

AGENDA

Meeting: Audit and Governance Committee

Place: Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Wednesday 22 November 2023

Time: 10.30 am

Please direct any enquiries on this Agenda to Tara Hunt of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email lisa.alexander@wiltshire.gov.uk

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Membership:

Cllr Iain Wallis (Chairman)

Cllr Stuart Wheeler (Vice-Chairman)

Cllr Chuck Berry

Cllr Adrian Foster

Cllr Gavin Grant

Cllr George Jeans

Cllr Antonio Piazza

Cllr Pip Ridout

Cllr Mike Sankey

Cllr Martin Smith

Cllr Howard Greenman

Substitutes:

Cllr Liz Alstrom

Cllr Ernie Clark

Cllr Matthew Dean

Cllr Ross Henning

Cllr Jon Hubbard

Cllr Tom Rounds

Cllr Jo Trigg

Cllr Pauline Church

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AGENDA

Part I

Items to be considered while the meeting is open to the public

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 5 - 18*)

To confirm and sign the minutes of the meeting held on 19 September 2023.

3 **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements** (*Pages 19 - 22*)

To receive any announcements from the Chairman.

- Accounts and Audit briefing note to all Members.
- Stone Circle Scrutiny.
- Independent Members on Audit & Governance.

5 **Public Participation**

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 15 November 2023 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 17 November 2023. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Internal Audit Update** *(Pages 23 - 30)*

To receive the Internal Audit update from SWAP.

7 **Risk Management Service Update** *(Pages 31 - 36)*

To receive a risk management service update following a limited assurance audit.

8 **Anti-fraud risk update** *(Pages 37 - 42)*

To receive an update on anti-fraud activity.

9 **Forward Work Programme** *(Pages 43 - 46)*

To note the Forward Work Programme

10 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 7 February 2024.

11 **Urgent Items**

Any other items of business, which the Chairman agrees to consider as a matter of urgency.

Part II

Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

None

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 19 SEPTEMBER 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Iain Wallis (Chairman), Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Antonio Piazza, Cllr Pip Ridout, Cllr Mike Sankey, Cllr Martin Smith and Cllr Howard Greenman

Also Present:

Cllr Matthew Dean

39 **Apologies**

Apologies were received from Cllr Stuart Wheeler and Cllr Nick Botterill (Cabinet Member for Finance – non voting Member of the Committee).

40 **Minutes of the Previous Meeting**

The minutes of the last meeting held on 25 July 2023 were presented for consideration.

The Chairman stated that regarding minute 26, he had requested that thanks be passed to the former Chairman Cllr Mark Connolly and to Cllr Edward Kirk for their work on the Committee. It was,

Resolved:

To approve and sign minutes of the last meeting as a true and correct record, following the addition of thanks to Cllr Mark Connolly and Cllr Edward Kirk to minute 26.

41 **Declarations of Interests**

There were no declarations of interest.

42 **Chairman's Announcements**

There were no Chairman's announcements.

43 **Public Participation**

There were no public questions or statements received.

44 **Accounts and Audit Update**

Lizzie Watkin, Director of Finance and Deputy Section 151 Officer, presented the Accounts and Audit update.

The update was being provided following the briefing note sent to Members after the July meeting of the Committee. As Members were aware there had been delays to the audit process and in getting the Statements of Accounts (SoA) 2019/20 signed off. There were national issues regarding the completion of accounts which had been discussed at length at previous meetings of the Committee.

The backstop date to sign off the SoA 2019/20 was 31 December 2023. The focus remained on getting those accounts through the process and there would need to be a push to draw those to a close. A more in-depth report would come to the November meeting of the Committee, and it was hoped that at that meeting the Committee could accept the audit opinion, otherwise a delegation may be required.

The backstop dates for the other outstanding accounts were as follows:

- Statement of Accounts 2020/21 and 2021/22 – 31 March 2024
- Statement of Accounts 2022/23 – 30 August 2024

For the SoA 2023/24 the council would have new auditors (Grant Thornton) and the finance team were already planning with them how the process for those would work. The backstop date for the SoA 2023/24 was 31 March 2025.

At present it was not entirely clear how the whole process regarding backstop dates and future accounts would work, so the Committee would be kept updated.

Ian Howse, Deloitte, agreed with the officer and hoped to complete the audit for the 2019/20 accounts by the backstop date of 31 December 2023. The backstop dates were a practical expediency to the situation that Wiltshire Council, and many other local authorities found themselves in. What would be as important would be what happened to prevent the backlog occurring again. Mr Howse was very encouraged by the work of the National Audit Office (NAO) who were revising the code of practise. However, he felt that the Chartered Institute of Public Finance and Accountancy (CIPFA) codes should also be reviewed. Whilst encouraged by the backstop positions, it was stated that it would likely lead to a disclaimer opinion for SoA 2019/20. The aim for both Deloitte and Wiltshire Council was to avoid the backstop dates. However, there was a lot of work for both the auditors and the finance team to get all the audits completed by 30 August 2024.

In response to a question regarding whether there were sufficient human resources to meet the backstop dates, for both the auditors and the council, the officer explained that the council had additional resources in place to deliver all the sets of accounts by the end of August 2024. However, in the officer's opinion it may not be possible to achieve as robust a set of accounts as one would wish, due to the timescales involved. There were concerns regarding

completing the 2020/21 and 2021/2022 accounts by 31 March 2024, as it would be hard to ensure they were up to standard and robust. Officers would consider what it would mean for future sets of accounts if those accounts were not as robust as one would like. Mr Howse stated that Deloitte had the resources to deal with as much of the backlog as they could, he felt that completing the 2022/23 audit would be more challenging.

Members queried the risks involved and highlighted the recent news regarding Birmingham City Council issuing a section 114 notice.

Mr Howse stated that many councils would likely not meet the backstop dates. There were few companies that undertook local authority audits, and one supplier had approximately 100 councils in a similar situation to Wiltshire Council. However, it was rare for this to happen. His understanding was that if an audit was not complete by the time of a backstop date, then auditors would report everything they knew at that time. They could highlight any issues, detail unfinished work and would try to give as much assurance as possible. Mr Howse further explained that at no stage in the 2019/20 audit had Deloitte raised issues with Wiltshire Council's general fund provision. It was however the auditors work in Birmingham that highlighted the issues and led to the section 114. In terms of risk, there was some risk in not having audited financial statements as auditors did not look at the revenue outturn report, which was what councils relied on for budget setting. There was also some political risk. Otherwise, essentially, the accounts were just a bit late.

Andy Brown, Corporate Director Resources & Deputy Chief Executive (S 151 Officer), stated that Wiltshire Council was not in the same bracket as Birmingham City Council. It was explained that our accounts were compiled at the end of the financial year and estimates made in terms of any provisions that may be required to deal with issues, for example equal pay claims. These would then be tested by the external auditors. The officer felt that our provisions were accurate. Not having a signed off set of accounts did cause some unease as there was no external clarification that these provisions have been tested. However, the issues the council were dealing with in the 2019/20 accounts related to non-cash assets, and it was the cash reserves that mattered in terms of the council continuing to be able to deliver services. The Committee had discussed on many occasions the previous misstatements and errors that required correction. There was a slight disagreement with the auditors in terms of financial stability through the value for money judgement. However, fundamentally, given the length of time if the council was unsustainable that would have come up by now and the council has a balanced three year budget.

The officer further explained that there could be something left field or unknown which came up due to the council not having signed off accounts, but the accounts sign off in itself was no guarantee due to the sample, risk nature approach. However, Birmingham City Council would have been aware of the issues they were facing at the time of closing their accounts (in respect of their equal pay claims), but had not put or estimated provisions to deal with them appropriately. The officer was hopeful that the NAO was progressing the situation and drawing a line under it.

