

## AUDIT COMMITTEE

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### DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 JULY 2018 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

#### Present:

Cllr Ian Blair-Pilling (Substitute - Part II), Cllr Richard Britton (Chairman), Cllr Stewart Dobson (Vice-Chairman), Cllr Peter Evans (Substitute - Part II), Cllr Gavin Grant, Cllr Mike Hewitt, Cllr Tony Jackson, Cllr Edward Kirk, Cllr Leo Randall, Cllr Ian Thorn and Cllr John Walsh

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#### 23 Apologies

Apologies were received from Cllrs John Smale and Andy Phillips.

#### 24 Minutes of the Previous Meeting

The minutes of the meeting held on 11 April 2018 were presented and it was;

#### **Resolved**

**To approve and sign the Minutes of the meeting held on 11 April 2018.**

#### 25 Declarations of Interests

There were no declarations of interest.

#### 26 Chairman's Announcements

It was noted that item 10 – The Council's risk and performance processes, had been dropped from the agenda.

#### 27 Public Participation

There were no members of the public registered to speak.

## 28 **Arrangement for the Transition to new External Auditor**

The Chairman introduced the item and sought assurance on the transition from KPMG to Deloitte.

Adam Bunting, KPMG, started by thanking the Committee for their positive relationship throughout their time working with Wiltshire Council. Mr Bunting gave assurance that KPMG and Deloitte had been working together to ensure a smooth transition.

Ian Howes, Deloitte, introduced himself and informed the committee that the transition was in progress. He had attended an induction at the council where he had met key officers and attended a briefing which explored plans and achievements, which he noted was of great use.

The timescale going forward would include: in September a formal request for documents and analysis of the previous audit would take place, followed by the presentation of Deloitte's first plan in October. It was noted that there would not be much of a change to the process and work carried out, that the first year usually takes a bit longer and that work would be carried out in the interim. It was hoped that if anything new came up officers would be in communication with Deloitte from the early stages.

## 29 **Accounting Policies**

The Chairman introduced the item and explained that it was important for the committee to examine the key areas of the accounting policies particularly the professional standards and any changes to policies.

KPMG informed the committee that they had monitored and noted any changes of policy within their report and that they were satisfied.

It was noted that although the policies would not change very often, they would need to be monitored by the committee going forward.

## 30 **Report to those charged with Governance (ISA 260) 2017/2018**

Matthew Tiller, Chief Accountant, explained that the report covered the all of the councils functions not just the financial element. He thanked all of those involved with producing the report noting their hard work. He invited KPMG to present the report which highlighted the key information noting that the report covered both the interim and final audits. The audit included an examination of the council's annual accounts and pension fund, and arrangements for achieving value for money.

In response to questions asked KPMG noted that: There was a risk identified for the pension fund which was around evaluating hard price investments, although this was a sector wide issue and methods were in place; KPMG did not believe that any current changes to civil law would result in pension liabilities.

The Chairman questioned a comment made on page 44 of the report relating to the specific value for money risk areas. He noted that the comment appeared to contradict statements made in the Annual Governance Statement that the council was strong in budget delivery and monitoring.

In response to this it was noted that the statement was not intended to suggest that there were any shortcomings but to accept that with increasing financial pressures and constraints the budget monitoring would need to be even sharper.

The Chairman sought assurance from the Committee that they were content with the report with no concerns. In response the Members confirmed that they were happy with the report.

The Chairman and members of the committee thanked the finance department and all those involved in carrying out the work.

### **Resolved**

**To receive the ISA260 report from the external auditors in its receipt of the Council's Statement of Accounts 2017/18.**

**To delegate authority to the Chairman of the Audit Committee to sign the letter of the management representation.**

## 31 **Statement of Accounts**

Ian Duncan, Interim Director Finance & Procurement, presented the Statement of Accounts for 2017/18 and congratulated the teams involved in producing the accounts.

An amendment was made to the narrative on page 73 of the report which should have read that the sale was for the use of the general use of the investment programme and not for housing.

The Chairman questioned the process on the need of both the Pension Fund Committee and Audit Committee to examine the accounts for the pension fund and requested that going forward the Pension Fund Committee provides assurance to the Audit Committee that they are content with the pension fund accounts.

In response to questions it was confirmed that: comparatively Wiltshire Council's reserve was low but the advice in place was to stay within budget and to recognise the risk; the budget included funds to deal with any central government policy changes so the reserves would not have to be used. The longer term vision would be to increase the reserves when appropriate; capital receipts received from selling buildings was separate to revenue; an assessment of the impacts of the Salisbury incident would be going to full council: long term debtors had increased due to long term loans for schools which included an element of risk which would be mitigated by setting up an agreement to repay the deficit and that a recovery plan was in place to reduce the pension deficit which was reviewed annually.

The Chairman asked about the viability of undertaking a comparison over the last 5 years of the balance sheet. Officers noted that given the time and resources required against the up and coming issues and the overall benefit, the exercise would not be deemed productive. Members of the Committee agreed that the exercise would be of value and agreed for the Chairman to explore the 5 year comparison.

### **Resolved**

**To approve the Statement of Accounts 2017/2018**

**To agree for the Chairman to explore a 5 year comparison of the balance sheet**

### **32 The Council's Risk and Performance Management Processes**

This item was deferred to the next meeting.

### **33 Annual Governance Statement**

Ian Gibbons, Associate Director of Legal and Democratic, presented the Annual Governance Statement (AGS) and explained that it formed part of the Statement of Accounts. The AGS covered the year 2017/18 and the information included had been considered by KPMG and was in line with their findings.

It was noted that due to the timetable change for the approval of accounts from September to July, this meant that the AGS had to be presented at Cabinet before the Audit Committee had a chance to consider it. Going forward

arrangements would be made to ensure that the AGS is presented to the Audit Committee before going to Cabinet.

**Resolved**

**To approve the draft AGS for publication with the Annual Statement of Accounts 2016-17.**

34 **IA Annual Report 2017/18**

Ian Withers, SWAP, presented the report noting that an opinion of reasonable assurance had been given. There had been resourcing issues within SWAP and recruitment would be taking place in the near future.

**Resolved**

**To note the report and findings of the internal auditors.**

35 **Q1 IA Report**

Ian Withers, SWAP, presented the report. It was noted that recruitment was ongoing and that for the time being SWAP would use internal resources to cover.

**Resolved**

**To note the report and findings of the internal auditors.**

36 **Recruitment of Finance Director**

Cllr Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets, informed the committee that interviews had taken place for the position of the finance director although no appointment had been made. Recruitment would next take place in September.

37 **Appointment to the Constitution Focus Group**

A representative from the Audit Committee was sought to join the Council's Constitution Focus Group. It was explained that the group operated as a cross-party advisory forum to examine key elements of the constitution for recommendation to the Standards committee.

**Resolved:**

**To appoint Cllr Richard Britton as the Audit Committee's representative on the Constitution Focus Group.**

38 **Forward Work Programme**

The following items were added to the forward work plan:

- To review the accounting policies (annually)
- Risk Management processes
- Annual Governance Statement (meeting after next)

39 **Date of Next Meeting**

It was noted that the next meeting would take place on the 14 November 2018.

40 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 am - 12.25 pm)

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