

Audit Committee

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 JULY 2020 AT ONLINE MEETING.

Present:

Cllr Richard Britton (Chairman), Cllr Gavin Grant, Cllr Mike Hewitt, Cllr Nick Holder, Cllr Edward Kirk, Cllr Pip Ridout, Cllr John Walsh, Cllr Peter Evans (Substitute - Part II), Cllr Ruth Hopkinson (Substitute - Part II), Cllr Stuart Wheeler and Cllr Pauline Church

Also Present:

Ian Howse, Ian Gibbons, David Hill, Jessica Croman, Andy Brown, Lizzie Watkin, Tara Shannon and Charlotte Wilson

19 **Apologies**

Apologies were received from:

Cllr Stuart Dobson who was substituted by Cllr Peter Evans

Cllr Ian Thorn who was substituted by Cllr Ruth Hopkinson

Cllr Andy Philips

Cllr Philip Whitehead

20 **Minutes of the Previous Meeting**

RESOLVED

The minutes of the meeting held on the 12 February 2020 were approved as a true record.

21 **Declarations of Interests**

The Chairman declared a non-pecuniary interest that he was a member of the SWAP board.

22 **Chairman's Announcements**

The Chairman made the following announcements:

Members were reminded about an informal meeting taking place at 1pm to discuss the 2018/19 accounts.

Andy Brown, Interim Corporate Director of Resources, explained that meetings to discuss the ongoing issues preventing the signing off of the accounts, had taken place with the external auditors, Deloitte, and steps were being taken to finalise the accounts. The issues related to the unusable reserves and would not impact the council's bottom line, funding or council tax payers, although depending on the results of the sampling work being carried out, this could have an ongoing impact on the Council's future accounts audited opinion.

Questions were asked on why the issues were not picked up by the previous auditors, their accountability and costs. It was noted that different auditors looked at different areas. Auditors presented an audit plan which they believed looked at the areas with most risk according to the audit code and not the whole organisation, which was also agreed by the Audit Committee. There were wider debates in the field on trust and the expectation gap of what the public, organisation and auditors expected. There were no plans to raise the issues with KPMG as they would have looked at areas based on the audit code, more recently the area of valuations had been under additional audit scrutiny which was why it was now being looked at in more detail. There would be more costs involved and discussions would take place with Deloitte to review those.

Members briefly discussed the previous resolution for the accounts to be signed off by the S151 officer in consultation with the Chairman of the Audit Committee and Members were confident for the delegation to remain providing assurance was given.

The Chairman informed the committee that a draft paper had been produced to rename the committee the Audit and Governance Committee, this was a result of previous research which identified and reflected the wider role of the Audit Committee.

23 **Public Participation**

No questions or statements were received from members of the public.

24 **Wiltshire Council 2019-20 Annual Report and Opinion**

Charlotte Wilson, SWAP, introduced the item noting that, although the current pandemic had disrupted the final month of the plan SWAP were still able to give an opinion of reasonable assurance.

Key areas highlighted were: There had been two significant risks identified throughout the year and due to the additional work load an update on those risk was not yet available, although they would be followed up. Seven audits had received a partial assurance opinion and one audit receiving no assurance opinion, all eight areas would be followed up.

An update on the outstanding recommendations was not available due to the pandemic and additional work, however a list of the outstanding recommendations was planned to be passed onto the Head of Corporate Finance and SWAP would work collaboratively to review and ensure the recommendations were implemented. An update would be brought to the next committee.

Questions were asked on the no assurance of gross loans and the risk that had for clients. It was noted that the issues related to Adult Social Care payments for care. The service area was aware of the issues within their current processes, a deep dive was taking place to review the processes that support the policy and work was being done to align the teams enabling them to be more joined up. There was no risk to clients care packages, the review would aim to understand how much undercharging if any had taken place. Once officers understood their position a decision would be made on whether to recoup those charges.

A question was asked on the schools mentioned in the report and whether more work was required to give assurance. It was noted that there were a number of lower level issues, the aim was to implement more analytics and focus on areas of higher risk which would provide greater assurance and focus. Members requested a future report on school governance.

In relation to a question asked on the assurance of contract management. It was noted that a sample of contracts had been looked at and there was a plan in place to carry out a strategic level review of the governance.

The Chairman emphasised the importance of understanding the impact COVID-19 had on services areas implementing the outstanding recommendations. SWAP noted that they would work with the Head of Corporate Finance to review the implementation of all of the outstanding recommendations.

