

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 21 JULY 2022 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Edward Kirk, Cllr Antonio Piazza, Cllr Jo Trigg (Substitute - Part II), Cllr Pauline Church (Substitute - Part II) and Cllr Nick Botterill (Cabinet member for Finance - Non-Voting Member)

29 **Apologies**

Apologies were received from:

- Cllr Chuck Berry
- Cllr Pip Ridout, who was substituted by Cllr Pauline Church
- Cllr Mike Sankey
- Cllr Martin Smith, who was substituted by Cllr Jo Trigg

30 **Minutes of the Previous Meeting**

The minutes of the meeting on 27 April 2022 were presented for consideration and it was,

Resolved:

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

31 **Declarations of Interests**

There were no declarations of interest.

32 **Chairman's Announcements**

The Chairman announced that agenda items 6 and 7 would be swapped in order, with the Good Lives Alliance being taken prior to the Internal Audit Reports.

33 **Public Participation**

No public questions or statements were received.

34 **Good Lives Alliance**

At the Chairman's invitation Helen Jones (Director Procurement and Commissioning) presented a report on the Good Lives Alliance (GLA) tender process detailing the response to a no assurance audit.

The officer was looking at lessons learned and a commissioning framework that was fit for purpose, and 3 key areas for improvement were identified:

- Business Care
- Provider Performance Monitoring
- Providers and The Council Work in Partnership

A significant amount of work had been undertaken to address the areas identified which were detailed in the agenda report.

In response to questions asked by Members the officer stated that the KPI's had been reviewed with providers and all providers were onboard with the new process.

In relation to the Council being able to get a sufficient care package in place that met standards, within the budget, it was explained that a cost of care exercise was being undertaken, so the Council would be able to baseline costs. Buying in blocks gave the Council more buying power and that the aim was to get more people into supported living settings as the outcome was better for service users and costs were lower to the Council. A report would be going to Cabinet in October 2022 on the Wiltshire Living Well Strategy. So, there would be strategies in place enabling the Council to set fair costs that would attract providers to the market.

Further details were given on new market oversight system, Provider Assessment & Market Management Solution (PAMMS) and the various modules it contained. Providers had been invited to be part of a pilot group to test how it worked and it was hoped that processes could be co-produced, and providers could undertake self-assessments.

Members highlighted that in terms of the Audit and Governance Committee remit the efficient use of finances, staff time and resources were important.

In response to further questions regarding the sharing of information within PAMMS across the South West group, the officer stated that providers were concerned with commercially sensitive information being shared outside of the Council, this was being looked at in the pilot and details were being worked out. The intention was that general information would be easily accessed and shared, it would also be much easier to pull reports, gather intelligence and to scrutinise using the system.

The Chairman, seconded by Cllr Grant, proposed a motion and it was,

Resolved:

That the Committee note the actions taken in response to the internal audit.

35 Internal Audit Reports

At the Chairman's invitation, Charlotte Wilson (SWAP) presented the Internal Audit Reports.

2021/22 Internal Audit Opinion

The overall Internal Audit (IA) opinion given for the year 2021/22 was reasonable. 3 significant corporate risks had been identified over the year which was why the opinion was not substantial. 69 separate reviews had been conducted, which had increased from 45 in the previous year as SWAP staff were no longer working on the COVID response.

The SWAP representative took the Committee through the report (which would be taken as read), drawing attention to certain areas such as the purpose of the report, the 3 lines of defence, how IA fits in to the Councils governance framework and what was taken into account in order to form the IA opinion. It was noted that on page 17, the coverage against corporate risk was aligned with the old version of the risk register, which had been used to maintain consistency. Going forward the new risk register would be used (once finalised). SWAP had not undertaken work on the Salisbury Economy as this would be dropping off the risk register. The 2 areas which had only received some coverage (Safeguarding Adults and Corporate Health, Safety and Wellbeing) would be added to the 2022/23 audit plan.

