

## AUDIT

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### **MINUTES OF THE AUDIT MEETING HELD ON 21 MARCH 2012 AT COUNCIL CHAMBER - MONKTON PARK, CHIPPENHAM.**

#### **Present:**

Cllr Richard Britton, Cllr Nigel Carter, Cllr Peter Doyle, Cllr George Jeans, Cllr David Jenkins, Cllr Julian Johnson, Cllr Alan MacRae, Cllr Sheila Parker (Vice Chairman), and Cllr Roy While (Chairman)

#### **Also Present:**

Cllr John Brady and Cllr Jane Scott OBE

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#### **1. Apologies and Membership Changes**

Apologies were received from Cllrs Helen Osborn, and Bridget Wayman.

Following Council in February, Cllrs Desna Allen and Mark Packard had become substitutes.

#### **2. Chairman's Announcements**

The Chairman informed the Committee Members that;

- There would be an additional meeting on the 7 September commencing at 10.30am at Monkton Park to receive and sign off the Final Statement of Accounts 2012.
- A South West Area Partnership (SWAP) training seminar had been arranged for 30 March in Committee Room 3, County Hall.

#### **3. Minutes of the Previous Meeting**

The minutes of the last meeting held on 14 December 2011 were presented.

#### **Resolved**

**To approve as a correct record and sign the minutes of the meeting held on 14 December 2011.**

#### 4. **Members' Interests**

There were no declarations of interest.

#### 5. **Public Participation and Committee Members' Questions**

There was no public participation.

#### 6. **Wiltshire Council Internal Audit Plan 2012/13**

The Chairman explained that he would like to take the Plan in four separate elements for ease of discussion these were;

- Audit approach
- Governance
- Fraud
- Remaining Audits

He introduced Dave Hill from the South West Area Partnership (SWAP) who explained that the Plan had been agreed with the Corporate Leadership Team (CLT) and had been widely consulted upon both internally and within the SWAP Management Board.

**Audit Approach.** Members questioned how the areas for Audit had been selected. It was explained that there had been a wide consultation process had been adopted. A number of Audit Drivers were considered including;

- SWAP Best Practice Reviews
- Risk Register
- Audit History
- Performance
- Workshops with all Partners
- Engagement with Heads of Service and members of CLT

Reassurance was sought that Audits were being conducted in the interest of Wiltshire Council rather than other areas. The Director of Finance explained that in a recent Section 151 meeting there were 30 common cross cutting areas. Wiltshire was the only Unitary Council within the Partnership. Currently an Audit into SAP in other authorities was being undertaken and the outcomes will have benefits and best practice pointers for Wiltshire.

Members asked how the Plan would fit in with our Audit Committee. The Director of Finance explained that the Committee would receive a quarterly report at each meeting and an annual report at the end of the audit year. Beneath this level, reports would be sent to the Heads of Service Departments.

Concern was raised that the knowledge base that had been developed through Wiltshire Council prior to SWAP would have been lost. Dave Hill explained that

two experienced members from the Wiltshire Council team had transferred to SWAP and had worked to pull the plan together.

Members asked for a comparison between the number of audit days from last year's plan and the plan under consideration. It was confirmed that the number of audit days were the same at 2250 days.

It was noted that the Key Risks column should include the word 'Potential'. The Leader explained that these were Potential Key Risks and that audits were undertaken to prevent these risks from happening and that this should be made very clear.

The Chairman explained that the Plan was ongoing and that it would change according to priorities.

**Fraud.** Members raised concern over the number of fraud items again it was explained that these audits take place to ensure that the key risks detailed do not happen.

Michael Hudson, Director of Finance explained that once the plan was approved, terms of reference for Audits would be produced and work would begin. Final audit findings would be provided quarterly to this Committee.

The Chairman thanked the SWAP Internal Audit team for their work.

## **Resolved**

### **To approve the Internal Audit Plan 2012/13**

#### **7. Financial Statements Audit Plan 2011/12**

Chris Wilson, Partner and Darren Gilbert, Senior Manager KPMG led the Committee through the report. It was explained that the report details how KPMG will deliver financial statements audit work over the coming year for Wiltshire Council, and the work will supplement the Audit Fee Letter 2011/12 which was noted by the Committee in April 2011.