Members sought further clarification on what the backstop dates actually meant and whether the new regulatory framework would take account of the asset valuation issues that had caused many of the problems.

Mr Howse explained that at the backstop date, if the audit was incomplete, then you would draw a line under it and reach a conclusion. This would likely lead to a more verbose audit opinion than usual as the auditors would try to give as much assurance as possible. What still needed to be worked through was what that would then mean for the next set of accounts. If the previous set of accounts were unfinished or there was a disclaimer opinion, then how would one know that the opening balances on the next set of accounts were sound.

In relation to the new regulatory framework Mr Howse stated that he hoped that it would tackle asset valuations. An awful lot of time had been spent on the asset valuations, which were of little value to a member of the public. The NAO would tell auditors what to do, but this could mean that they were not compliant with International Financial Reporting Standards (IFRS), which was what they aimed for.

Lizzie Watkin stated that conversations so far had been focused on audit regulations. She had not been party to any conversations regarding financial reporting or accounting regulations. The officer felt that technical accounting regulations for local authorities should be changed. The council would push for change in terms of the reporting requirements for local authorities.

Members highlighted that there were 24 local authorities on the brink of issuing section 114 notices and that Wiltshire Council was not one of them. Members felt that there was nothing sinister in the failing to sign off the accounts and the likelihood of something unknown lurking in the unsigned off accounts was low. Many people were concerned about these matters instead of focusing on the council's available funds to provide services and deal with issues. Members were concerned that their colleagues who were not part of the Audit and Governance Committee were not aware of these matters and that a briefing note for them would be helpful.

Members queried the scale of the longer term change required and what the implications on staff, resources and costs would be.

Mr Howse stated that widespread change was required. There was a significant shortage of audit partners who could undertake local authority accounts. More trainers for auditors were required, or accreditation needed to be made easier to achieve. There was a requirement to review the code and to work through the CIPFA codes. Another issue was financial reporting for councils as the regulators kept raising the bar which had a knock-on impact on terms of cost.

Andy Brown explained that from Wiltshire Council's perspective we were already over and above in terms of staffing to get all the accounts to a point where we could get an audit opinion. There was a balancing act in terms of the resources allocated as that came with additional costs. The Director of Finance

was managing an overspend related to this. However, the council was committed to additional resources as described. The local government finance sector needed to undertake work on resources, training and succession planning. The council was part of Public Sector Audit Appointments (PSAA) who set audit fees. The council were currently in talks with Deloitte regarding additional fee costs. The council still needed to ensure that they had the right skills and capabilities to close the accounts and they had struggled with this in the past and may well do so again.

Members expressed a degree of concern that part of the issues faced by Birmingham City Council were caused by them changing to new Enterprise Resource Planning (ERP) software, Oracle, which Wiltshire Council were in the process of doing.

Members highlighted again that colleagues and residents needed to understand the situation regarding the accounts. In particular that there was nothing catastrophic or criminal in this. It was a common situation being faced by many local authorities and was related to obscure technical accounting regulations. The Chairman agreed that a briefing note was a very good idea and asked officers if they could provide one.

Andy Brown stated that officers would be happy to provide a briefing or briefing note. He explained that the accounts issues had been reported to the Audit and Governance Committee as it was their responsibility. However, due to the national issues and in particular the recent section 114 notice issued by Birmingham City Council a wider Member briefing would be helpful. It was also important to keep the public informed, which Members could help with once briefed. It was stressed that there was nothing in the accounts that raised concerns regarding the sustainability of the council, which had in fact improved since 2019/20.

In relation to Oracle, Birmingham City Council had an original budget of £20 million, and had faced many issues which cost £100 million to correct. At Wiltshire Council the Evolve Scrutiny Task Group had been involved throughout the whole process. The plan was to go live with Oracle in November 2023 and for payroll in April 2024. Wiltshire Council had learned from mistakes made at other councils. There were controls in place, assessments would be made, and they would not go live unless everything was ready.

At the Chairman's discretion, Cllr Matthew Dean (Westbury West Division) spoke as a guest. He raised many concerns in relation to the situation. This included disappointment that all Members had not been briefed in relation to the accounts. He had voted on financial matters at Full Council without ever having been aware of the situation. He felt that something this serious should have been reported by the Section 151 Officer, the Monitoring Officer, or Cabinet Members at Full Council. He would also have expected the external auditors, especially if they were in dispute with officers, to have drawn this to the attention of Full Council. He felt that even if there were good reasons for the delays this should have been reported.

Cllr Dean detailed the issues which had affected Birmingham City Council and raised concerns that we could face some of the same issues, such as equal pay claims and changing the ERP to Oracle. He was worried that the accounts may not be signed off by backstop dates and what impact this would have of the Council's ability to borrow. He felt there should be a political debate with senior management to assess the staffing situation. In his opinion he felt that we should front load resources to clear the backlog, despite the increased costs this would incur.

Furthermore, Cllr Dean raised concerns about transparency, and felt there was a lack of interest and willingness to share the details further than the Audit and Governance Committee. He felt it was incorrect that Members would find out about the situation by reading about it in the press.

Cllr Dean stated that he was concerned that we were changing auditors and that this added another level of complexity. He also queried the relationship between financial officers and the current auditors.

The Chairman explained that the Audit and Governance was handling these issues in the first instance as it was their responsibility. However, he did agree that a briefing for all Members was a good idea, as discussed earlier. He stated that he had also been unaware of the situation prior to joining the Committee. The Chairman highlighted that the press had picked up on the situation from the minutes of the last meeting. However, they would work to address the issue going forward.

Andy Brown explained that this Committee was charged with governance and signing off the accounts. The Committee were aware of all the details and the national issue with local authority audits and accounts. Discussions regarding this had been taking place at Audit and Governance since he joined the council in 2020 and all agendas and minutes were in the public domain. It was highlighted that the appointment of auditors was outside our control. The council were part of the PSAA who appointed auditors. The decision to be part of the PSAA had been made by [Full Council in February 2022](#). He agreed that conversations should be had regarding any big issues. The problems faced at present were technical accounting issues.

Perry Holmes, Director Legal and Governance and Monitoring Officer thanked Cllr Dean for his comments and felt it was unfortunate that Cllr Dean had been unaware. He stated that it was a matter for all councillors on how they informed themselves on the activity of the council. The officer explained that there had been many hours of discussion at Audit and Governance regarding the technical accounting issues which were a national problem. He had raised the issue within the Annual Governance Statement which had been to the [July meeting of the Committee](#) so felt that the council had been transparent. The officer stated that he had never worked at a council that was as transparent as Wiltshire Council and the recent Corporate Peer Challenge had found there to be high levels of transparency and strong levels of governance.

Mr Howse felt that it was good that councillors who were not part of the Committee could attend and raise questions. He explained that Deloitte could report to Full Council if they needed to. However, at the Audit and Governance Committee, Deloitte had reported extensively over a number of years on the situation. Members had asked appropriate questions regarding the external audit reports. Had the Committee not listened, he would have reported to Full Council. He understood Cllr Dean's frustration and felt that it was disappointing that not all Members were aware.

Cllr Dean highlighted that so much information was imparted to councillors, and there were so many agendas and minutes, he felt it was impossible to keep abreast of it all. Particularly as many Members also worked full time. He therefore thought that this should have been brought to Members attention and requested that in future the Monitoring Officer, S151 Officer and finance team let him, and all councillors know when there was an issue of this nature. Cllr Dean highlighted government regulations which put requirements on him as an elected Member. Cllr Dean also expressed disappointment that the Cabinet Member for Finance was not in attendance. Cllr Dean queried asset transfers to Town and Parish Councils whether there would be liabilities to those organisations in relation to assets.