With regard to areas identified as significant corporate risk, all 6 agreed actions had been implemented for the Care Home Alliance and a follow up review was being conducted to gather evidence to give assurance. For Category Management and Procurement Exemptions the actions had not yet reached implementation date so an update would be brought to the next Committee.

Having looked at the work which had taken place, Members stated that work force planning and capacity impacted every area of the Council and could impact delivery of services and the Health and Wellbeing of staff could be an issue, an update on the progress of that work was requested. The SWAP representative explained that this was an advisory (rather than assurance) piece of work. A position statement had been prepared and talks were underway with the Assistant Director HR&OD. The findings of this work would be used going forward to inform the audit plan to make sure it was covered, and assurance gained.

Members also highlighted concerns that all 3 significant risks were procurement and commissioning related and wanted reassurance from officers that the implementation deadlines for the 2 outstanding risks of Category Management and Procurement Exemptions would be met. Further questions were also asked on staff capacity and whether contract exemptions should even exist.

Jon Hopkins (Head of Commercial and Procurement) responded that the team were well on track to meet the deadlines. The officer explained that regarding Procurement Exemptions there had not been adequate processes in place, but the situation had improved from where they were previously. Last year there had been 24 exemptions (with a value of around £5.5 million) that had not been in accordance with the regulations. This year this was down to 12 exemptions (with a value of £2 million). Each exemption now went to the Commercial Board (chaired by Andy Brown, Corporate Director Resources, Deputy Chief Executive and S.151 Officer) where they were scrutinised. The team were re-defining what exemptions were and changing the processes, however this would take time as changes were required to be made to the Constitution. A far more rigorous approach was being taken to procurement as many people were leaving it too late and a lot of work was being undertaken to ensure that did not happen. The team wanted to develop a 5 year plan, so it could be seen well in advance when contracts were up for renewal and plans made accordingly.

Regarding staff capacity the officer gave details on a new staff structure that had been implemented with 24 posts in the new team. 9 of these posts were still to be filled but interviews were underway. There had previously been problems recruiting, so the roles had been refreshed to look for less experience and the plan was to train the team up. Immediate needs were being met by colleagues at Hampshire Council.

The officer explained that local government legislation meant that the Council had to have a system to allow for exemptions, but that was intended to cover emergencies rather than be a business as usual option.

In response to a question as to what Category Management was, the officer responded that it was about how you organise spend and contracts and how it was broken down between departments. It would give a high level breakdown of suppliers and contracts and would provide CLT with oversight so that they could plan. The 5 year plan was required to be put on the website so that the business community could plan. The team could meet the deadline of 30 September 2022.

The SWAP representative confirmed that she was happy with the direction of travel and that positive progress had been made, follow ups would be undertaken and SWAP received feed back on progress. Hard evidence would be sought which could be used to show that risks had been mitigated and the Committee could be updated at the next meeting on the progress of these audits and the conduct of the Commercial Board.

Members noted the removal of the Climate Change Strategy from the summary of internal audit work. It was explained that the intent was to have this on the 2022/23 plan.

The Chairman proposed a motion to note the report and the annual Internal Audit opinion given, this was seconded by Cllr Adrian Foster, it was,

Resolved:

- **To note the content of the 2021/2022 Internal Audit Opinion Report and the Annual Internal Audit Opinion given (Reasonable Assurance).**

July 2022 Internal Audit Update Paper and Summary of Outstanding Priority 2 Actions.

The SWAP representative presented the update report. SWAP was not obliged to give a rolling opinion but tried to where possible, the rolling opinion was reasonable. There were 2 significant risks, Category Management and Procurement Exemptions which had been covered earlier. There was also 1 no assurance opinion for the Pension Fund Key Control Review.

Changes to the Audit Plan were highlighted at page 37 and outstanding actions at page 38. Page 49 gave the Outstanding Priority 1 and 2 IA actions and management updates on those.

