

## AUDIT COMMITTEE

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**DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 JUNE 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

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

**Also Present:**

Cllr Philip Whitehead

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34 **Apologies**

Apologies were received from Cllr Stuart Wheeler.

Cllr Stuart Wheeler was substituted by Cllr Peter Evans.

35 **Minutes of the Previous Meeting**

**Decision:**

**To approve the minutes of the meeting held on 17 April 2019.**

36 **Declarations of Interests**

There were no declarations of interest.

37 **Chairman's Announcements**

The Chairman made the following announcements:

1. The Chairman welcomed Charlotte Wilson from SWAP, to the meeting.

2. The Chairman reported that he had recently attended the Local Audit Quality Forum. One of the discussions at the Forum centred around guidance from the Chartered Institute of Public Finance and Accountancy, about the inclusion of an independent co-opted person on Audit Committees. The Chairman suggested that this was an issue that could be explored further for Wiltshire Council's Audit Committee and he proposed that a Task and Finish Group be established to take this forward and report back to a future Audit Committee meeting.

Cllrs Dobson and Grant expressed an interest in being involved in the Task and Finish Group. The Chair would prepare the Group's Terms of Reference and circulate them to the Committee in due course.

**Resolved: That a Task and Finish Group, with a membership as detailed below, be established to consider the possibility of the Audit Committee including a Co-Opted Independent Person(s) in its membership:**

**Membership: Cllr Richard Britton, Cllr Stewart Dobson and Cllr Gavin Grant.**

### 38 **Public Participation**

There were no public in attendance or any questions received.

### 39 **Draft Annual Governance Statement**

Cllr Philip Whitehead introduced the Draft Annual Governance Statement and explained that the Audit Committee had an opportunity to comment on the draft Statement prior to Cabinet's consideration on 2 July 2019. He noted that the Council had a requirement to produce the Statement as part of the Council's annual review of the effectiveness of its governance arrangements.

The Committee noted that the report format had been changed from previous years to bring about major improvements to the readability of the document and include best practice from other authorities.

The following observations and comments were made during the Committee's consideration of the Statement:

- Would prefer comments from the Council's external auditors, Deloitte LLP, to be included in the draft document in preference to their comments only appearing in the final version which would be considered by the Audit Committee on 24 July 2019.
- The Committee were reassured that the governance issues detailed in the report as 'areas for improvement', were areas currently receiving

attention as part of an ongoing review and did not require much additional work to resolve.

- It was felt that Governance issues were slightly fragmented in their consideration by a number of Committees and this should be consolidated to one Committee.
- Principle B box 2 – to amend the word ‘consultation’ to read ‘engagement’.
- Principle B box 4 – to clarify that it was the role of local members to call-in planning applications that were of local concern, rather than the local Planning Committee.
- Principle B box 7 – references to the Wiltshire Compact would be refreshed in the final document.
- Principle C box 7 – it was felt that the public are aware of the policy to encourage asset transfer and to amend the section with new wording to emphasise asset transfer packages are being offered and encouraged throughout the county’
- Principle C box 7 – to remove the word ‘eventually’ in the last line of this section.
- Principle D box one - to include the full name of the Financial Planning Task Group.
- Principle D box two - to include the full name of the Corporate Leadership Team in place of the acronym CLT.

The Chairman thanked all involved in the preparation of the Statement and reminded members that the final version would be considered further by the Audit Committee at its meeting on 24 July 2019.

**Resolved:**

- 1. The draft Annual Governance Statement as set out in Appendix 1 of the report was considered and comments made, as detailed above.**
- 2. To note that the draft Annual Governance Statement will be revised in the light of the above comments before final approval by the Audit Committee and publication with the Statement of Accounts and Senior Information Risk Owner Annual Report at the end of July 2019.**

40 **Draft Statement of Accounts**

Matt Tiller, Chief Accountant introduced the Statement of Accounts 2018/19 report and explained that the document presented the overall financial position of the Council reflecting the outturn position detailed in the report. It was noted that there was a delay in obtaining final external valuation figures, including for

County farms and the final statement would be updated to reflect the final valuations.

The Committee noted that the Council's auditors, Deloitte LLP, had commenced the year end audit, which was proceeding well following good cooperation with Council officers. Cllr Whitehead reported that the Comprehensive Income and Expenditure Statement summarised the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the Council tax.

