

AUDIT

MINUTES OF THE AUDIT MEETING HELD ON 26 OCTOBER 2016 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Mike Hewitt, Cllr Julian Johnson, Cllr Sheila Parker, Cllr David Pollitt, Cllr James Sheppard and Cllr Dick Tonge

Also Present:

Dr Carlton Brand, Cllr Alan MacRae and Cllr Stuart Wheeler

37 Apologies and Membership Changes

Apologies for absence were received from Cllr Rosemary Brown, Michael Hudson, Robin Townsend and Carolyn Godfrey.

38 Minutes of the Previous Meeting

Councillors considered the minutes of the previous meeting and the action assigned to the Chairman to contact maintained schools about governance. Liz Williams (Head of Finance) advised that officers would write to the Chairs of Governors and Heads of maintained schools about the Committee's concerns. It was noted that there was no evidence that governance standards at maintained schools were slipping, the information to councillors and schools was intended to pass on only general comment.

Resolved:

To confirm the minutes of the meeting held on 27 July 2016.

To note the progress of actions arising from that meeting as detailed above.

39 Declarations of Interests

There were no declarations of interests.

40 **Chairman's Announcements**

There were no Chairman's Announcements.

41 **Public Participation and Councillor's Questions**

There were no members of the public present.

42 **SWAP- Internal Audit Report- Quarter 2**

Representatives from the South West Audit Partnership (SWAP) updated on the performance of the Internal Audit for the second quarter of 2016/17 and highlighted that customer satisfaction with the audit was 90%. The status of audit actions was detailed in Appendix B, in respect of IT services the Committee was advised that the ICT Health Check report was in draft and that a Head of IT was now in post. It was noted that the Healthy Organisations improvement plan was to be progressed through the Council's Corporate Leadership Team.

The Chairman questioned the Overall Assurance Graph for Healthy Organisations and it was confirmed that further detail on where progress was being made within the various workstreams was to be included within the January report. Stylistic changes to the report were suggested, in particular that related issues in appendices B and E be cross referenced, however members were overall pleased with the quality of the report. Outstanding actions from the audit outlined in Appendix F were discussed, in response to questions about outstanding information required from the Finance team it was suggested that, although information had been submitted, it may not have reached the report in time. Officers would meet regularly to progress outstanding options and SWAP would re-issue an updated report.

Councillors commented that they would be keen to see improved linkage between the internal audit and healthy organisation, SWAP advised that overall progress was positive and they could link their Annual Plan to healthy organisations. Members discussed the impact of a recruitment freeze at the Council and retention of skilled staff, it was noted that this was addressed in the Corporate Risk Register. Following questions from Committee, it was confirmed that if a maintained school had insufficient cash flow to pay its staff, this responsibility would ultimately fall to Wiltshire Council, however this would only occur very rarely.

Resolved:

To note the progress of the Internal Audit to date.

43 **Annual Audit Letter 2015/16**

Darran Gilbert, KPMG, introduced the Annual Audit Letter which condensed the findings of the Annual Report. The Committee was advised that KPMG would remain as the Council's external auditor for two further years, and a new auditor would need to be appointed for the 2018-19 year onwards. In response to questions about audit fees, it was confirmed that the auditor could investigate additional issues beyond the original remit of the audit, however this was on an ad hoc basis and could not be planned for in advance. The results of the audit indicated that the Council was fully compliant and that the Governance Accounts and Certificate had been released by the 21 October 2016 deadline.

Resolved:

To approve the Annual Audit Letter 2015/16.

44 **Information Governance Improvement Plan**

Cllr Stuart Wheeler, Cabinet Member for Hubs, Heritage and Arts, Governance and Support Services presented a report on Information Governance. The Cabinet member highlighted that all the recommendations previously identified as requiring action within the service had either been actioned or were in progress. Key updates since the last Audit Committee included that the Information Governance team structure was now in place and had been recruited to, additionally Heads of Service (as Information Asset Owners) had received a training session on managing information held by their service.

Dr Carlton Brand stressed that the review of information held by the Council was highly complex and would be ongoing. The Council was currently reviewing hard-copy documents that it held in storage and would move to store electronic copies of documents in The Cloud. Members discussed that information security would occasionally be breached as a result of human error, however it was important that prevention and mitigation measures were in place to prevent a data breach from escalating.

The Committee expressed satisfaction in the progress made on Information Governance and the Council's response to the Information Commissioner's Office report and requested detail as to how all Council staff would be trained on Information Governance. It was explained that all staff would have to complete mandatory eLearning modules, and Councillors would also receive some IT training as part of the induction following the 2017 elections.

Resolved:

That the Committee notes:

- a) **the significant steps that have been taken to address and rectify the findings identified by the Information Commissioner's Office (ICO) and the audit engagement with them is now complete;**

- b) the continued progress to address the actions identified in the two year improvement programme, which goes beyond the ICO requirements to fully inculcate a new information governance culture and practices across the organisation, whilst ensuring compliance with statutory legislation;**
- c) that a further report will be submitted to the Committee in January 2017.**

45 **Procurement of External Audit**

The Committee was advised that, following changes in legislation the Council was required to review its processes for appointing an external auditor. The Committee was invited to consider the following options: 1- to undertake an individual auditor procurement and appointment exercise; 2- to undertake a joint audit procurement and appointing exercise with other bodies within the locality, or 3- to join a 'sector-led body' arrangement where specified appointing person status had been achieved under the relevant Regulations.

It was noted that the Council's external auditor was present at the meeting however the Chairman was satisfied that this was appropriate given that the meeting was to discuss the process of appointment only and was in open session.

In considering the options, the Committee agreed that both options 2 and 3 brought benefits, however commented it would have liked to see the options costed. The Cabinet Member for Finance responded that this was not possible as a procurement exercise would need to be undertaken. The Committee was advised that all of the options presented would ensure competitive bids from a similar pool of auditors, the options presented would affect only how the Council would be able to influence the choice of the auditor. Cllr Tonge, Cabinet member for Finance, indicated that option two, to undertake joint arrangements with other bodies, would be limited due to the preference of other bodies.

The Committee was reassured that regardless of the process in appointing an auditor it would be under the same requirements to maintain communication and a positive relationship with the Committee. Following questions, it was explained that the Council was not aware of the intentions of other authorities, however expected that most would change their arrangements and combine with other public bodies to achieve economies of scale. Councillors concluded that both options 2 and 3 had benefits however, on balance favoured option 3 in principle, subject to the conditions as detailed below.

Resolved:

To support in principle an approach by Wiltshire Council to join a 'sector led body' arrangement where specified appointing person status had been achieved under the relevant Regulations, provided that: (a) value for

money is achieved and (b) the period of appointment for auditors is specified.

46 **Forward Work Programme**

Resolved:

To note the Forward Work Plan for the Committee.

47 **Date of next meeting**

The next ordinary meeting of the Committee was to be held on 24 January 2017.

48 **Urgent Items**

There were no urgent items.

49 **Exclusion of the Public**

Resolved;

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Number 50 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public

50 **Public Service Network Update**

Dr Carlton Brand updated on the Public Service Network and a recent review of system vulnerabilities.

Resolved:

To note the verbal update provided at the meeting.

(Duration of meeting: 10.30 am - 12.55 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line (01225) 718214, e-mail elizabeth.beale@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115