Members highlighted that some of outstanding actions were quite old and queried why it was taking a long time to complete the actions. In response it was stated that the COVID had affected implementation as resources had been diverted to other areas. SWAP would continue to follow them up and have discussions with management.

Members also asked questions regarding the Pensions Fund Key Control, Review and in particular the 2 red items on page 36 related which both related to tasks, there were concerns that there were systemic problems within the team around how tasks were processed. Officers explained that the Wiltshire Pension Fund Committee (WPFC) were looking at the issues, which were systemic. SWAP was also doing some work in this area. Findings would be reported back to the WPFC, but the Audit and Governance Committee had oversight so needed to be aware of what was happening, and the actions taken.

In response to questions regarding the financial impact of this, it was explained that as an employer Wiltshire Council was protected, so there were no financial implications to the Council. The value of the Pension Fund could be affected however it was doing quite well at the moment. There were 180 employers in the Fund of which the Council was one.

Members requested clarity on the status of actions on page 36. The SWAP representative explained that 3 were in progress but had passed their target date, so they would be monitored as part of a follow up protocol. Work needed to take place to ensure that revised target dates which were achievable were set and justification given as to why dates were missed.

Officers highlighted another piece of work SWAP was undertaking related to the Pension Fund, detailed at page 51 of the agenda, the target date for the recommendations had been missed. The officer confirmed that he was expecting a report in mid-August as a further review was needed and SWAP needed to investigate the recommendations.

Members then expressed concerns regarding the understanding of the scope of problems when targets were set and how confident SWAP were that target dates would be met.

The SWAP representative explained that in terms of the Pension Fund and agreed actions, progress was being reviewed in another piece of work, all actions would be looked at and updates given. It was stated that more discussions between SWAP and officers was required regarding target dates, including setting achievable and realistic target dates and ensuring revised dates were set when targets were missed.

Lizzie Watkin (Assistant Director - Finance and Deputy s151) stated that she would take this away to make sure all issues were understood and would report back to the Committee. The officer also stated that it was really important for the Committee to get updates when they saw significant risk in order to hold officers to account. The officer was keen to hear from the Committee in terms of reports, presentation of information and whether there was anything else they would like to see which would help the Committee to gain understanding and seek assurance.

In response Members requested a report on the Pension Fund Key Control Review to come to the next meeting. The officer explained that this would go to the Wiltshire Pensions Fund Committee (WPFC) who would look at the detailed action plan. However, the Committee should get assurance from the WPFC on progress.

Members also stated that the SWAP reports read more like a showcasing of their approach rather than updating on the progress of this authority and that they would like to see more about the risk areas and the approach to resolve issues. Members also felt that it would be useful to have a better understanding of where responsibilities lie between the WPFC and the Audit and Governance Committee. It was acknowledged that having senior officers present from service areas was useful to report back on areas of concern. However, it was felt that to fulfil its remit, the Committee needed to understand the governance procedures and financial implications. Members felt that some elements of that were lacking in some of the reports and presentations received.

The officer agreed that the Committee needed the right tools and reports and would look to enhance reporting so that the Committee could fulfil its responsibility to monitor risk, governance and process and decision making. A meeting was suggested between a few Members of the Committee, lead officers and SWAP so that these issues could be discussed and reporting improved.

There was no further questions or debate, the Chairman proposed a motion to note the update, which was seconded by Cllr Gavin Grant, it was

Resolved:

Note the July 2022 Internal Audit Update Paper and Summary of Outstanding Priority 2 Actions.

2022/23 Q2 Proposed Audit Plan

The SWAP representative highlighted the proposed plan at page 59 and the 3 key questions to be considered when reviewing the plan which were detailed at page 56.

It was also confirmed that as Climate Change was identified as one of the national issues in the risk assessment that it would be included in the plan.

The Chairman proposed a motion to note the plan, which was seconded by Cllr Gavin Grant, it was,

Resolved:

To note the 2022/23 Q2 Proposed Audit Plan.

