

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 1 MARCH 2022 AT COUNCIL CHAMBER, COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Edward Kirk, Cllr Antonio Piazza, Cllr Pip Ridout, Cllr Mike Sankey and Cllr Martin Smith

1 **Apologies**

There were no apologies for absence.

2 **Minutes of the Previous Meeting**

The minutes of the last meeting on 24 November 2021 were presented for consideration and it was,

Resolved:

To approve and sign the minutes as a true and correct record.

3 **Declarations of Interests**

There were no declarations of interest.

4 **Chairman's Announcements**

The Chairman announced that agenda item 13 would be taken as the first main agenda item to enable SWAP to join the meeting remotely.

5 **Public Participation**

There were no public questions or statements received.

6 **Report to those charged with governance (ISA 260) 2019/20**

At the Chairman's invitation, Ian Howse (Deloitte) presented the report to those charged with governance (ISA 260) 2019/20.

Mr Howse stated that whilst it had taken longer than expected to get to this position, the audit report on the 2019/20 accounts brought together all of Deloitte's findings. It was explained that all the detailed work was complete, however there were still a few items outstanding. There were a number of recommendations in the report which Mr Howse was happy to take questions on. It was stated that the audit opinion would be qualified, due to the revaluations reserves on the balance sheet. It was hoped that the qualification would be removed for the 2020/21 accounts. The report also included a draft audit opinion.

It was explained that the Annual Governance Statement had been reviewed and it complied with the Delivering Good Governance guidance issued by CIPFA/SOLACE and there were no significant issues identified.

There were also no matters in the public interest to report and no significant value for money risks were identified.

The report confirmed Deloitte's independence and fees at the end. Mr Howse stated that there had been great collaboration between his team and the Wiltshire Council team and many of the problems identified were from many years before most of the team joined the Local Authority.

Andy Brown (Corporate Director Resources, Deputy Chief Exec and s151) echoed Mr Howse's comments. The team had worked incredibly hard to overcome the historical issues. It was disappointing that the accounts would have a technical qualification, but the team were starting to address the technical accounting issues and it was hoped that in the Statement of Accounts 2020/21 they would be able to remove the except for qualification.

Lizzie Watkin (Assistant Director Finance & Deputy s151) stated that all items in the report had management responses, so all the areas identified would be worked on and corrected. There was a robust action plan in place, which also addressed learning and development to ensure there were no gaps in technical knowledge.

In response to questions officers explained that resources (such as staffing and budgets) were discussed regularly. It was believed the budget was sufficient, if not officers would request more resources. Attracting staff with the right experience was difficult, which was a problem across the board for Local Authorities. Consultants had to be used, some of which had been really good and helped to train other staff to address gaps in knowledge. A Chief Accountant had now been recruited which was a very positive step.

In response to a question on the value of assets it was explained that assets were not held to make money, but to deliver services. The property had a database of insurable values, which assets were in use or held for sale.

In response to a question regarding Deloitte's opinion of the management responses Mr Howse stated that he was happy with the responses received, they were proportionate, and he sensed a real commitment from the team.

Members stated that it may be useful to have visibility of the timetabling of implementation of management actions or whether actions were no longer required.

It was confirmed that the 2020/21 and 2021/22 accounts were being run concurrently.

Members congratulated the Deloitte and Wiltshire Council teams on the positive progress made towards addressing the historical issues.

Resolved:

To note the report.

7 Statement of Accounts 2019/20

Lizzie Watkin (Assistant Director Finance & Deputy s151) presented the Statement of Accounts 2019/20 and a report detailing the management response to the ISA 260 report.

Although the audit had progressed significantly there were some final elements to be completed, although it was not thought that completion of these steps would change the accounts. Therefore, the Committee was being asked to approve delegation of the Letter of Representation for the Statement of Accounts (SoA) 2019/20 and the final audited SoA 2019/20 to the S151 officer in conjunction with the Chairman of the Committee. The Committee were also being asked to ratify the Annual Governance Statement 2019/20 which had already been approved by the Committee. The officer confirmed that if there were any changes to the accounts these would be circulated to the Committee prior to the delegated approval being taken. It was,

Resolved:

That the Audit & Governance Committee approve that delegation is given to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) in conjunction with the Chair of the Audit & Governance Committee to approve, following the completion of the audit, the following items:

- a) The Letter of Representation for the Statement of Accounts 2019/20.**
- b) The final audited Statement of Accounts 2019/20, accepting the auditors "except for" qualification limited to the historic balances on the Revaluation Reserve and the Capital Adjustment Account.**

That the Audit & Governance Committee ratify that no amendments are required to the Annual Governance Statement for 2019/20.