The Chairman explained that the Cabinet Member for Finance had been due to attend but had tendered apologies due to a medical emergency. The Chairman stated that Cllr Dean's points about important issues being raised with all Members would be taken on board.

Some Members stated that they were fairly certain that the situation had been mentioned at Full Council.

Andy Brown stated that Town and Parish Councils were responsible for any liabilities regarding their assets.

The Chairman proposed the recommendation within the report to note the update and added an additional proposal that officers should produce an appropriate briefing on the current issues for Members. This was seconded by Cllr Gavin Grant. It was,

Resolved:

- **To note the update on the Accounts and Audit backstop dates for the outstanding accounts.**
- **To ask officers to produce an appropriate briefing on the current issues for members.**

NB: An administrative note has been prepared and appended to these minutes, which provides for ease of reference details of meetings at which the accounts and audit situation has been discussed.

Perry Holmes, Director Legal and Governance and Monitoring Officer presented the Stone Circle Annual Governance Update.

The officer explained that Stone Circle was set up in 2019. In 2021 he and Andy Brown, Corporate Director Resources & Deputy Chief Executive (S151 Officer) had undertaken a governance review to see if best practice was being adhered to. The report set out the recommendations approved by [Cabinet in September 2021](#) and the activity that had occurred. Five of the seven recommendations were complete. Stone Circle had been set up with the principal idea to rent out houses above council house rates but below market value rates. The council invested in the company by loaning money to it. The model was similar to a housing association return model, with returns made in approximately 50 years.

The governance structure was highlighted, including the Shareholder Group, Overview and Scrutiny and Audit and Governance.

The Local Partnerships guide mentioned in the report published an update in 2023, and Wiltshire Council was broadly in compliance with this. Lizzie Watkin, Director of Finance and Deputy S151 Officer, was a director of the company so we had clear line of sight.

In terms of whether the council's money was safe it was highlighted that there was a capital value to offset the loan arrangement. In relation to the development company, there was slightly more risk as a lot of money was loaned upfront and the money not returned until the houses were sold. However, this was the lesser activity of the company. The officer felt that when we looked at best practice we were in a very good place and that risks were minimised.

During debate it was stated by Members that they were not seeing the assurances they wanted within the report. It was questioned when we would break even. Financial concerns were raised regarding the housing and rental markets and concerns were raised regarding the risk to the council of this project. A loss was being made at present and it was felt this should be quantified and assessed. Millions of pounds were invested and many Members were unaware. Whether there was an exit strategy in place if things did not go to plan was questioned, and what the cost to the council would be if that happened. It was requested that quarterly finance reports for Stone Circle come to the Audit and Governance Committee.

The officer explained that one needed to remember who was responsible for what under the governance arrangements. It was acknowledged that there was a lack of financial detail in the report, as the Audit and Governance Committee were responsible for looking at the governance framework. Detailed financial information such as how much we had lent, how much risk was involved, when would you get the return and whether there was a loss or profit were all matters for the Overview and Scrutiny Management Committee (OSMC). However, the officer would take away that the Committee would like more detail. It was

acknowledged that there had to be an exit strategy in place and that may need more work.

Andy Brown echoed the points made regarding roles and responsibilities. It was highlighted that in the report were improvements that were still to be made. The shareholders needed to get information from the companies and then determine which meeting was appropriate for it to go to. In relation to some of the financial points raised it was explained that due to the economic conditions, they had gone beyond the original 50 year terms, so the long term viability of the company would be looked at. At the [September 2023 meeting of Cabinet](#) the Financial Year 2023/24 - Quarter One Capital Budget Monitoring report contained details on Stone Circle and it was noted that Minimum Revenue Payments (MRP) would be set aside from 2023/24 for the capital plan. So, the council would be setting aside money to cover the debt if needed, which was the right thing to do. The officer would be looking in the future for a Stone Circle Business Plan that does pay the money back.

Members raised concerns that the OSMC had not formed a task group to look at Stone Circle so there was a lack of oversight.

Members of the Committee that were also Members of the Financial Planning Task Group (FPTG) made it clear that they did not have the capacity to look at Stone Circle finances, due to an already very heavy workload. The Members suggested that some of the points raised in discussion and the lack of oversight, which was a concern to them, be raised with the OSMC.

Officers concurred that scrutiny did need to take place and that they would take that forward.

Members raised environmental and climate considerations in relation to Stone Circle and queried whether the standards within the draft Local Plan could be adopted.

Officers explained that the Stone Circle Board had set out climate / environmental aspirations in their Business Plan. The Shareholder group should hold the company to account in terms of whether they are meeting the requirements. The council owned Stone Circle so it could state that the operation should be zero carbon, however, it was a startup company and was growing slowly, and there had been problems in the economy. We did want them to be above current building regulations.

Mr Howse of Deloitte stated that at some point the Stone Circle group accounts would form part of the audit. Officers had suggested this, but Deloitte had requested that this be delayed until the backlog of accounts had been cleared.

Members queried the progress against recommendations and in particular why the Stone Circle Business Plan had not been in the new format. Officers explained that the new format was to include performance indicators such as loan exposure and number of properties, as well as covering longer term financial stability. The new format Business Plan had been deferred to 2024/25

as the company had been proposing a 5% increase in rent each year. Wiltshire Council asked them to lower this to 2% as they wanted to help provide affordable housing and were nominating tenants in need of accommodation. The company had raised concerns around that. The new format Business Plan would likely be considered early in 2024.

Members queried why the site purchased in Ashton Street, Trowbridge had been identified as unviable by the company. Members also questioned the governance relationship between the company in determining that the site was unavailable and Wiltshire Council deciding to take on the site as 100% affordable housing.

Officers explained that the development company paid a higher rate on the loan, so on their modelling, they would make a loss. This issue came to the Shareholder group, following which an asset gateway officer group was gathered to look options for the site. The options included a potential Social, Emotional, Mental Health (SEMH) school site, affordable housing and selling the site. It was determined that the best option was to use the site for affordable housing.

Members applauded the fact that we were working to increase housing. They felt that it should be emphasised to the public that we are determined to house people, but that there was risk involved. Likewise, all councillors should be kept informed.

Officer stated that they would review the situation, to see if there were additional ways that transparency could be increased, and communications improved so that these matters were brought to attention of Members and the public.

The Chairman, seconded by Cllr Gavin Grant proposed the recommended proposals in the report, which were:

- To note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2022
- The Committee is also asked to comment and make suggestions on future governance for the Stone Circle companies as they see fit.

The Chairman asked Members to detail the comments/suggestions they would like to recommend. Following debate on those matters and approval from the proposer and seconder regarding the amendments, it was,

Resolved:

- **To note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2022.**
- **To request OSMC set up a relevant body to scrutinise Stone Circle.**
- **That officers would review the lines of responsibility to ensure that Members were appropriately informed.**

- **That the two outstanding recommendations would be addressed by the end of the year, and appropriate KPI's would be developed as part of regular reporting.**

46 **Service update on S106 financial controls audit**

Nic Thomas, Director of Planning and Sally Canter, Head of Building Control and Technical Support presented the service update on the S106 financial controls audit.

The internal audit had looked at how S106 should be applied, how they were recorded, triggers and how they were reported. The Community Infrastructure Levy (CIL) had not been included in the audit.

This audit built on a 2019 audit looking at the collection of funds, overall results had been positive, but some issues had been identified.

The findings of the internal audit and the actions being taken to address them were detailed in the agenda report.

Additional resources had been allocated and additional training had been given. The team were committed to reviewing policies and guidance on how monies would be requested, this work was going on in parallel with the Local Plan. The internal audit had picked up on anticipated issues and the team were confident that they could implement the actions to improve.