36 **Updates**

Lizzie Watkin (Assistant Director Finance & Deputy s151) presented the regulatory updates report. There were 3 aspects covered within the report:

Redmond Review

Further announcements had been made by government in response to the Redmond Review. This included a new body to oversee the reporting for local councils, the Audit Reporting and Governance Authority (ARGA). Plans were also announced to make audit committees compulsory for all councils and include a requirement for at least one independent member to be appointed to that committee.

At a previous meeting, the Committee had already determined to recruit an independent member. The officer explained that an advert had gone out for the role, but no applications were received. The Independent Remuneration Panel had also been convened to look at remuneration for the role, and their recommendation would go to Full Council in October. The process would be run again so that the Committee could get access to independent advice and knowledge.

Further updates were awaited from government, it was possible there would be updates to the code of practise used for the Statement of Accounts. Once received, these would be brought to the Committee and included in any training on the Statement of Accounts.

LEPs

A review of Local Enterprise Partnerships (LEPs) had been undertaken following the reduction of LEPs role in allocating funding and the set up of the Levelling Up Fund and Shared Prosperity Fund. There were indications that

Councils would administer more funding and the LEPs role would be in the form of joint working and collaboration, rather than the approval of funding.

In response to questions regarding the SWLEP the officer stated that the council was the administering body for the grant funding for the LEP and that the money flowed through us. So, there was a slightly increased risk exposure and there would also be additional need in terms of Audit. It was thought the council was well placed as it had a lot of experience administering grants. It was confirmed that local authorities were requesting clarity from government on how it would all work, which would reduce the internal audit burden.

Accounts External Audit sign-off

There was a national issue with accounts and for Wiltshire Council the 2019/20 accounts had still not been approved. A consultation had been undertaken by CIPFA with proposals regarding the Infrastructure Asset Accounting and draft guidance issued. An update to the code of practice was expected and this was needed in order to sign off the 2019/20 accounts. It had been due in June 2022 but had not yet been issued. It was still hoped that the External Auditors could sign off the 2019/20 accounts over the summer and then the accounts be approved by the Deputy Chief Executive (S151 Officer) in consultation with the Chair of the Audit and Governance Committee. However, the delay may have an impact on the progress of the 2020/21 and 2021/22 accounts. The November meeting of the Committee was still the current target to approve both those sets of accounts. Updates would be given to the Committee as required.

Members voiced their disappointment regarding the delays with the accounts and hoped that changes to the Code would not cause lots of additional work. The officer confirmed that changes to the Code would apply to all accounts that were not signed off and not just future accounts. In regard to the historical problems which had delayed the accounts getting signed off, the officer explained that all of the information requested by the External Auditors had been provided and were going through the review process of the External Audit partner. Officers were confident that the historical issues were resolved but were awaiting an update from Deloitte.

The Chairman, seconded by Cllr Gavin Grant, proposed as motion to the note the report and it was,

Resolved:

That the Audit and Governance Committee note the contents of the regulatory updates report.

37 **Forward Work Programme**

The Forward Work Plan (FWP) was considered. Members discussed adding some of the high risk items from the Internal Audit report. Officers confirmed that SWAP would report back on all the audits and suggested that as many of the audits related to procurement and commissioning, an item could be added to the FWP on the Procurement Improvement Plan.

The Chairman proposed a motion to note the FWP and to add the Procurement Improvement Plan to it, this was seconded by Cllr Gavin Grant, and it was,

Resolved:

To note the FWP and to add the Procurement Improvement Plan to it.

38 **Date of Next Meeting**

The next regular meeting of the Audit and Governance Committee would be held on 27 September 2022.

39 **Urgent Items**

There were no urgent or part II items, so the Chairman thanked everyone for attending and closed the meeting.

(Duration of meeting: 10.00 am - 12.00 pm)

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