8 Process around limited and no assurance audits

Lizzie Watkin (Assistant Director Finance and Deputy s151) presented a slideshow, which was published with the agenda, detailing the process around limited and no assurance audits and how the Committee could seek assurance that management were taking actions on such audits. For example, by understanding the risks, determining required actions and what plans were in place to implement those, seeking reports from the affected service to come to Committee and questioning regarding implementation timelines, progress and reviews.

It was,

Resolved:

To note the presentation.

9 Care Home Alliance

Cllr Stuart Wheeler left the meeting at 12.30pm.

At the Chairman's invitation Helen Jones (Director Procurement and Commissioning) presented a report on the Care Home Alliance in response to a no assurance audit.

The officer stated that the audit was disappointing but fair in terms of what had been occurring. Some comfort was taken in the statement that SWAP felt there were good prospects for improvement. Although there had been a governance structure in place it had not been working effectively so the officer took over the oversight group and had gained some extra management capacity to drive through the areas for improvement. Key to this was measuring demand and supply, knowing what they were commissioning and whether this was sufficient or oversupply. A cost of care exercise was being undertaken as part of a national review.

Relationships between legal, finance, procurement and the wider market were very important as was setting out clear roles, accountability and responsibility.

Engagement with the market had been a concern but the working relationship had improved with a 70% satisfaction rate from providers and things were getting back on track. The tender on the Care Home Alliance had closed and was going to the Commercial Board. A lessons learned workshop had taken place at the end of the tender and those lessons would be used going forward

on other tenders. Training was being provided for commissioners and procurement.

Members debated the volatility of the market and concerns regarding supply.

It was confirmed that SWAP would revisit this again in 6 months to assess progress. There was now far better oversight and a skills audit had been undertaken to assess gaps and make appropriate investments in staff.

Members stated that they felt the Care Home Alliance tender should have gone through the Financial Planning Task Group. Future tenders could be considered by the group.

Members felt they were slightly lacking in data, but the officer explained that commercially sensitive details could not be included in the report. Officers assured the Committee that the structure and governance around the tender process had vastly improved.

Resolved:

To note the actions taken in response to the internal audit.

Cllr George Jeans left the meeting at 13.10 and Cllr Edward Kirk left the meeting at 13.25.

The meeting was adjourned at 13.25 for a short break.

10 **Third Party Spend Purchase to Pay**

Jon Hopkins (Head of Strategic Procurement) gave a presentation on Third Party Spend Purchase to Pay in response to a limited assurance audit. The officer ran through the slides as published in the agenda.

The officer highlighted that the commercial governance framework had previously been lacking, staff had been demotivated, there were inconsistent approaches and there had been no contract register. 2 more audits had been requested in order to support improvement work. In a Local Government Association benchmark test 2 years ago, procurement within the authority had been rated as immature. This gave the team a benchmark to improve on. The level of engagement had now improved as had customer satisfaction. The Procurement and Commissioning Board had been put in place and the ERP system was being replaced.

A contract register had been developed with all contracts listed by when they run out so that forward planning could take place. It was hoped that they would get to a point where one could look 5 years ahead and see what decisions would need to be made. Risk analysis should also be undertaken on all contracts.

The team had now addressed a lot of the issues and were starting to make improvements. They were legally compliant. The procurement team was being re-structured and were getting to the point where they could start delivering the outcomes needed from procurement.

The Chairman thanked the officer for a good presentation and stated that where we were a couple of years ago was shocking.

Andy Brown stated that the meeting today had demonstrated the importance of procurement, commissioning and third party spend. We needed to get the basics right. The contract register would apply to the financial plan and there would now be strategic oversight helping the LA to make decisions and reduce cost. He would direct SWAP to keep looking at these areas.

Members were pleased that these issues were now being addressed, encouraged by the progress and thanked all the officers in attendance for updating on the issues and trying to resolve problems. It was suggested that 'value for money' could be added to the list of what the procurement team needed to deliver. It was also suggested that carbon footprint could be incorporated into tenders.

