

## **AUDIT COMMITTEE**

**TUESDAY, 15 APRIL 2014**

**PRESENT:-** Councillors Steve Weisinger (Chair), Councillors Steve Allsopp, Roderick Bluh, Michael Dickinson, John Haines, Neil Heavens, and Des Moffatt.

An apology for absence was received from Councillor Mick Bray.

### **50. Declarations of Interest**

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

### **51. Public Question Time**

There were no public questions.

### **52. Councillor Michael Dickinson**

The Chair advised the meeting that Councillor Michael Dickinson, a former Chair of the Audit Committee, deputising at this meeting for Councillor Mick Bray, would not be seeking re-election at the forthcoming local government elections. On behalf of the Committee, the Chair thanked Councillor Dickinson for his hard work in support of the Council's Audit function and wished him all the very best for the future.

### **53. Minutes**

Resolved - That the minutes of the meeting held on 4<sup>th</sup> February 2014 be confirmed and signed.

### **54. Internal Audit reports identifying 'significant' risk or 'of concern': Highways Capital Programme**

The Committee received a report on the latest position in relation to the implementation of Internal Audit recommendations arising from the audit review "Housing Repairs Capital Programme". It was noted that the overall risk assessment to the Council following the initial audit was considered "of concern".

Mr Gerry O'Connor, the Council's Head of Housing Property, was in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations and to respond to members' questions on issues raised regarding identified risk areas, 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 review recommendations, be noted.

### **55. Annual Statement of Accounts 2013/14**

The Committee received a report of the Board Director Resources, providing an

update on the progress towards the completion of the 2013/14 Statement of Accounts. The Council's Finance Manager (Housing, Treasury and Growth) introduced the report, advising that, although there were no significant changes to the accounting Code of Practice for 2013/14 that impact on the Authority's accounting policies, a number of changes were being made that would require changes to figures or disclosures. He expanded on these changes as they related to the following key areas:

- Post-employment benefits
- Business rates
- Service analysis

In addition to the impact of changes to the accounting Code, the officer also advised on the following local areas that were being reviewed in closing the 2013/14 accounts:

- Wichelstowe
- Private Finance Initiative (PFI)
- Swindon Commercial Services
- Timing of the Audit Committee for approval
- Format of the accounts

Resolved – That the report be noted.

#### **56. Internal Audit Plan: 2014/15**

The Head of Internal Audit submitted a report setting out the draft Audit Annual Plan for 2014/15.

Resolved – That the draft Internal Audit Plan for 2014/15 be approved.

#### **57. Internal Audit review: Strategic Fraud Update**

The Committee received a report of the Head of Internal Audit on the topic of fraud against public sector organisations, estimated to cost more than £20.6 billion, with fraud against local government costing more than £2 billion a year. The report commented on the economic cost of fraud to organisations and the importance of preventing fraud, particularly in this time of austerity, through strong counter-fraud cultures and effective counter-fraud arrangements. The report sought to provide the Committee with assurance on the effectiveness of the counter fraud work completed across the Council.

Resolved - That the report be noted.

#### **58. External Audit Reports**

##### Grant Certification work plan for Swindon Borough Council

Chris Hackett (Grant Thornton) presented a report regarding the grant certification undertaken by the External Auditor in respect of claims submitted by the Council and summarising the External Auditors' assessment of the Council's management arrangements in respect of the certification process and highlighting significant matters in relation to each of three claims that were certified for the Financial Year

2013/14.

Resolved – That the report be noted.

(Councillor Michael Dickinson made a personal non-prejudicial declaration of interest in respect of the Committee's consideration of this matter, citing his employment by a local education establishment).

#### Audit Plan for Swindon Borough Council

Chris Hackett (Grant Thornton), presented the Audit Plan for 2013/14, detailing, in particular, the work to be undertaken in relation to (i) the audit of the key risks identified through the planning and review of the national risks affecting the public sector, (ii) the challenges and opportunities the Council is facing and (iii) in support of the Value for Money conclusion.

Resolved – That the External Auditors' Audit Plan 2013/14 be accepted.

#### Audit Committee Update

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 2 April 2014, 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 be noted.

#### Financial Statements 2013/14 – management processes and arrangements

Chris Hackett (Grant Thornton) reported to the Committee regarding the necessity for the External Auditors, in compliance Auditing standards, to (i) obtain an understanding of how the Audit Committee gains assurance over management processes and arrangements, and (ii) establish an understanding of the Council's management processes in place to prevent and detect fraud and to ensure compliance with law and regulation. The Committee was advised that, in order to assist the External Auditors in achieving these requirements, an understanding, the Chair and Board Director Resources had been invited to respond to a series of prescribed questions on behalf of the Committee.

Resolved – That the report be noted.

### **59. 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 February 2014.

Resolved – (1) That the report be noted.

(2) That the Car Parking Income and Tenancy Management internal audit reports, both categorised as having an overall risk evaluation of "Of Concern", be submitted to the next meeting of the Committee for consideration.

(3) That the Head of Internal Audit be asked to pass on to his team the Committee's

thanks for their hard work over the course of the last year in support of the Council's Audit function and in, once again, successfully exceeding the target completion figures set out in the Internal Audit Plan for the year.