

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 18 DECEMBER 2013 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton, Cllr Trevor Carbin (Substitute), Cllr Tony Deane (Chairman), Cllr David Jenkins, Cllr Julian Johnson, Cllr John Noeken (Substitute), Cllr Helen Osborn, Cllr Linda Packard, Cllr David Pollitt, Cllr Sheila Parker (Vice-Chairman) and Cllr James Sheppard

Also Present:

Cllr Bill Moss, Cllr Jane Scott OBE and Cllr Dick Tonge

70 **Apologies and Membership Changes**

- 1) Apologies were received from Councillors Stewart Dobson and Stephen Oldrieve.

Councillor Dobson was substituted by Councillor John Noeken.

Councillor Oldrieve was substituted by Councillor Trevor Carbin.

- 2) It was noted that following the Full Council meeting on 12 November 2013, Councillor Howard Greenman had been removed as a member of the Committee.

71 **Chairman's Announcements**

There were no announcements.

72 **Minutes of the Previous Meeting**

The minutes of the meetings held on 4 September and 17 September 2013 were presented for consideration. It was confirmed that Matthew Tiller, Chief Accountant, Technical Accountancy, had been appointed as the lead officer for the Audit Committee as requested under Minute 69, and that the Chairman would receive a written response from the Leader of the Council in relation to Minute 67 and the Committee's concerns over the impact of the council's Voluntary Redundancy Programme.

It was,

Resolved:

To approve as true and correct records and sign the minutes.

73 **Members' Interests**

There were no interests declared.

74 **Public Participation and Committee Members' Questions**

There were no public statements or questions submitted.

75 **Internal Audit December Update Report**

The Associate Director (Finance, S.151 Officer) and David Hill (Group Audit Manager, South West Audit Partnerships), introduced a report on the performance of Internal Audit(IA). Details were provided on the 79 audit assignments progressed during the year 2013/14, and attention was drawn to areas where Internal Audit had added value to services and functions beyond standard expectations, as requested by the Committee. Efforts to strengthen future contract monitoring and improve the efficiency of the payments system were noted.

A discussion followed, where it was raised that feedback from services remained low at around 30%, and the Committee were keen to encourage management at all levels to complete the customer questionnaires sent at the conclusion to each audit. Further details were also sought on additional review activity following requests for Internal Audit support, including Information Services, System Administration and others as detailed in the report.

It was,

Resolved:

To note the findings from the IA audits to date.

76 **KPMG (External Audit) Annual Audit letter 2012/13**

The Associate Director (Finance, S.151 Officer) and Darren Gilbert (Director, KPMG), introduced the Annual Audit Letter for 2012/13 from the council's external auditors, KPMG, summarising work previously reported to the Committee throughout the year. There were no high priority recommendations as a result of KPMG's 2012/13 work.

A discussion followed, where details were sought on how fees for additional work were agreed, and it was confirmed all fees were still subject to determination by the Audit Commission, and had been predicted based on work on additional projects such as a review of the data migration process in relation to the implementation of the QL housing rents system. The Committee also discussed upcoming work and its predicted impact.

It was,

Resolved:

To note KPMG's Annual Audit Letter and receive an update on progress in March 2014.

77 **QL Housing Implementation - Data migration**

Darren Gilbert (Director, KPMG) presented a report on the review of the QL Housing Implementation Data Migration, following the replacement of the Housing IT system application Simdell with the QL Housing application in early 2013. The internal auditors, SWAP, undertook a review of the implementation of QL, with KPMG reviewing the performance and outcome of that implementation.

It was stated KPMG concluded the data migration had been managed and performed in a satisfactory manner, and did not include any formal recommendations for management responses, as detailed feedback and learning issues had already been provided to the council by SWAP.

The Committee discussed the report and noted the suggested areas of improvement for future reviews of projects, in particular the need to take into account the impact of the loss of staff with critical knowledge of the application systems which are to be replaced, as well as debating the success of the new system.

It was,

Resolved:

To note the report from KPMG.

78 **Report of the Audit Committee Task Group Review of Internal Audit Project Procedures and Reporting**

Councillor Richard Britton, Chairman of the Audit Committee Task Group of Internal Audit Project Procedures and Reporting, presented the report of the Task, detailing its work since the membership was agreed on 17 September 2013. The Task Group gave thanks to David Hill, Suella Coman and Denise Drew from South West Audit Partnerships(SWAP) for their assistance in presenting, discussing and providing documentation on the issues the Task Group had investigated.

It was explained that the Task Group had investigated three areas for their report: The conduct of Internal Audit (IA) projects, reporting to the Audit Committee and Value for Money from Internal Audit.

The Task Group ad concluded that IA projects appeared to be professionally conducted and soundly managed, but that the existing reporting arrangements did not allow the Audit Committee to effectively monitor the progress of the IA programme, determine that the IA was delivering value for money, and that the

Audit Committee needed to be better placed to judge the extent to which IA recommendations were implemented as being the best measure whether or not it delivered value for money.

The Committee thanked the Task Group for its work and praised the clarity and thoroughness of the report, and then discussed the recommendations of the Task Group. A new format for IA reports was assessed, as shown in the agenda supplement, which would group projects by their status, and in response to queries it was confirmed that SWAP would not have any problems in implementing the recommendations to produce separate reports on higher level recommendations council management did not accept, and progress reports on those higher level recommendations which were accepted.

It was,

Resolved:

- 1) The current IA reports to the Audit Committee should be replaced with a new reporting format based on the grouping of projects by their current status.**
- 2) The Audit Committee should receive a separate report of Levels 3, 4 and 5 recommendations which are not accepted by management.**
- 3) The management of functional areas where IA have made recommendations of level 3, 4 or 5 in importance should, within three months of IA's Final Report, report to the Audit Committee their progress in implementing those recommendations.**

79 **Forward Work Programme**

The Committee discussed potential options for inclusion on a forward work programme.

80 **Date of next meeting**

The date of the next scheduled meeting of the Committee was confirmed as Tuesday 11 March 2014.

81 **Urgent Items**

There were no urgent items.

(Duration of meeting: 9.30 - 10.30 am)

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