In response to questions, it was stated that previously what the service the team was delivering was not defined so it was hard to measure outcomes. The service has been re-designed so that 20-24 people could deliver it and was set up to work. They were currently slightly short on staff but were recruiting and it was hoped the new structure would start from 1 April. In the short-term Hampshire Council were providing services to the team.

It was confirmed that there was still work to be undertaken, such as usefully feeding back data across the Council and developing a business intelligence hub.

Resolved:

To note the update

Cllr Antonio Piazza left the meeting at 14.16

11 **Governance Update on AGS**

Perry Homes (Director, Legal and Governance) presented a report which gave an update on the current status of improvement actions identified in the Annual Governance Statement (AGS) 2021.

The officer explained that in a normal year the AGS would be approved alongside the Statement of Accounts, but the AGS 2021 had been approved in October 2021. Appendix 1 detailed the progress against improvement actions which was relatively positive. It was,

Resolved:

To note the current status of improvement actions identified in the Annual Governance Statement as set out in Appendix 1 (pages 257 – 260).

12 **Independent Members on Audit and Governance**

Perry Holmes (Director, Legal and Governance) presented a report regarding independent members on the Audit and Governance Committee. The idea of having independent members who were experts in audit and/or governance on the Committee was to provide advice and knowledge to the Committee.

Members all agreed that this was a good idea and debated how many independent members there should be, all agreed that 1 independent member would suffice.

Members also discussed who should form part of the interview and selection panel.

It was;

Resolved:

- a) To approve the creation of a role of independent co-opted members on the Audit and Governance Committee;**
 - i. and that 1 independent co-opted member should be appointed.**
- b) To approve the draft proposed role profile (appendix D) and delegate authority for the final wording of this to the Monitoring Officer, in order to allow amendments to be made if required.**

The Audit and Governance Committee recommend to Full Council:

- c) That the constitution should be updated as proposed at appendix C to include independent co-opted members as part of the Audit and Governance Committee.**
- d) To delegate the appointment of any independent co-opted members to the Audit and Governance Committee and the arrangements for selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee. This would include convening a selection panel involving a lead Audit and Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee) to interview applicants. Committee Members selected to form part of the panel were Cllr Mark Connolly (Chairman, Conservative) Cllr Mike Sankey (Conservative) and Cllr Gavin Grant (Liberal Democrat).**

- e) That the remuneration of the independent co-opted members be delegated to the Audit and Governance Committee in consultation with Wiltshire Council's Independent Remuneration Panel.

13 **Internal Audit Reports**

This item was taken after item 5 on the agenda. The SWAP representative, Moya Moore, was not present in person but joined the meeting by voice call.

The March 2022 update report gave a good news picture and the overall opinion was reasonable. There had been 0 no assurance audits and 1 limited assurance audit on the Good Lives Alliance. The representative briefly summarised the report which was published in the agenda.

Members had questions regarding procurement, adult safeguarding, contract management and risk. Officers explained that actions identified by the audit had been put in place, internal controls had been corrected and there was now a forward plan regarding procurement. Corporate risk was currently being reviewed. Contracts were debated at length, with officers explaining that we had a mature relationship with the market and a partnership approach which involved having honest conversations. Regarding care providers Wiltshire Council was trying to support the providers strategically and would be undertaking 2 cost care exercises and writing a sustainability plan to try to address issues caused by the volatile external market and conditions. Risk assessments were undertaken on care suppliers and the formal processes in place to manage contracts and cover risk/contingencies and due diligence was undertaken. Concerns were raised regarding private equity firms asset stripping care providers, but officers explained that this was beyond Local Authority (LA) control and would require intervention from government. The LA needed to concentrate on what it could affect by developing a long term, sustainable strategy.

Resolved:

To note the IA March 2021/22 update report.

14 **Forward Work Programme**

The FWP was considered. It was noted that the FWP was a dynamic document which would be amended as required. Future limited or no assurance audits could be added to the FWP for the Committee to gain assurance. It was,

Resolved:

To note the FWP.

15 **Date of Next Meeting**

The next regular meeting of the Audit and Governance Committee would take place on 27 April 2022.

16 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 am - 2.55 pm)

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