

## **AUDIT COMMITTEE**

**TUESDAY, 29 SEPTEMBER 2015**

PRESENT:- Councillors Steve Weisinger (Chair), Steve Allsopp, Nick Martin, Des Moffatt, Maureen Penny and Michael Bray.

Apologies for absence were received from Councillors Oliver Donachie, Mark Edwards and Kevin Small.

### **16. Declarations of Interest**

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

Councillors Steve Allsopp and Nick Martin made non-prejudicial declarations of interest with regard to any discussions about Thamesdown Transport, in their capacity as council-appointed representatives on the Board of that company.

### **17. Public Question Time**

There were no public questions.

### **18. Minutes**

Resolved - That the minutes of the meeting held on 16<sup>th</sup> June 2015 be confirmed and signed.

### **19. Risk Management: Information Technology**

The Committee has previously determined that the Chair of Audit Committee, in conjunction with other Committee Members and the Head of Internal Audit and Corporate Risk Manager, should select particular corporate risk areas for review by the Committee, in order to provide assurance on the actions that are being taken to mitigate specific risks detailed in the corporate risk register. On this occasion, the Head of Information Technology (IT) was in attendance to report to the Committee on current and emerging strategic risks in relation to the Council's Information Governance Management and Security and on the implementation and effectiveness of the mitigating actions initiated in accordance with the corporate risk management process to respond to identified vulnerabilities.

Following his presentation of the report, the Head of IT responded to members' specific questions on the issues raised, including:

- The reasons behind the Council's decision to utilise Windows 7 as its operating platform.
- The corporate risk register entry for information governance, management and security and the failure to meet the stated target dates for the specific mitigating actions.
- The development and adoption by the Council of a standard suite of IT policies in relation to its information governance, management and security.

- Information sharing and compliance standards.
- The potential risk associated with building business services on a mature operating platform.
- The effectiveness of the current online IT training for staff, mandatory IT training and alternative techniques for the delivery of essential IT training.
- The Council's current IT service delivery model and the prioritisation of its information governance, management and security objectives.
- The arrangements in place to curtail former members' and employees' access to the Council's IT systems.

Resolved – (1) That the report be noted and that the Head of Information Technology be thanked for attending the meeting and for his full and open responses to members' questions on the Corporate Risk Register entry for Information governance, management and security.

(2) That this Committee recognises the on-going risks associated with the Council's information governance, management and security and that a further progress report on the implementation of mitigating actions to respond to identified vulnerabilities be made to the Committee in 6 to 9 months' time.

## **20. Annual Governance Statement**

Further to Minute 12, the Committee received the Annual Governance Statement (AGS) 2014/15 for approval. The AGS is the formal statement that recognises, records and publishes an authority's governance arrangements. It was noted that the draft Statement had been approved by the Committee at its meeting on 16<sup>th</sup> June 2015 and that no additional items for inclusion in the statement had been identified at that meeting or subsequently.

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

## **21. Annual Statement of Accounts 2014/15**

The Committee received a report introducing the Council's Annual Statement of Accounts for 2014/15 (attached to the report at Appendix 1). The Board Director Resources, with the Finance Manager, Housing, Treasury and Growth, presented the report and the key points on the Final Accounts, summarising the main items impacting on the financial statements for 2014/15 and highlighting the material audit adjustments that had been made.

Following their presentation of the report, the Board Director and Finance Manager responded to members' specific queries and observations regarding the accounts.

Resolved – (1) That the report and the Annual Statement of Accounts 2014/15 (attached at Appendix 1 to the report), together with updates provided at the meeting, be noted.

(2) That, subject to the Board Director's review of the commentary relating to Pension Liability, the Annual Statement of Accounts 2014/15 be approved.

(3) That the Board Director Resources and 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.

## **22. External Audit: Audit Findings for Swindon Borough Council**

The Committee received a report of the Council's External Auditors, Grant Thornton, highlighting the significant findings arising from their audit of the Council's financial statements for the year ended 31 March 2015.

Liz Cave, Engagement Lead (Grant Thornton), introduced the report, taking the Committee through the external auditors' key findings and responses in respect of matters and risks identified at the planning stage of the audit, and additional matters that arose during the course of the work, and also the adjustments to the financial statements arising from the audit work and findings in respect of internal controls. A revised version of the External Auditors' final fees charged for the audit and the provision of non-audit services, incorporating fees in relation to additional work undertaken in relation to the review of the PFI contract, was tabled at the meeting.

In particular, Ms Cave drew the Committee's attention to a potential change in the draft 2014/15 accounts of a wholly owned subsidiary of the Council, relating to the deferral of income of £3.7m and a consequent increase in loss for that Company in 2014/15 to £4.1m. It was noted that whilst this did appear to be solely an issue of the timing of which financial year the receipt should be shown in the subsidiary accounts, if the income was withdrawn from the subsidiary company's 2014/15 accounts, the amendment would result in an inconsistency in the Council's own Group Accounts. Ms Cave explained that it was the Auditors' view that the impact of this potential change on the Council's Final Group Accounts for 2014/15 was significant and that, in order to abate the risk to the Council's Group financial statements, the Council's Board Director Resources had been requested to provide an additional disclosure in the Statement of Accounts to explain the uncertainty and a specific representation to confirm that the Council would continue to support the Company in the medium term in accordance with the Company's business plans.

Ms Cave concluded her presentation by guiding members through the recommendations and proposed management responses set out in the Action Plan (attached to the report at Appendix A).

Resolved – (1) That the report be noted.

(2) That the wording of the additional disclosure to be made in the Statement of Accounts, tabled at the meeting, explaining the uncertainty of the timing issue outlined by the External Auditor in her presentation of the Audit Findings report, and the specific representation confirming the Council's continuing support of the Company in the medium term in accordance with the Company's business plans, be approved.

(3) That, subject to (2) above, the External Auditors' intention to give unqualified opinions for the year ended 31 March 2015 on the Council's financial statements and its VFM conclusion that, in all significant respects, the Council has in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, be welcomed.

## **23. 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 2015, progress made against the Annual Internal Audit Plan and other key issues.

Resolved – (1) That the report be noted.

(2) That the recently completed “Shaw Farm Landfill” internal audit report be submitted for consideration at the meeting of the Committee to be held in November 2015.