Members stated that occasionally Wiltshire Council paid S106 monies that were due to town and parish council's late and did not pass on any interest that would have been accrued whilst holding the funds. This could sometimes amount to large sums and when paying parishes 2 or 3 months late it could have a really big impact on them, sometimes rendering the schemes they had planned unviable. Therefore, it was requested that monies be passed on more quickly.

The officers explained that when transferring funds this was done in line with signed agreements, which could take some time. Legal agreements also had to be in place, and these could also take time. Officers stated that it would be good to have standard agreements to make the process quicker, and they would pick that up with the legal team.

Members expressed concerns about the pressure of S106 agreements on the legal team and wanted to ensure that there were adequate resources in place. Officers agreed that the pressure on the legal team could be an issue and that it was difficult to get suitably qualified solicitors. The agreements also took a long time to negotiate. It was stated that it might be possible to ask for funding to recoup legal costs which could be sued to help bolster the team.

Members also raised concerns regarding ecological offsets and art gain. It was hoped that people could be engaged earlier in the process to ensure that funds were used correctly and to the maximum benefit of the community. Officers stated that the directorate was reviewing the public art strategy and considering

how it could be taken forward, although this work was at an early stage in the process. Working out the schemes with the community was essential and they would try to include that in the revised policy. Officers explained that they also wanted to roll out training and engagement for parishes regarding S106 agreements.

Members highlighted that solar farm companies often gave sums of money to parish councils where they were building solar farms. This did not seem to be governed by any kind of policy. Members queried whether a model could be agreed and applied. Officers stated that there very strict rules regarding S106 payments, and this was not covered, so sometimes developers of solar farms made their own arrangements with parish councils.

Regarding the reporting actions detailed at finding 10, Members asked if reports could be generated by division, so that Members could get all the information on S106 agreements in their division. Officers confirmed that this was possible. Reports could be generated by parish, division and geographical areas. Members could ask for these reports by contacting the planning team and advising of the date parameters and area.

Members queried whether Oracle would help with monitoring S106 monies and chasing delays. Officers explained that all monitoring would take place using the new planning database (Arcus) and that the internal auditors had felt that was appropriate. Officers had not yet looked at the interface between Oracle and Arcus, but they would work closely with finance officers to reconcile and track funds.

Members highlighted the affordable housing requirements in the new draft Local Plan and the impact that would have on CIL and S106 monies, as S106 did not apply to affordable housing. Officers explained that the affordable housing requirements would increase. In the main it would be 40% across the board and on brownfield sites 10%. However, developers could request a reduction. Viability of sites could be an issue, and comments to that effect had already been received from developers.

Members asked how S106 monies were included in an audit and accounts perspective. Officers explained that as part of the audit process they shared information on money in the bank and money for each service area. Different services spent the S106 monies at different rates. However, it was part the audit process.

All Members welcomed the report and the work that had been done to improve.

At the conclusion of the debate, it was,

Resolved:

To note the update.

47 **Forward Work Programme**

The Forward Work Plan for the Committee was presented for consideration, and it was,

Resolved:

To note the FWP.

48 **Date of Next Meeting**

It was announced that the next regular meeting of the Committee would be held on 22 November 2023 at 10.30am.

49 **Urgent Items**

There were no urgent items.

(Duration of meeting: 2.30 - 5.20 pm)

The Officer who has produced these minutes is Tara Hunt of Democratic Services, direct line 01225 718352, e-mail tara.hunt@wiltshire.gov.uk

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

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**Accounts and Audit backlog and
delays**
Briefing Note No. 23-33

Service: Finance & Procurement and Legal & Governance
Further Enquiries to: Lizzie Watkin, Director of Finance & Procurement,
lizzie.watkin@wiltshire.gov.uk
Date Prepared: 10 November 2023

Purpose of Report

1. To keep all members abreast of the position on the on-going delays to the conclusion and approval of the Council's Accounts and Audit and set out the reporting made to councillors of these ongoing delays.

Background

2. The responsibility of the oversight and governance of the Council's Statement of Accounts, and their approval lies with the Audit and Governance committee. Frequent reports are presented to this committee to ensure that public reporting is robust and transparent and allows councillors to debate and challenge the position and risks.
3. A request was made at the meeting of the Audit and Governance Committee on 19 September 2023 for a briefing for all councillors, which officers agreed to deliver, and this document should be considered as this briefing.
4. The Audit and Governance Committee are aware there are significant delays in the accounts and audit processes for Wiltshire Council, with the 2019/20 Accounts still not approved. Reports have been presented to the committee and public debate had on the issues on many occasions.
5. The report to the Audit and Governance Committee on the Rendering of External Audit Services was also considered and approved by Full Council. This report set out, at that point in time, that "many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21, including those for Wiltshire Council."
6. The Annual Governance Statement 2022/23 includes a formal statement from the Monitoring Officer associated with the delay in accounts and audit processes and regulatory requirements in publication and public inspection dates.
7. The position of significant delay in accounts and audit processes is seen across many councils nationally and the number of delayed audit opinions now stands

at 918 with only 5 out of 467 local government audit bodies' 2022/23 audit opinions issued.

8. Nationally Auditors, Section 151 Officers, regulators, government departments and other key stakeholders have been working together to find a solution to reset the system. Government is seeking to ensure that the work to clear the backlog takes place in a limited window of time which may result in qualifications and disclaimers of opinion in the short term for a number of councils. This is likely to be the case for Wiltshire Council.
9. The following table includes the reports and updates that have been presented to members. As can be seen the reporting has been robust and all members receive emails for the agendas to all committees.

Date	Committee and Subject	Link
10/02/2021	<i>Audit & Governance</i> Update on Statement of Accounts 2019/20 Report	Agenda for Audit and Governance Committee on Wednesday 10 February 2021, 10.00 am Wiltshire Council
28/04/2021	<i>Audit & Governance</i> Statement of Accounts 2019/20 Report	Agenda for Audit and Governance Committee on Wednesday 28 April 2021, 10.00 am Wiltshire Council
11/10/2021	<i>Audit & Governance</i> Update on the Statement of Accounts 2019/20 Report	Agenda for Audit and Governance Committee on Monday 11 October 2021, 3.00 pm Wiltshire Council
24/11/2021	<i>Audit & Governance</i> Update on the Statement of Accounts 2019/20 Report; and Retender of External Audit Contract Report	Agenda for Audit and Governance Committee on Wednesday 24 November 2021, 10.00 am Wiltshire Council
15/02/2022	<i>Full Council</i> Retendering of External Audit Contract report	Agenda for Council on Tuesday 15 February 2022, 10.30 am Wiltshire Council
01/03/2022	<i>Audit & Governance</i> Report to those charged with governance (ISA260) 2019/20; and Statement of Accounts 2019/20 Report	Agenda for Audit and Governance Committee on Tuesday 1 March 2022, 10.30 am Wiltshire Council
27/04/2022	<i>Audit & Governance</i> Statement of Accounts 2019/20 – Chairman’s Announcements	Agenda for Audit and Governance Committee on Wednesday 27 April 2022, 10.00 am Wiltshire Council
21/07/2022	<i>Audit & Governance</i> Update Report – including National Issues holding up Accounts	Agenda for Audit and Governance Committee on Thursday 21 July 2022, 10.00 am Wiltshire Council
24/11/2022	<i>Audit & Governance</i> Public Sector Audit	Agenda for Audit and Governance Committee on

	Appointments (PSAA) Update – Chairman’s Announcements	Wednesday 23 November 2022, 10.00 am Wiltshire Council
26/04/2023	<i>Audit & Governance</i> Statement of Accounts 2019/20 update – Chairman’s Announcements	Agenda for Audit and Governance Committee on Wednesday 26 April 2023, 10.30 am Wiltshire Council
25/07/2023	<i>Audit & Governance</i> Accounts & Audit Update Report; and Annual Governance Statement 2022/23	Agenda for Audit and Governance Committee on Tuesday 25 July 2023, 2.30 pm Wiltshire Council
19/09/2023	<i>Audit & Governance</i> Accounts & Audit Update Report	Agenda for Audit and Governance Committee on Tuesday 19 September 2023, 2.30 pm Wiltshire Council

10. Officers continue to work with the current external auditors, Deloitte to ensure we draw to conclusion the outstanding accounts in the most efficient and effective manner, considering the regulatory requirements on both the council and the auditors.
11. Longer term change is required to address the underlying issues and challenges to prevent a recurrence of backlogs in the future. This will include addressing workforce issues and ensuring proportionate financial reporting requirements, auditing and regulatory requirements are in place. All further updates will be reporting through to the Audit and Governance committee.