The following observations and comments were made during the Committee's consideration of the Statement of Accounts:

- Underspends in the Housing Revenue Account and details assets under construction.
- The number of Technical adjustments to the Comprehensive Income and Expenditure Account to ensure consistency.
- Disposal of assets and the variations between re-evaluations undertaken every three years and the amount an asset achieved during a sale.
- Details in relation to the current housing fund for capital projects.
- The terminology included in the report for sources of financing a project.
- Comparisons between cashflow in 2017/18 and 2018/19
- Scheduled Private Finance Initiative payments
- The management of the payments for Housing Private Finance Initiatives.
- Investment property and the direct operating expenses which refer to management fees.
- The need to reword Note 24 on Intangible Assets.
- Confirmation of the other Local Authorities that owe sums to the Council for supplies and services provided prior to 31 March 2018 and not received to date.
- Details about the breakdown of general fund debtors, with the majority of debt arising from housing benefit overpayments.
- The need for Council partners to promote direct payment of housing benefit.
- Details of accumulated absences and how the figure refers to the level of leave taken by staff.
- The discount rate employed in relation to the fair values of financial assets and liabilities.
- Community Infrastructure Levy and how it is accounted for, in particular the Parish Council element.
- To include a note about the element of Short Term Debtors at Note 26, to the Government for supplies and services from the HMRC.
- Loans to primary schools to provide cash flow and how it is recorded in the Draft Statement of Accounts.

The Chairman confirmed that the report would be updated and considered further by the Committee at its next meeting on 24 July 2019.

**Resolved: To receive and note the draft Statement of Accounts for 2018/19, subject to the amendments as detailed above.**

41 **Annual SIRO Report**

Robin Townsend MBE, Director of Corporate Services and the Council's Senior Information Risk Owner (SIRO) presented the Information Governance SIRO Annual Report for the period of April 2018-March 2019.

The report provided an overview of the current Information Governance status including compliance with key standards and information about data incidents. The report ensures that the Corporate Leadership Team and Cabinet are advised of the most significant current and emerging Information Governance issues and the measures being taken by the Authority to ensure it meets the national and mandatory standards.

The SIRO commented on the marked increase in requests under the Freedom of Information and Environmental Information Regulations and the Council's responsibility to respond to the requests. He indicated that the Council was adding information to the its website over and above that defined by the publication scheme and the Local Government Transparency Code. The Committee noted that a small number of officers make up the Information Governance Team and they undertake a disproportionate amount of work. The recent audit undertaken by SWAP concluded that significant work appeared to have been undertaken by the team and individual service areas in relation to General Data Protection Regulation compliance, which has contributed towards actively ensuring compliance and raising staff awareness across the Council.

The following observations and comments were made during the Committee's consideration of the Annual report:

- Details about the Council's retention schedule.
- The timeframes for full responses to be sent to FOI requests.
- The significant upward trend in the number of Subject Access Requests made under Data Protection legislation, in particular for three key areas - Public Health, Adult Social Care and Children Services requests.
- The significance of ensuring that Information Security is starting to do something we all do every day, rather than something that the Information Governance Team do.

The Chairman thanked the SIRO for producing an excellent Annual Report.

**Resolved: That the Information Governance SIRO Annual Report for the period of April 2018-March 2019 be approved.**

42 **Outstanding Internal Audit Recommendations**

Charlotte Wilson, SWAP introduced the report on outstanding internal audit recommendations. The report indicated that the majority of outstanding recommendations referred to priority 3 – a finding that required attention and mainly for schools.

The Chairman expressed a concern that a number of recommendations for priority 3 had not received a response, where one was merited. The Director of Legal, Elections and Registration Services and Council's Monitoring Officer explained that the lack of response was due to work load issues at the time. He suggested that the Corporate Governance Working group would undertake an ongoing monitoring function as part of the governance arrangements. Cllr Whitehead confirmed that work was being undertaken on responding to the recommendations in the majority of cases.

Officers and Cllr Whitehead responded to the issues raised in relation to the Whistleblowing Policy, online Register of Interests and close personal relationships, Homelessness Strategy and disaster recovery continuity plans.

**Resolved: That the outstanding Internal Audit Recommendations be noted.**

43 **Forward Work Programme**

The Forward Work Programme was noted.

44 **Date of Next Meeting**

The next meeting would be held on 24 July 2019.

45 **Urgent Items**

There were no urgent items.

(Duration of meeting: 2.00 - 4.00 pm)

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