

## AUDIT

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### DRAFT MINUTES OF THE AUDIT MEETING HELD ON 20 JUNE 2012 AT COUNCIL CHAMBER, COUNCIL OFFICES, BRADLEY ROAD, TROWBRIDGE.

#### Present:

Cllr Richard Britton, Cllr Nigel Carter, Cllr Peter Doyle, Cllr Mark Griffiths, Cllr Julian Johnson, Cllr Alan MacRae, Cllr Jeff Osborn (Substitute), Cllr Mark Packard, Cllr Sheila Parker (Vice Chairman) and Cllr Roy While (Chairman)

#### Also Present:

Cllr Jane Scott OBE

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#### 14 Membership

The Committee noted the membership following the Council meeting on **15 May 2012**, as contained in the agenda.

#### 15 Apologies for Absence

Apologies were received from Cllrs Helen Osborn, Pip Ridout, David Jenkins, George Jeans and John Brady.

Cllr Helen Osborn was substituted by Cllr Jeff Osborn.

#### 16 Chairman's Announcements

The Chairman announced that recent training sessions on financial issues had been completed. He announced there was a need to arrange a focus programme for further training in communication with Overview and Scrutiny.

#### 17 Minutes of the Previous Meeting

The minutes of the meeting held on **21 March 2012** were presented, and it was,

#### Resolved:

**To approve the minutes as a true and correct record.**

#### 18 Members' Interests

There were no declarations.

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

The Committee noted the rules on public participation. There were no submitted questions or statements.

20 **Interim Audit Report 2011-2012**

The Interim Audit report was presented by Darren Gilbert, Senior Manager, KPMG, following an introduction from the Chair highlighting areas of potential concern for the Committee, and the scope of the report summarising the interim audit work in relation to the 2011/12 financial statements, and the KPMG work to support the 2011/12 value for money (VFM) conclusion up to June 2012. Andy Spurway (Head of Service Fulfilment) was in attendance to offer further clarification.

It was stated that the organisational control environment was effective overall, an improvement on the previous year when it was felt KPMG were unable to rely upon the IT control environment. However, it was stated that significant weaknesses remained as a result of the newness of the controls and further enhancements that are required, for example with regard to protection against unauthorized access. It was stressed that KPMG do not regard the identified issues as meaning there have been fundamental failings in operational concerns.

It was further stated that with controls over key financial systems there were some weaknesses which required further work on data transfers and reconciliations, and would be revisited ahead of the next meeting.

KPMG further recognised it had been a turbulent year for internal audit, and were continuing to build a closer relationship with South West Audit Partnership (SWAP). It was also stated that KPMG's conclusion regarding the VFM risk assessment would be presented in September.

A debate followed, wherein it was emphasised the report was generally encouraging in its conclusions, but further reassurance was sought KPMG were satisfied appropriate measures were in place to address their concerns, particularly with regards to weaknesses still outstanding from previous years' reports.

Clarity was also sought on the progress in addressing concerns, and the need for the Committee to be aware of concrete steps taken to be satisfied issues were being resolved. In response, the Committee was informed that detailed plans were being implemented, and that there would be no complacency despite the overall positive of the report.

At the conclusion of discussion, it was,

**Resolved:**

- 1) **To note the report and thank KPMG for the update.**

- 2) To request an update be circulated to Committee Members within the following few weeks, listing action plans and current progress, including timelines, for outstanding issues identified within the report.

## 21 Internal Audit Annual Report

Michael Hudson, Director of Finance, introduced the Annual Internal Audit Report before handing over to the representatives from South West Audit Partnership (SWAP), Gerry Cox, Head of Internal Audit Partnership, and Dave Hill, Group Audit Manager, Denise Drew, Audit Manager, and Estelle Sherry, Audit Manager.

It was emphasized the report did not consider there to be any areas of significant corporate concern, although there were six areas of operational audits identified over the course of the year as being of limited assurance. However, management actions had been agreed and considerable progress made in response.

It was stated performance figures would be available in September, a list of planned work for the ensuing quarter was highlighted.

A debate followed, where the possibility of target dates in addition to merely planned work for the quarter was raised. The procedures for SWAP communicating and creating action plans was discussed, along with the internal auditors listing limiting concern as regards to control environment, as opposed to KPMG.

It was clarified that the internal audit took a broader look from a corporate governance perspective, whereas KPMG were focusing more narrowly on financial statements of accounts. The representatives from KPMG stressed their testing had not identified failures in operation, but merely that some current control environments were not fully adequate for their specific auditing purposes.

Following discussion, it was,

### **Resolved:**

**To note the findings of the chief internal auditors.**

## 22 Annual Governance Statement 2011-2012 Draft

Ian Gibbons, Monitoring Officer, presented the draft Annual Government Statement for 2011-2012, a required part of the annual review of the effectiveness of the Council's governance arrangements, which would proceed to Cabinet, then Standards Committee, before returning to the Audit Committee for final approval.

The Monitoring Officer took the Committee through the report, highlighting key issues including the following:

- IT Control Environment;
- Safeguarding and Looked After Children Services
- Implementation of the Transformation Programme
- Managing reductions in Government funding and legislative changes.

A debate followed, during which the points including the following were raised:

- The extent of detail on the Health and Well Being Board and Police and Crime Panel;
- The inclusion of the positive statements from the recent Ofsted Inspection Report as well as the negative;
- More detailed information should be provided in the report regarding the implementation of the Transformation programme.
- There should be a concentration on IT for the Audit Committee in future.
- The Governance Assurance Group met monthly to consider governance issues and would report further details in September.

At the conclusion of discussion, it was,

**Resolved:**

**To note that the draft Annual Governance Statement will be revised in light of the comments of the Committee and ongoing review work by the Governance Assurance Group, before being considered by Cabinet, then the new Standards Committee, before final approval from the Audit Committee and publication by 30 September 2012.**

23 **Forward Work Programme**

The draft forward work programme for 2012/13 was presented. It was,

**Resolved:**

**That subject to substituting “Steve Memmott, Head of Internal Audit” to “Dave Hill, SWAP”, to note and approve the proposed plan.**

24 **Date of Next Meeting**

The date of the next regular meeting was noted as **19 September 2012.**

However, it was confirmed that a special meeting of the Committee was to be held on **07 September 2012.**

25 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.35 am - 12.05 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services,  
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