Lizzie Watkin
Director of Finance & Procurement (S151 Officer)

Perry Holmes
Director of Legal & Governance

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Wiltshire Council

Report of Internal Audit Activity

Progress Report 2023/24- November 2023

Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

Sally White Assistant Director
Tel: 07820312469
sally.white@swapaudit.co.uk

Becky Brook Principal Auditor
Tel: 020 8142 5030
becky.brook@swapaudit.co.uk

SWAP is an Internal audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:
<https://www.swapaudit.co.uk/>



Audit Opinion, Significant Risks and Audit Follow Up Work

Audit Opinion

This is our second update report for 2023/24 financial year. On the basis of the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since our last report in July, we have issued **two Limited** assurance opinion on the areas and activities we have been auditing. In Appendix A, on page 6, we have provided the one-page audit report for the Limited assurance opinion work, to offer the Committee further insight. A limited opinion was issued following the reviews of Risk Management and the review of Procurement Cards. Agreed action plans are in place to improve internal control around these key areas of activity for the Council. At the time of our work there was a clear commitment to implementing the agreed actions and we are aware that progress is already being made.

Significant Corporate Risks

There are three, previously reported, significant corporate risks. The first being the Pension Fund Key Controls. We are currently undertaking a detailed follow up audit in this area, and we aim to report back to the Committee in our January update.

Similarly, we reported the ICT Network Boundary Defences as a significant corporate risk. We are aware that full mitigation of the risks identified as part of our work are a longer-term ambition. Therefore, we have not yet undertaken any follow up work but we aim to programme a series of follow up pieces in due course; in order to keep the Committee updated on progress.

Additionally, we reported on a further significant corporate risk around the Pension Payroll Reconciliation Project where SWAP identified a number of key issues around the delivery of this project. The most recent actions update indicates that the outsourced project's target completion date has been extended to the end of 2023.

Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



SWAP Internal Audit Plan Coverage

The table below, captures our audit coverage, mapped against the Authority’s strategic risks since January 2023. Furthermore, we have then overlayed the audit assurance outcomes of those risk areas that we have reviewed. Whilst we have increased the number of strategic risks with some audit coverage, there are still some gaps where Internal Audit are looking to focus some work. We have been working with the Corporate Directors and Directors to ensure that we provide a more comprehensive coverage of the Council’s key risks going forward and we have work planned that will provide some coverage across areas such as climate change. Members and Senior Officers of the Council are able to view our live rolling plan dashboard, at any time, through SWAP’s audit management software; AuditBoard.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC R01 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC R02 - Lack of capacity in the social care market	Some	Non Opinion Audits
WC R03 - Failure to manage housing developing	None	
WC R04 - Increasing vulnerability to climate impacts	None	
WC R05 - Uncontrolled cost of social care (predominately adults)	Some	Substantial
WC R06 - Cyber Resilience	Some	Limited
WC R07 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable
WC R09 - Information Governance	Some	Reasonable
WC R10 - Income Collection	Adequate	Reasonable
WC R11 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC R12 - Hospital discharges resulting in high cost and highly restrictive packages of care	None	
WC R13 - Budget Management	Good	Reasonable
WC R14 - Not on track for the Council to be carbon neutral by 2030	None	

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

Internal Audit Plan Update

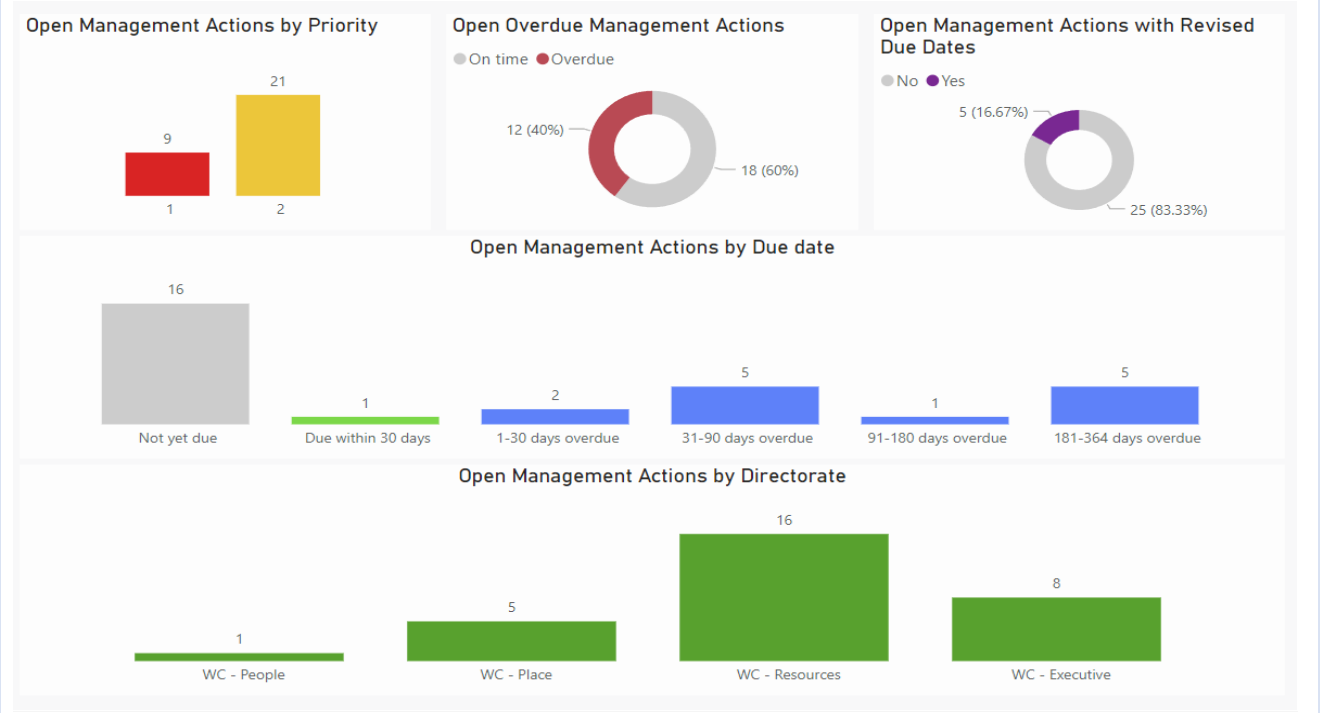
We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

SWAP Performance Measures

Performance Measure	Performance
Overall Client Satisfaction <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	97%
Value to the Organisation <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	100%

Implementation of Audit Actions

The graph below indicates the number of long overdue priority 1 and 2 actions.



Added Value

'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'



Added Value

Cifas

We continue to work with the Council to identify and support services where use of Cifas could bring benefits.

Use of SWAP's Data Analytics team

As part of the Risk Management audit review SWAP's Data Analytics team were able to review the revised risk register record used by the Risk Management team to ensure there were adequate controls to prevent errors in the record.

Sharing of Best Practice

We identified a research and analysis report completed for central government on behaviours, relationships and disputes across the PFI sector. Additionally, the report provided recommendations for how to improve these aspects of the PFI sector. We forwarded a link to the report to relevant staff within Wiltshire Council who manage PFI contracts.

