>Group Director of Business Transformation</p> <p>May 2008</p>	<p>The PMO will be created with expert input from both Capita and an external consultant. Best practices, tried and tested in other similar organisations will be introduced. Knowledge transfer is fundamental to the PMO implementation plan.</p> <p>A knowledge system will be introduced by the PMO – this will ensure the sharing of lessons learned. A project management forum has been created and indeed running since November 2007 – this is one of many communication tools to encourage learning.</p>	<p>Being Implemented</p>	<p>Sharepoint system with a formal “process flow” for transformation activity, programme and projects is under development – initially to support the Transformation Programme, and then whole organisation from January 2009. This will include an initiation phase for programmes and projects, through implementation, delivery, benefit realisation and continuous improvements.</p> <p>As part of the operational communication plan for the PMO, the project management community forum will be re-launched, focusing on those project manager leading projects in the portfolio. Completion of the LNA for L&amp;D will be a mandatory requirement for attending the forums.</p> <p>In addition a completed LNA for L&amp;D will be required before attendance at a project related course</p>
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# SWINDON BOROUGH COUNCIL

## SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP

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<b>NO</b>	<b>Recommendations</b>	<b>Responsible Officer and timescale.</b>	<b>Comments/Actions by department at the time of the audit.</b>	<b>Status</b>	<b>Follow Up Response</b>

Status: 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other

**I certify that the above information is correct**

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**Service Manager** ..... Date .....

**Internal Audit** ..... Date .....

Status: 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other

**SWINDON BOROUGH COUNCIL**  
**SWINDON INTERNAL AUDIT SERVICES RECOMMENDATION FOLLOW UP**

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## Audit Committee – Proposed change to the Council’s Constitution

**Audit Committee**

**Date: 25 November 2008**

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**Author:** Director of Law and Democratic Services

**Parish / Wards Affected:** None

### **Purpose**

- To consider whether a change should be made to the Constitution to afford the Audit Committee the same authority as the Overview and Scrutiny Committees to require “any member of the Cabinet or Senior Officer (Chief Executive, Group Director or Director) to attend before it”, to facilitate consideration by the Committee of matters within the remit of such member or officer.

### **Recommendation**

- The Audit Committee is requested to:  
  
Recommend to the Council that the proposed revision to Article 8 of the Council’s Constitution, set out in Appendix 1 to the report, enabling the Audit Committee to require “any member of the Cabinet or Senior Officer (Chief Executive, Group Director or Director) to attend before it” to facilitate consideration by the Committee of matters within the remit of such member or officer, be approved.

## **1. Reasons**

- 1.1 The Audit Committee is charged with providing independent assurance to the Council in relation to its governance arrangements.
- 1.2 In carrying out this function the Committee has, in the past, invited members of the Cabinet and senior officers of the Council to attend its meetings to provide evidence, both in relation to the findings of specific audit reviews impacting on their area of responsibility and the Committee’s more general reviews of the Council’s Governance arrangements, and to respond to members’ questions.
- 1.3 There is no specific provision within the Council’s Constitution requiring Cabinet members, members of the Council or senior officers to attend meetings of the Audit Committee.

## **2. Detail**

- 2.1 At its meeting on 24 June 2008, the Committee received its 2007/08 Annual Report. Members discussed the Committee’s role as a core component of effective governance and internal control within the Council

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Further information on the subject of this report can be obtained either from *Stephen Taylor* on 463012 (or email [staylor@swindon.gov.uk](mailto:staylor@swindon.gov.uk)), or *Steve Jones* on 463602 (or email [stevejones@swindon.gov.uk](mailto:stevejones@swindon.gov.uk)).

## Audit Committee – Proposed change to the Council’s Constitution

**Audit Committee**

**Date: 25 November 2008**

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and its function in providing a key source of assurance about the Council’s arrangements for managing risk, maintaining an effective control environment and monitoring its financial and non-financial related performance.

