

## **AUDIT COMMITTEE**

**TUESDAY, 24 SEPTEMBER 2013**

**PRESENT:-** Councillors Steve Weisinger (Chair), Steve Allsopp, Michael Bray, Oliver Donachie, John Haines, Neil Heavens and Des Moffatt

An apology for absence was received from Councillor Roderick Bluh.

### **18. Declarations of Interest**

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

### **19. Public Question Time**

No questions were asked under Standing Order 28.

### **20. Minutes**

Resolved – (1) That the minutes of the meeting held on 25<sup>th</sup> June 2013 be confirmed and signed.

(2) That, further to Minute 6(2), the Chair raise with the Cabinet Member for Economy, Regeneration and Culture, members' request that they be given the opportunity to inspect the Final Accounts of Forward Swindon.

### **21. 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>
14	7	30

### **22. Consideration of Exempt Information**

The Committee received a report of the Director of Law and Democratic Services on its existing administrative arrangements for the consideration of reports containing exempt information, as defined in Part 1 of Schedule 12A of the Local Government Act 1972. The report had been submitted in response to a claim made by a local media organisation that it had obtained a copy of a report submitted to the Audit Committee at its meeting on 25<sup>th</sup> June 2013 that had been categorised as containing "exempt information" and was "Not For Publication". Members were invited to determine whether alternative administrative arrangements should be introduced in relation to the Committee's consideration of confidential reports.

Resolved – That the Committee's current administrative arrangements for the consideration of "Not For Publication" reports, containing material categorised as

“exempt information”, be maintained, subject to the following additional requirements:

- Such private and confidential reports to be circulated to members with the agenda papers but under separate cover
- Such private and confidential reports to be returned to the Committee Officer, or such other appropriate officer, immediately following the meeting at which the report is considered to arrange for their confidential disposal
- copies of such private and confidential reports should not be held on the Council's password secured website until after the meeting of the Committee at which the material was to be considered.

### **23. Annual Governance Statement**

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement, setting out the Council's governance arrangements.

Resolved – That the draft Annual Governance Statement, appended to the report, be approved to be signed off by the Leader of the Council and the Chief Executive.

### **24. Annual Statement of Accounts 2012/13 and External Audit: Audit Findings**

#### Annual Statement of Accounts 2012/13

The Committee received a report introducing the Council's Annual Statement of Accounts for 2012/13, updated for audit changes as at Monday 16th September. The Board Director Resources, with the Finance Manager, Housing, Treasury and Growth, presented the report, highlighting the main areas of adjustment since the completion of the draft accounts within statutory timescales in June 2013, and responding to members' specific queries and observations regarding the content of the accounts (appended to the report).

Resolved – (1) That the report and the Annual Statement of Accounts 2012/13, including the updated information provided at the meeting, be noted.

(2) That, subject to the amendments highlighted in the officers' presentation of the report to the Committee, the Annual Statement of Accounts 2012/13 be approved.

(3) That Mr Darren Stevens, the Council's Finance Manager, Housing, Treasury and Growth, and his team, be thanked for their hard work and diligence in compiling the Annual Statement of Accounts.

#### External Audit: Audit Findings

The Committee received a report of the Council's External Auditors, Grant Thornton, highlighting the key matters arising from their audit of the Council's financial statements for the year ended 31 March 2013.

Liz Cave, Engagement Lead (Grant Thornton), and Peter Smith, Audit Manager (Grant Thornton), introduced the report, taking the Committee through the following

elements of the report in detail and responding to members questions on related issues:

- findings in respect of significant matters and risks identified at the audit planning stage and additional matters that arose during the course of their work
- findings in respect of other risks of material misstatement identified in the Audit Plan
- findings in relation to accounting policies and key estimates and judgements made and included with the Council's financial statements
- adjustments to the draft financial statements, identified during the audit process
- the assessment of internal controls relevant to the preparation of the financial statements
- other communication requirements
- the Value for Money (VFM) conclusions in relation to the Council's responsibilities to put in place proper arrangements to:
  - secure economy, efficiency and effectiveness in its use of resources
  - ensure proper stewardship and governance
  - review regularly the adequacy and effectiveness of such arrangements.

Resolved – That the report be noted and that the External Auditors' intention to give an unqualified VFM conclusion stating that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, be welcomed.

## **25. External Audit: Review of the Council's Arrangements for Securing Financial Resilience**

The Committee received a report of its External Auditors, Grant Thornton, regarding their review of the arrangements put in place by the Council to secure financial resilience, undertaken as part of the statutory external audit to support its Value For Money (VFM) conclusion. Liz Cave, Engagement Lead (Grant Thornton), introduced the report, placing the review in the context of the Government's on-going national financial austerity measures and the significant ensuing financial challenges faced by the Council as a result of reduced central government funding. Ms Cave explained that the process used by the External Auditors to consider the robustness of the Council's financial systems and processes had involved a detailed review of each of the following risk areas:

- the Council's key indicators of financial performance
- its approach to strategic financial planning
- its approach to financial governance
- its approach to financial control.

Ms Cave took the Committee through the report, expanding on the summary observations and risk assessment in respect of each of the risk areas and outlining the specific recommendations (key points for consideration) made to the Council for consideration in relation to each area of review.

Resolved – (1) That the report be noted.

(2) That the management response to the External Auditors' key points for consideration, arising from the review, be further considered at a future meeting of the Committee.

**26. External Audit: Audit Committee Update for Swindon Borough Council**

Mr Peter Smith (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 24 September 2013, in respect of the delivery of their audit responsibilities, including a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the report be noted.

**27. External Audit: Grant certification work plan for Swindon Borough Council**

Mr Peter Smith (Grant Thornton) presented the Grant Certification Work Plan, outlining Grant Thornton's approach to the management of the certification process, and setting out the indicative scale fee for grant claim certification. The report also included a summary of expected claims and returns for the year ended 31 March 2013.

Resolved – That the report be noted.

**28. Draft Internal Audit Charter**

The Committee received a report of the Head of Internal Audit regarding the requirement for an updated Internal Audit Charter that meets the requirements of the Public Sector Internal Audit Standards. It was noted that the Audit Committee had a strategic role to ensure that the Council's assurance framework was operating effectively and that, to this end, it should seek assurance that key areas that contribute to this framework are operating properly.

Resolved – That the updated Internal Audit Charter, appended to the report, be approved.

**29. 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 June 2013 and progress made against the Annual Internal Audit Plan. The Committee noted that the results of Internal Audit's customer feedback exercise indicated that 90% of customers rated the service as good or excellent.

Resolved – (1) That the report be noted.

(2) That the One Swindon Partnership Governance internal audit report, categorised as having a risk evaluation of "Of Concern", be submitted to the next meeting of the Committee for more detailed consideration.

**30. Internal Audit reports identifying 'significant' risk or 'of concern': IT Back-up Arrangements**

The Committee received a report on the latest position regarding the implementation of Internal Audit recommendations arising from the audit review of IT back-up and retention arrangements for servers located on the Civic Campus. It was noted that the overall risk assessment to the Council following the initial audit was considered "of concern". The Council's Head of ICT Strategy was in attendance to provide a current position statement in relation to the implementation of audit

recommendations and to respond to members' questions on issues raised regarding the management response to the audit conclusions and key recommendations and progress in implementing the action plan.

Resolved – That the report, and the management response to the audit recommendations, be noted.