

AUDIT COMMITTEE

TUESDAY, 4 NOVEMBER 2014

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

An apology for absence was received from Councillor Nick Martin.

25. Declarations of Interest

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

In accordance with the National Code of Local Government Conduct, Councillors Steve Allsopp and Neil Heavens made non-prejudicial declarations of interest in respect of the Committee's consideration of Agenda Item No. 6 ("Isambard School"), in their capacity of Local Education Authority appointed Governors of Oak Tree Primary and Liden Primary Schools, respectively. Councillors Mark Edwards and Oliver Donachie made non-prejudicial declarations in respect of the same agenda item, due to various familial relationships with Isambard School and associated campus.

26. Public Question Time

There were no public questions.

27. Minutes

Resolved - That the minutes of the meeting held on 16th September 2014 be confirmed and signed.

28. Corporate Risk Management Update

The Committee received the Annual Summary Report on Risk Management activity within the Council. The report included the latest Corporate Risk Register for the Committee's inspection and provided members with an update on progress in relation to the implementation of the framework for Corporate Risk Management and the embedding of the Risk Management Strategy across the Council.

Alex Bedford, the Council's Corporate Risk Manager, presented the report, which also provided members with details on the specific risk areas of insurance, business continuity management and civil protection (not currently reported to any other forum), and, with the Chief Executive, attending the meeting in his capacity as, effectively, the "owner" (with the Corporate Board) of the Corporate Risk Register, responded to members' specific questions on related issues.

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

(2) That the Chief Executive and the Corporate Risk Manager be thanked for

attending the meeting and for their full and open responses to members' questions and observations on the Council's Corporate Risk Strategy and specific aspects of the Corporate Risk Register.

**29. Internal Audit reports identifying 'significant' risk or 'of concern':
Isambard School**

The Committee received a report on the key findings of the Internal Audit recommendations arising from the audit review the financial procedures operating at Isambard Community School. It was noted that an audit opinion of "Fundamental weaknesses identified" had been given, based on the areas reviewed, and that the high materiality and impact of the systems, along with the opinion on the system controls, had resulted in an overall risk assessment to the Council as being "Significant".

Paddy Bradley, the Council's Head of Economy and Skills, Kevin Gray, the Chair of Governors for Isambard Community School, Sue Banks, the School's Acting Head, and Robert Shorter, the School's Business Manager, were 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 the key findings of the audit and identified risk areas, the management response to the audit conclusions and key recommendations, and progress in implementing the action plan to mitigate risks.

Resolved – (1) That the report, and the management response to the audit review recommendations, be noted.

(2) That Kevin Gray, the Chair of Governors for Isambard Community School, Sue Banks, the School's Acting Head, and Robert Shorter, the School's Business Manager, be thanked for attending the meeting and for their full and open responses to members' questions and observations on the issues raised.

(3) That a follow-up audit be carried out in six months' time (from the date of this meeting) and a further report submitted to the Committee on the implementation of the action plan and the effectiveness of the management responses in mitigating the identified risk areas.

**30. Internal Audit reports identifying 'significant' risk or 'of concern':
Highways Asset Management**

Further to Minute 46 (2013/14), the Committee received a report on the Internal Audit Highways Asset Management Follow-Up review and providing an update on the implementation of the various audit recommendations. It was noted that, since the issue of the original Internal Audit report, a decision had been made to reintegrate the majority of services provided by Swindon Commercial Services (SCS) back into the Council, and that these included the services provided by the SCS Highways Team that are now managed by the Head of Highways and Transport. It was noted that the reintegration had had an impact on the nature of some of the recommendations made in the original audit report and on the timescales for implementation agreed at that time.

Resolved – (1) That the report and the effectiveness of actions taken in response to the findings in the initial audit be noted.

(2) That the impact of the reintegration of SCS on progress in relation to the

implementation of the audit review recommendations, and the consequent need to revise some action plan target dates, be also noted.

31. 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 2014. Liz Cave, the External Auditors' Engagement Lead for the Council, introduced the report. It was noted 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 the following, most significant, recommendations identified during the 2013/14 audit:

- Financial Resilience - Members need to continue to show strong leadership in decision making to ensure the Council remains financially resilient.
- Wichelstowe – The Council should ensure it has sufficient representation on the joint venture board
- Service Transformation - The Council should review its plans for economic growth to ensure that assumptions remain valid.

Resolved – That the report be noted.

32. External Audit - Update

Liz Cave (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 4th November 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 and supporting papers be noted.

33. 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 2014, progress made against the Annual Internal Audit Plan 2014/15 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That the recently completed "Licensing" internal audit report be submitted for consideration at the meeting of the Committee to be held in January 2015.