We also shared a Bevan Brittan video explaining amendments to the Procurement Bill concerning contract management, with a strong focus on the proactive selection of key performance indicators prior to contract finalisation. The video explored the significance of key performance indicators and the specific changes that organisations should be mindful of.

Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

Internal Audit Plan Update

The role of SWAP as the Internal Auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provides an assurance opinion. The four opinion ratings are defined as follows:

Assurance Definitions	
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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In addition to the assurance definitions above, we also provide an ‘assurance dial’ which indicates a high medium or low range within the assurance level.




As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.



Risk Management – Final Report – July 2023



Audit Objective To provide an assessment of the current risk management framework

Assurance Opinion	Number of Actions	Risk Reviewed	Assessment
 <p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	Priority 1	3	<p>Risk management arrangements are not effective, leading to uninformed decision-making or unforeseen exposure, resulting in failure to achieve key priorities and objectives.</p> <p style="text-align: center; background-color: #FFD700;">Medium</p>
	Priority 2	4	
	Priority 3	4	
	Total	11	

Key Findings

	<p>The Corporate Support Manager, who has recently joined the Council, had already identified a number of control weaknesses and begun taking action to rectify these issues.</p> <p>Risks are reported to members regularly through the Strategic Risk Register and decision-making reports include consideration of associated risks.</p> <p>A Risk Management Working Group is set to be established and will take forward a number of the areas identified and form an ongoing support for risk management within the Council.</p>
	<p>Whilst senior officers are identifying and managing risks and opportunities as part of their business-as-usual processes, the risk management framework in which they are operating is not effective.</p> <p>Significant gaps in training and documentation were identified and key areas of an effective and robust risk management framework were inconsistently applied or missing.</p>

Audit Scope

Following a Risk Maturity self-assessment, we will consider the internal controls in place in the following areas through a combination of desktop review and liaison with key officers within the Corporate Support service:

- Risk Management Strategy and Framework;
- Risk Management training and awareness – this will include a survey of a selection of officers across the Council to assess the embeddedness of Risk Management;
- Corporate, service, project and partnership risk registers; and
- Risk reporting and escalation.

We conducted a survey, with additional interviews held following completion, with Senior Management and discussed their opinions on the maturity and effectiveness of current risk management arrangements.

Conclusion

Overall, it is our opinion that whilst risks are being identified, managed and used to inform decision making the overarching risk management framework is not effective and at times current practices impede the process of effectively managing, reporting and monitoring risk and opportunities. The agreed actions, once implemented, should provide a basis for a more robust and effective risk management framework that officers find less time consuming and more supportive. The Head of Executive Office has agreed to take a progress report to the Council’s Corporate Leadership Team in September and further demonstrates the commitment to make progress with the agreed actions.

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Procurement Cards (incl. Proactive Fraud Review) – Final Report – October 2023



Audit Objective

To review procurement card transactions from 1st April 2021 to date to identify those which are non-compliant with Policy and to consider the risks of fraudulent use.

Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in this area and reduce the risk of fraud.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	3
Priority 3	2
Total	5

Risk Reviewed

Inappropriate, unauthorised and/or fraudulent transactions are made using council issued procurement cards leading to financial loss and reputational damage.

Assessment

Medium

Key Findings

- The Council, and specifically the Finance team, has shown it is keen to review procurement card processes to deter and prevent fraud. The Finance team within the Council has had a period of high turnover which has begun to stabilise in recent months, with officers now being positioned to manage the required changes going forward.
- The process for increasing procurement card limits is adequate in design. Limit increases are appropriately managed and are for a temporary period only, reverting to their original limits at the end of the statement period. This reduces the risk that officers can continue spending over their original limits.
- A previous audit identified that information in the procurement card master list was not complete, and there was a lack of available signed guidance notes for procurement card users. This audit showed that these issues have not been rectified. In addition, we have also identified a lack of review of the appropriateness of the card holder list and dormant cards.
- There is no clear process to notify Accounts Payable of organisational leavers or changes of role, so that they can take action to cancel the procurement card and ensure that the officers account is closed. This provides opportunity for fraudulent transactions to take place up to a month after an officer leaves the Council, depending on when the next statement is due for line management approval.

Audit Scope

This audit focused on Wiltshire Council procurement card transactions from the 1st April 2021 to March 2023.

A review of the following has been undertaken:

- The policies and procedures governing the use of procurement cards and how users are made aware of this;
- Monitoring, reporting and management oversight of procurement cards;
- The provision of new procurement cards to Council Officers;
- Officer authorisations for all card holders;
- Limit increase and authorisation processes, and
- Operational transaction approval by line management.

We were unable to conduct transactional Data Analysis to identify potential fraudulent payment activity and weekend spending as this was not provided at the time of the review.

Conclusion

Whilst elements of the procurement card control framework are sound in design, we identified some significant gaps in how effective those controls are in practice. We have identified some opportunities to improve the control framework to further reduce the risk of fraud.

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Wiltshire Council

Audit & Governance Committee

22 November 2023

Risk Management Update

Purpose of Report

1. To provide an update to the Audit and Governance Committee about the findings of the July 2023 internal audit on risk management and progress that has been made implementing the recommendations.

Relevance to the Council's Business Plan

2. This report directly supports the Council's Business Plan mission to have an efficient, and healthy organisation, particularly having a robust corporate planning cycling including performance and risk management.

Background

3. In early 2023 an audit was undertaken of the Council's risk management processes, including a review of:
 - a. Risk management strategy and framework,
 - b. Risk management training and awareness,
 - c. Corporate, service, project and partnership risk registers,
 - d. Risk reporting and escalation.
4. The audit found that although senior officers were identifying and management risks as part of their business-as-usual processes to inform decision making, the risk management framework in which they were operating was in need of a review and refresh.

Main Considerations

5. This report provides an update on how the actions and improvements will be implemented, and progress made already in respect of delivery against the improvement plan.
6. **Finding 1: Risk and Performance Policy and Risk Guidance**
7. *"As agreed with the Audit & Governance Committee, we have already begun rewriting the risk management policy and associated guidance, which will cover the observations raised as part of this audit and obtaining the appropriate approval. We plan to split the policy into areas that then sit under the corporate assurance framework. In addition, we will be setting up "how to" guides in response to the need for additional training which will assist users in fulfilling their risk management roles."*
8. A completely revised Risk Management Policy is in draft, based on national best practice including guidance published by the UK government's 'orange book' series, ALARM, the Institute of Risk Management, and HM Treasury.

9. For clarity and ease of understanding, the new policy separates risk from performance management and service planning.
10. New sections have been added to the risk policy covering risk categories, risk appetite, risk scoring, escalation criteria, emerging risks, and reporting.
11. The updated risk policy is due to come to Audit and Governance Committee in February, ahead of final approval by Cabinet ready for implementation in the new financial year.
12. Completion of the risk policy will meet the requirements of several actions below, including those for Findings 4, 8 and 9, as well as underpinning the work to meet Finding 5.

13. Finding 2: Service Risk Registers and Strategic Risk Registers

14. *“We are currently reviewing and restructuring the master spreadsheet to ensure that all necessary fields are completed and saving a copy each month to ensure there is version control in place.”*

15. This action is complete as the following changes have been implemented:

- a. All information held about corporate and strategic risks has been transferred into a newly formatted risk register in early September 2023.
- b. The format of the risk register has been simplified to make it easier for risk owners to review and update information.
- c. A copy of the risk register is now archived monthly to ensure that there is an audit trail and version control.
- d. A new Power BI dashboard has been developed to give the Executive Office clearer oversight on the current status of all risks.