The key risks identified and that will be focused of the 2011/12 financial statements are;

- Continuing Public Sector Cuts
- Accounting for Heritage Assets
- Revenue and Benefits system changes
- Estate property changes
- SAP operating effectiveness
- Internal Audit

In addition to the financial statements KPMG will also audit the Council's Whole Accounts (WGA) pack. This may incur additional work if objections are received by local electors as they have a right to ask the auditor questions and the right to object to the accounts.

The fee has changed from that set out in the Audit Fee Letter 2011/12 as an additional one off charge was made as a result of assurance work required on the Revenue and Benefits system.

Members discussed some issues surrounding the Estate Property Changes.

The Chairman thanked Chris Wilson and Darren Gilbert for their report.

### **Resolved**

#### **To note the report.**

#### **8. Certification of Grants and Returns 2010/11**

Darren Gilbert, Senior Manager KPMG, informed the Committee that 8 grants were certified with a total value of £307.9M. He explained that 2010/11 had been much improved on past years and that the recommendations that had been suggested had already been fully implemented. He stated that this was a very positive report.

The initial estimated fee for certifying grants and returns was £79828, the actual fee charged was £70677. The lower fee was due to;

- Efficiencies gained within the Housing Benefit and Council Tax benefit grant
- Integrated Transport Package grant return that was completed last year.

### **Resolved**

#### **To note the report.**

#### **9. Preparation of Financial Accounts 2012**

Michael Hudson, Director of Finance, explained that work was on target to finalise the 2011/12 Financial Accounts.

Reporting timelines, deadlines and guidance was issued on 16 March 2012 and a report will go to Cabinet in June.

## 10. Risk Management Update

Eden Speller, Hd of Risk and Assurance detailed the continued improvements that are currently being undertaken including;

- Review of Policy and Strategy
- Review of best practice guidance from partners including SWAP and Wiltshire Fire and Rescue
- Benchmarking with other Local Authorities
- Testing and SWOT analysis

He went on to explain that there had been meetings with the Corporate Leadership Team to discuss the Risk Management arrangements and the role of the Corporate Risk Management Group. A review is being undertaken of membership to reflect the move from departmental working and reporting. It is anticipated that the revised membership will deliver a broader overview of risks facing services. Directors will be better informed, with more involvement and accountability in managing their risks in their service areas.

There will also be a refocus on risks in areas to include statutory, reputational, change management, Health and Safety and Financial. Specific work in areas of Revenue and Benefits; Business Continuity, Emergency Planning, Olympics and the Transfer of Public Health to Wiltshire Council will be reported in papers to Cabinet.

It was reported that there were 3 areas of high risk within the report. These were;

New Ref 1001 – Managing the Volatile Nature of Care Placement Requirements within the Resources Available, it was explained that this updated in light of the OfSTEd inspection and report.

New Ref 1097 – Delivery of 350 Unit Housing PFI Project, the business case for Phase 1 has been signed and from now only phase 2 will be reported on. It is hoped that the risk rating will now fall due to the funding of the PFI.

Risk Ref 1063 – Ability to corporately control the maintenance and monitoring of contracts, the amended contract regulations will be presented to Council for approval and will be in place immediately afterwards. The review of the model contract templates is progressing and should be completed shortly.

Members sought clarification whether the risk model the subject of an internal audit. It was explained that risk management would be audited.

The work being undertaken on contracts was welcomed.

Members questioned some aspects of Business Continuity Management in particular the recent loss of IT through water entering the server room. Dr

Carlton Brand, Corporate Director explained that the ICT Server room outage had been dealt with efficiently, and had occurred because of the building work that was currently being undertaken. ICT had systems up and running quickly. The Chairman thanked Eden Speller for his report and informed members that a further risk seminar would take place later in the year.

**Resolved**

**To note the report.**

**11. Forward Work Programme**

**Resolved**

**To note the forward work plan subject to changes detailed in the Audit deliverables.**

**12. Date of next meeting**

The next meeting of the Committee will be held on the 20 June 2012 at Bradley Road, Council Chamber.

**13. Urgent Items**

There were no urgent items.

(Duration of meeting:10.30am -12.20pm)

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