- 2.2 Members recognised that the Council has a duty to ensure that it is fulfilling its responsibility to have adequate and effective risk management, internal control and governance arrangements for the economy, efficiency and effectiveness of its activities. Also, that the Audit Committee has a key role in assessing the extent to which this responsibility is being met and advising on the adequacy and effectiveness of these arrangements in relation to:
- (i) the effectiveness of the Council’s risk management, internal control and its overall assurance framework;
  - (ii) the effectiveness of the Council’s financial and non-financial performance to the extent that it might impact upon (i) above;
  - (iii) the performance of the Council’s Internal Audit section;
  - (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
  - (v) the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.
- 2.3 The Committee recognised that crucial to carrying out its function, to provide an independent assurance to the Council regarding the effectiveness of its management strategies and performance monitoring framework, was its ability to collect and consider evidence from appropriate members of the Council and its senior officers.
- 2.4 The Committee acknowledged the level of co-operation it had received from members and officers alike in providing required information but suggested that a more formal constitutional provision was required. The Audit Committee is aware that similar provision is made within the Constitution in relation to member and officer attendance at meetings of the Overview and Scrutiny Committees and was of the opinion that this same provision should be available to the Audit Committee.
- 2.5 The Committee therefore asked that a report be submitted that would afford members the opportunity to propose a change to the Council’s Constitution that would require “any member of the Cabinet or Senior Officer (Chief Executive, Group Director or Director) to attend before it” to facilitate the Committee’s consideration of matters within the remit of such member or officer. It is also suggested that the Committee be able to

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## Audit Committee – Proposed change to the Council’s Constitution

**Audit Committee**

**Date: 25 November 2008**

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invite others to attend to take part in the consideration of matters before the Committee.

- 2.6 In accordance with members’ discussion at its earlier meeting, a proposed change to the Constitution, to be incorporated into Article 7 and in sole relation to the Audit Committee, is attached to this report at Appendix 1.

### Alternative Options

- The alternative option would be for the Committee to take no further action in respect of this matter.

### Risk Management

#### *Financial and Procurement Implications*

- This report has no financial or procurement implications

#### *Legal / Human Rights Implications*

- Legal and Human Rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with convention rights.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- No specific links can be made with Corporate Plans or policies

### Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

### Background Papers and Appendices

- The minutes of the meeting of the Audit Committee held on 24 June 2008.

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**Audit Committee – Proposed Change to the Council’s Constitution**

To be incorporated into Article 8 – Regulatory and Other Committees:-

**Audit Committee**

Members and Officers giving Account

- a) In support of its function, the Audit Committee may require members of the Cabinet and/or other committees, or Senior Officer (Chief Executive, Group Director or Director) to attend before it to explain in relation to matters within their remit including:
- any particular decision or series of decisions;
  - the extent to which actions taken implement council policy;
  - their performance;
  - the effectiveness of the Council’s risk management, internal control and its overall assurance framework;
  - the effectiveness of the Council’s financial and non-financial performance to the extent that it might impact upon (i) above;
  - the performance of the Council’s Internal Audit section;
  - the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
  - the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.
- b) It is the duty of those persons to attend meetings of the Audit Committee if so required by the Committee.
- c) Where any Councillor or officer is required to attend an Audit Committee meeting under the above provision, the Chair of the Committee will inform the Monitoring Officer. The Monitoring Officer shall inform the Councillor or officer in writing giving at least 5 working days notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to the Committee will require the production of a report, then the Councillor or officer concerned must be given sufficient notice to allow for preparation of that documentation.
- d) Where, in exceptional circumstances, the Councillor or officer is unable to attend on the required date, the Audit Committee shall, in consultation with the Councillor or officer, arrange an alternative date for attendance.

#### Attendance by Others

- e) The Audit Committee may also invite other persons to attend meetings of the Committee and contribute to the discussion of matters under consideration.

## Agenda Item 8

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Agenda Item 9

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
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## Agenda Item 10

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