SWAP External Assessment

David Hill, SWAP, introduced the item, gave an overview of the assessment process and explained that SWAP had received top marks with some recommendations.

A question was asked on the content and timeline of the recommendation to create a SWAP Internal Audit Strategy. It was noted that the strategy would be created with partners and it was hoped that the new strategy would be in place by the next meeting.

A brief discussion took place on how long the contract with SWAP was and market testing the partnership. It was noted that Wiltshire Council had a part share of SWAP, as such there was no contract end date, although 12 months' notice could be given.

RESOLVED

Members noted the Internal Audit Annual Report, Internal Audit Annual Opinion and the SWAP External Assessment.

25 **Updated Internal Audit Plan 2020/21**

Charlotte Wilson, SWAP, introduced the internal audit plan noting that SWAP had an updated approach for the remainder of the year with employees of SWAP being redeployed to help in high risk areas. An assessment of the risks was carried out which resulted in having to review the audit plan for Q2, while the Council was moving into its recovery stage, there were likely to be capacity issues. A timeline for the audit plan had not been included as it was important to keep the plan flexible in order to be able to react to risks.

The Director of Finance and Procurement explained that he was happy with the plan. SWAP had been asked to look at a number of issues especially in areas where the council had to come up with processes very quickly, as officers wanted to be reassured that robust controls were in place.

Responding to a question asked about how the risk level was assigned, It was explained that the high risk areas were areas of work that were on-going and medium risk areas was where the work had already been done and SWAP would look back at lessons learnt from them.

It was noted that SWAP were introducing new software which would align corporate risks with audits, and corporate risk performance would be reported as the council moved into the recovery stage.

SWAP reassured members that they had sufficient resources to carry out their work.

RESOLVED

The internal audit plan was approved.

26 **Draft Annual Governance Statement**

Andy Brown, Director of Finance and Procurement, introduced the draft AGS. It was noted that there could be more changes to the AGS as the councils recovery progressed. The process of approving the AGS was explained.

The following changes were requested:

- To keep in mind that the Audit Committee would potentially have a new title which would need updating to the Audit & Governance Committee.
- Wording about the pandemic and how the councils current form was under threat would be pulled up in an audit. Officers noted that the wording would be changed to reflect the current situation, since writing

the AGS the government had made an announcement about more local authority funding.

- Principal A (top left box) to change to – the constitution would be kept under review by the Standards Committee, who could request the Constitutional Focus Group to review sections.
- Principle B (bottom left) – this had been approved at Full Council and would to be updated.
- Section E/ principle E (staff engagement/matters) – employee exit interviews should be included.
- Principle F/G (top right box) – Members requested a stronger reference to the Audit Committees role in following up on the implementation of internal audit recommendations.
- Principle F – the Committee’s responsibilities should be more explicit.

27 **Annual SIRO Report**

Ian Gibbons, Director of Legal, Electoral & Registration, introduced the report and thanked Robin Townsend, Liz Creedy, the Information Governance team and colleagues for their professional, commitment and comprehensive work.

Key points highlighted included; the need for effective storage of physical records to meet statutory rules but working with retention schedules to reduce storage costs; the team had met time scales on responding to freedom of information requests on average of 96%; a referral had been made to the commissioner due to a data breach and lessons had been learnt; information/cyber security posed serious and diverse issues. A grant had been received from the Local Government Association to work on strengthening arrangements which would start in due course, and, that a lot of data sharing had taken place during COVID-19, it was important for the Information Governance team to be involved at the early stages to consider risks.

Members commented that the report should mention that the council has an Information Governance team earlier in the report, and to re-word the last paragraph on page 24 to state that there were no significant changes in the trend.

RESOLVED

The Annual SIRO report was noted.

28 **SWAP - New Ways of Working**

This item was deferred to the next meeting.

29 **2019/20 Accounts**

Lizzie Watkin, Head of Corporate Finance, explained that there had been a change to the timeline for approving the statement of accounts. The deadline for the draft accounts was the 31 August 2020 and the final published accounts was due by the 30 November 2020.

30 **Urgent Items**

There were no urgent items.

31 **Date of Next Meeting**

The next meeting would take place on the 25 September 2020.

32 **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 Item Numbers 14 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.

33 **Minutes**

RESOLVED

The part 2 minutes of the meeting held on the 12 February 2020 were approved.

(Duration of meeting: 10.00 am - 12.35 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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