16. Finding 3: Risk Register Controls

17. *“The Corporate Support Manager has already implemented a process to ensure that a monthly archive of the spreadsheet is in place. We are working to develop the technical functionality of the spreadsheet and further locking down individual sheets and cells within. Access permissions to the Risk SharePoint folder have been reviewed and split into three access groups. We will continue to work to restrict this access further. We need to consider a more appropriate access policy to guide this.”*

18. This action is complete as the following changes have been implemented:

- a. The newly formatted risk register has restrictions imposed that prevent officers from overwriting or changing key information, therefore securing risk IDs, formulas used to calculate risk scores, and risk appetites. Where officers are able to edit information, this is restricted to specific content such as a list of risk categories or scores, or restricted to date formats.
- b. All risks now capture a date of last update and the officer who updated it.
- c. Access to the risk register has been separated from access to performance and service planning information and will be reviewed annually to ensure only risk owners and contributing offers have access.

19. Finding 4: Risk and Action Descriptions

20. *“The observations identified here will be remedied by the actions agreed in Finding 1 and Finding 5. As Finding 1 has a longer implementation date that will also apply here.”*
21. The new risk register ensures that all risks are assigned a risk owner identified by both their role and their name.
22. In line with the draft new risk policy, risk owners are now instructed to review and update the current, treated risk with existing mitigations in place, rather than the original, untreated (inherent) risk that is not likely to change. Current risk reporting has already been updated to focus on current risk scores.
23. The direction of travel is now based on the current risk score the last time the risk was updated, in order to determine whether mitigation actions are or remain sufficient.
24. Further work is required with services to rename and redefine risks as part of risk training being developed to meet Finding 5.

25. Finding 5: Training on Risk Management Process

26. *“We will be developing “how to” guides that can be accessed at any time. We will be attending Senior Management team meetings to explain the new policy and format. We will also make consideration for how to cover training going forward to cover annual refreshers, officers promoted into a new role with RM process responsibility and new starter training.”*
27. Work on this action is dependent on the new risk policy being completed and will be implemented in early 2024. However, we are already meeting with individual risk owners to support them in reviewing their risks.

28. Finding 6: Risk Management Champions/Working Group

29. *“We will set up a working group, starting at a strategic level for roll out. A Terms of Reference for the group will be defined and agreed. The working group will assist with the action relating to revising the policies and guidance.”*
30. A new strategic risk working group will be based on the Extended Leadership Team. This group is due to meet and discuss risk at their meeting on 28 November 2023.
31. Terms of reference for the new working group have been drafted and will be approved by the group at their first meeting.
32. The working group will also discuss a proposal for new risk appetite categories and proposed criteria for identifying strategic risks. Both proposals are drafted and ready for discussion at the group’s first meeting.

33. Finding 7: Decision Making

34. *“In part this forms part of the risk identification and sits with the action defined in Finding 1. We will explore the feedback of outcomes of decision making with Democratic Services and explore the guidance template for Cabinet to determine if further detail is required.”*

35. Cabinet papers already being reviewed with a view to identifying potential new risks if actions are decision. Processes to capture these new risks will be established as part of the updated risk policy.

36. Finding 8: Project, Capital and National Risk Registers

37. *“We are aware we need to improve the processes identified with project, capital and national risk registers. An escalation policy is required which will be included as part of the revised risk management policy and guidance documents.”*

38. National risks are currently being reviewed in order to capture local implementations and mitigating actions as part of the corporate risk register.

39. An escalation policy for all service, project and capital risk registers will be included in the updated risk policy.

40. Finding 9: Emerging Risks

41. *“We will include emerging risks in the policy and guidance available for risk management. This will therefore be aligned with finding 1.”*

42. Criteria and a process for capturing emerging risks will be included in the updated risk policy.

43. Finding 10: Insurance

44. *“We will consult with the Insurance contact to determine the answer to whether there is a linked process and then look to improve the two-way sharing of information between risk and insurance.”*

45. Work with the Insurance team will be undertaken as part of the policy rewrite and approval process.

Overview and Scrutiny Engagement

46. The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council’s current Performance and Risk Management Policy, is to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) is the responsibility of the Overview and Scrutiny Management Committee (OSMC).

47. At this stage no engagement has taken place with Overview and Scrutiny. However, once a review of the strategic risks commences, Overview and Scrutiny will be consulted on the content of the risk register.

Safeguarding Implications

48. There are no safeguarding implications as, although some of the risks identified may relate to safeguarding, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

Public Health Implications

49. There are no public health implications as, although some of the risks identified may relate to public health, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

Procurement Implications

50. There are currently no procurement implications. However, an agreed action in response to Finding 2 is to explore alternative methods to using Excel for risk management. Advice will be sought from the Strategic Procurement Hub if any potential specialist risk management systems are identified.

Equalities Impact of the Proposal

51. There are no known equalities impacts arising directly from this report. As changes are made to policies, any equalities impacts will be assessed and mitigated.

Environmental and Climate Change Considerations

52. Although some risks identified may relate to the environment and climate change, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. This report therefore has no direct implications for energy consumption, carbon emissions, or associated environmental risk management.

Workforce Implications

53. Officers responsible for risks, either as risk owners or with responsibility for reviewing risk scores and updating risk registers, will be provided with guidance and training as part of the actions arising from this audit.

54. Development of this guidance and training will be supported within existing workforce capacity within the Executive Office.

Risks that may arise if the proposed decision and related work is not taken

55. Whilst no decision is required, the audit identified a number of actions needed in order to ensure that the Council has an effective and robust risk management process.

56. If the agreed actions and related work are not implemented, there is a risk that the current processes may result in uninformed decision making or unforeseen exposure, resulting in failure to achieve key priorities and objectives.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

57. No decision is required and no risks have been identified with implementing the agreed action plan.

Financial Implications

58. No additional budget is currently required to implement this action plan.

Legal Implications

59. Risk management is integral to the Council's corporate governance arrangements set out in Protocol 9 of the Council's Constitution.
60. In addition, Part 3 of the Council's Constitution assigns responsibilities for risk management to the Council Leader and to the Cabinet Member for Finance, Procurement, IT and Operational Assets.
61. Further, Part 9 of the Council's Constitution assigns specific responsibilities for risk management to the Chief Finance Officer and to the Director of Legal and Governance.
62. As part of the Council's role in the Local Resilience Forum, we have a legal responsibility with other Category 1 responders including Police, Fire, Environment Agency and others to plan and prepare for taking a co-ordinated approach to emergency events and regularly assess the risk of an emergency occurring.

Options Considered

63. There are no proposals arising from result of this paper as it provides an update from the Executive Office to the Audit and Governance Committee.

Proposals

64. To accept the status update following the recent risk management audit.

Perry Holmes, Director of Legal and Governance

Report Author: Catherine Pink, Corporate Support Officer,
catherine.pink@wiltshire.gov.uk.

November 2023

Wiltshire Council

Audit and Governance Committee

22 November 2023

Subject: Anti-Fraud activity update report

Executive Summary

This report provides an update for the Audit and Governance Committee on the activity undertaken in the period on proactive and reactive Anti-Fraud activity.

Proposal(s)

To note the update on Anti-Fraud activity.

Reason for Proposal(s)

The Audit and Governance Committee have responsibility for the oversight of risk mitigation and activity action undertaken including that specifically on Anti-Fraud. As part of the governance and assurance controls an Anti-Fraud, Bribery and Corruption Policy is approved by the committee and it is best practice for the committee to receive updates on any activity associated with this policy and updates on fraud risk.

