

AUDIT COMMITTEE

TUESDAY, 5 NOVEMBER 2013

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

An apology for absence was received from Councillors Roderick Bluh.

31. Declarations of Interest

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

32. Public Question Time

There were no public questions.

33. Minutes

Resolved - That the minutes of the meeting held on 24th September 2013 be confirmed and signed.

34. 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 item listed below on the grounds that it involves 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>	<u>Minute No.</u>
11	7	40

35. Internal Audit reports identifying 'significant' risk or 'of concern': One Swindon: Governance

The Committee received a report on the latest position in relation to the implementation of Internal Audit recommendations arising from the audit review "One Swindon: Governance". It was noted that the overall risk assessment to the Council following the initial audit was considered "of concern". Mr James Griffin, the Council's Head of Strategy and Research, 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. Mr Griffin also took members through the main elements of the Joint Statement of Intent, appended to the report, setting out the commitment of the Council and its One Swindon partners to work together to transform local public services.

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

36. Corporate Risk Management Update

The Committee received a summary report on Risk Management activity within Swindon Borough Council, including the latest Corporate Risk Register for the Committee's inspection, and a progress update in relation to the implementation of the framework for Risk Management across the Council, following its refresh in December 2012.

Resolved – (1) That the report be noted its conclusions around the effectiveness of the Council's Risk Management, Internal Control and overall assurance framework be endorsed.

(2) That the Committee commends Lorraine Sarson for her significant contribution to the support and development of the Council's Risk Management Strategy during her time as Interim Risk Manager.

37. External Audit: Annual Audit Letter

The Committee received the External Auditors' Annual Audit letter, summarising the key findings arising from their work at the Council for the year ended 31 March 2013. Liz Cave, the External Auditors' Engagement Lead for the Council, introduced the report, commenting that it was the intention that the Letter should communicate key messages not only to the Council but also to external stakeholders, including members of the public. Ms Cave briefly outlined the detailed findings from their audit work with the Council, which had been reported in detail to the last meeting of the Audit Committee, in the Audit Findings report, and focussed on the following specific recommended actions that the Committee would need to focus on and continue to monitor throughout the year.

- the liability arising from the Council's PFI scheme
- the need to ensure that the financial situation of the Council's arms length bodies are closely monitored so that any financial impact can be reflected in the Council's Medium Term Financial Strategy
- the significant financial risk posed by the Wichelstowe Project
- the inclusion in the Council's Medium Term Financial Plan of assumptions about the future of the Council's arms length bodies and the Wichelstowe development

Resolved – That the report be noted.

38. Forward Swindon Limited - Statement of Accounts

Further to Minute 20, the Committee received a report introducing Forward Swindon Ltd's Financial Statement for the year ending 31st March 2013. It was noted that Forward Swindon Ltd, the company established by Swindon Borough Council in 2010 to deliver and facilitate economic growth and property development in the town, was a limited company, funded by the Council, but operated independently with a private sector dominated Board.

Mr Ian Piper, the Chief Executive of Forward Swindon Ltd, was in attendance to introduce the report, and provided the Committee with an overview of Forward

Swindon Ltd and the background to its establishment by the Council as an arms-length company to provide an organisational interface with the private sector that was capable of delivering:

- inward investment and the attraction of new businesses to Swindon
- help and support for existing Swindon businesses
- regeneration and growth projects across the borough.

Mr Piper explained the Council's five year funding plan for Forward Swindon, including annual revenue contributions, adjusted in response to budgetary pressures, and a one-off shareholder contribution, and provided a brief overview of the company's financial statements for the year ended 31st March 2013, which were before the Committee for inspection.

Following his introduction of the report, Mr Piper responded to questions put by members of the Committee on the following issues:

- the company's annual turnover and the year on year increase in its turnover
- the reasons behind the company's increased advertising costs
- the company's accounting practices, with particular regard to the utilisation of exemptions (related third party disclosures)
- HMRC clearance with regard to the company's exposure to VAT and other taxes
- legal fees incurred by the company, particularly in relation to project development
- the cost of staffing and the company's position with regard to government instructions regarding salary increases
- the detail of the company's income generation and expenditure
- the company's administration expenses, including office accommodation and IT services

Resolved – (1) That the report be noted.

(2) That Mr Ian Piper, the Chief Executive of Forward Swindon Ltd, be thanked for attending the meeting to present the report and for his full and open responses to members' questions on the matters raised.

39. 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 September 2013 and progress made against the Annual Internal Audit Plan.

Resolved – (1) That the report be noted.

(2) That Internal Audit be commended on its progress against the 2013/14 audit plan and the achievement of successfully completing 61% of the number of audits in the plan, against a target of 54%.

(3) That the Highways Assets Management internal audit report, categorised as having an overall risk evaluation of "Of Concern", be submitted to the next meeting of the Committee for consideration, subject to the completion of internal audit reports in the interim period that require the Committee's more urgent consideration.

40. Internal Audit reports identifying 'significant' risk or 'of concern': Museums: Storage (Follow-up)

The Committee received a follow up report on the latest position regarding the implementation of Internal Audit recommendations arising from the audit review "Museums: Storage". It was noted that the overall risk assessment to the Council following the initial audit was considered to be "Of Concern". The Head of Internal Audit provided a current position statement in relation to the implementation of the audit recommendations and responded 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.