Lizzie Watkin

Director of Finance & Procurement (S.151 Officer)

Wiltshire Council

Audit and Governance Committee

22 November 2023

Subject: Anti-Fraud activity update report

Purpose of Report

1. This report provides an update for the Audit and Governance Committee on proactive and reactive Anti-Fraud activity.

Relevance to the Council's Business Plan

2. Providing updates on areas of risk and specific fraud risk following the approval of the Anti-Fraud, Bribery and Corruption policy is best practice and supports a good governance framework that evidences a strong financial control environment to help protect the public purse.
3. The policies and reporting are reflective of the Council's aims within its business plan to be open and transparent and ensure that all are working together. They are also consistent with the Council's aim for prevention and early intervention which would equally apply with internal arrangements.

Background

4. The committee approved a new Anti-Fraud, Bribery and Corruption Policy at its meeting on 27 April 2022. This policy set out the council's commitment and approach to tackling fraud, bribery and corruption, responsibilities for reporting any suspicions and the importance of tackling fraud.
5. A vital part of tackling fraud is pro-active internal audit activity and reactive response when there are allegations of potentially fraudulent activity against the council.
6. As part of the services provided to us by SWAP, our internal auditors provide support on the detection and prevention of fraud from their specialist Counter Fraud team. This includes support to investigations, counter fraud reviews, fraud awareness training, advice and support on fraud prevention and policy development and a confidential fraud reporting service.

Main Considerations for the Council

7. The following paragraphs set out the activity undertaken relating to the Anti-Fraud, Bribery and Corruption policy since the last report to the Audit & Governance Committee on Fraud Risk in November 2022.
8. Two pro-active audits have been completed, focussed on two areas of higher risk of fraud for the council of Adult Social Care Interim Loans and Purchasing

Cards. The results of these audits have been reported to the committee as part of the Internal Audit reports to the committee. Actions identified included four priority 2 actions and three priority 3 actions. There were no priority 1 actions identified, which are those highest rated actions that mitigate major risk areas or major failings.

9. In this period there have been three cheque fraud allegations made at schools, with two investigations complete and reported to Action Fraud and one investigation in progress. Of the two concluded investigations no losses were sustained by the schools.
10. One allegation of fraud against the Pension Fund and a Pension Fund member was made. The investigation is complete, fraud found to have been committed with financial loss sustained by the Fund and the information has been reported to Action Fraud.
11. One allegation of misconduct by an employee perpetrated against the council was reported through the council's confidential reporting line on MyWilts. The investigation is complete, and the service continue to engage with the Police on this matter.
12. A further audit was carried out following a report through the Whistleblowing process, reported direct to SWAP's confidential reporting service. This was not a report of alleged fraud but is reported for completeness of the involvement of SWAP's counter fraud team. The allegation was in relation to a safety regulation breach and following an interview with the whistleblower an audit review of process and controls compliance was included in the audit plan, was carried out and is now complete.

Overview and Scrutiny Engagement

13. Anti-Fraud, Bribery and Corruption activity and reporting is the responsibility of the Audit and Governance Committee there has been no engagement with the Overview and Scrutiny Committee.

Safeguarding Implications

14. There are no safeguarding implications associated with this report.

Public Health Implications

15. There are no public health implications associated with this report.

Procurement Implications

16. There are no procurement implications associated with this report.

Equalities Impact of the Proposal

17. The Anti-Fraud, Bribery and Corruption policy is designed to give workers, members and the public assurance that they have an avenue where they can raise any issues associated with any alleged attempts of fraud, bribery or

corruption and where they have serious concerns the policy will be applied equally to all and therefore the policy is consistent with the council's public sector equalities duties.

Environmental and Climate Change Considerations

18. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

19. This update on anti-fraud activity does not require any formal decision. By not providing updates, the committee will not have assurance and will not be aware of the anti-fraud activity undertaken for the council and action taking place to address any weaknesses or gaps.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

20. This update on anti-fraud activity does not require any formal decision. By providing this update, the committee will gain assurance and will be aware of the anti-fraud activity undertaken for the council and action taking place to address weaknesses and gaps in mitigations.

Financial Implications

21. The Anti-Fraud, Bribery and Corruption policy and reporting on specific fraud controls and mitigations in place supports the financial control environment by clearly setting out the council's approach to the prevention, detection and reporting of all forms of financial irregularity and helps protect the public purse.

Legal Implications

22. There are no legal implications associated with this report. Examples of relevant legislation is included in the Fraud Act 2006, the Bribery Act 2010, the Theft Act 1968, the Forgery and Counterfeiting Act 1981, the Criminal Finance Act 2017 and the Proceeds of Crime Act 2002.

Workforce Implications

23. The Anti-Fraud, Bribery and Corruption policy is designed to give workers assurance that they have an avenue where they can raise any issues associated with any alleged attempts of fraud, bribery or corruption and where they have serious concerns the policy will be applied equally to all. The policy sets out the framework and ensures that there is a safe, reliable, and confidential way of staff reporting any suspicious activity. SWAP have a confidential fraud reporting service and reporting through this route is treated in confidence. Any workers raising concerns or allegations are also supported by the Whistleblowing policy and anonymity is protected.

24. Any concerns or allegations relating to workers will be investigated independently in line with the Anti-Fraud, Bribery and Corruption policy and all relevant HR policies will be followed.

Options Considered

25. It is best practice for the council to have an approved Anti-Fraud, Bribery and Corruption policy with update reporting associated with this policy.

Conclusions

26. It is recommended that Audit and Governance Committee note this update report.

Lizzie Watkin

Director of Finance & Procurement (S.151 Officer)

Report Author: Lizzie Watkin, lizzie.watkin@wiltshire.gov.uk, 01225 713056

10/11/2023

Appendices

None

Background Papers

Anti-Fraud, Bribery and Corruption Policy

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Audit and Governance Committee
Proposed Forward Work Plan 2023/24

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Wed 7 Feb 2024 2.30pm	Statement of Accounts 2020/21	Lizzie Watkin/ Andy Brown/ Deloitte	24 Jan 2024	30 Jan 2024
	Statement of Accounts 2021/22 – TBC	Lizzie Watkin/ Andy Brown/ Deloitte		
	Internal Audit Update Report	SWAP		
	Service update on limited assurance Fraud Audit on Purchasing Cards	Lizzie Watkin		
	Governance update on AGS 2022/23 actions	Perry Holmes/Maria Doherty/David Bowater		
	Independent Co-opted Members on the Audit and Governance Committee - TBC	Lizzie Watkin / Perry Holmes/ Tara Hunt		
	Corporate Risk Management <ul style="list-style-type: none"> • Performance and Risk Management Policy • Appetite for Risk • Corporate Risk update (if any) 	Catherine Pink		

Audit and Governance Committee
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Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
23 April 2024	Internal Audit Update Report	SWAP	9 April 2024	15 April 2024
	Introduction to new auditors and External Audit Plans 2023/24	Grant Thornton		
	Accounting Policies 2023/24	Lizzie Watkin / Sally Self		
	Policy updates: <ul style="list-style-type: none"> • Anti-Fraud Corruption and Bribery • Anti-Tax Evasion • Whistleblowing • Anti-Money Laundering 	Lizzie Watkin / Perry Holmes / Maria Doherty / Jo Madeley		
	Audit & Governance Committee Annual Report to Full Council	Lizzie Watkin / Perry Holmes / Tara Hunt		

Audit and Governance Committee
Proposed Forward Work Plan 2023/24

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Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
24 July 2024	Statement of Accounts 2022/23 - TBC	Lizzie Watkin/ Andy Brown/ Deloitte	10 July 2024	16 July 2024
	Internal Audit Update Report	SWAP		
	Annual Governance Statement 2023/24	David Bowater / Perry Holmes		

Audit and Governance Committee
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Future meeting dates:

Date of Meeting	Draft Report Deadline	Agenda Publication Deadline
17 Oct 2024	1 Oct 2024	7 Oct 2024
29 Jan 2025	15 Jan 2025	21 Jan 2025