

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 27 JANUARY 2015 AT SALISBURY ROOM - COUNTY HALL, TROWBRIDGE.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Tony Deane (Chairman), Cllr Stewart Dobson (Substitute), Cllr Mike Hewitt (Substitute), Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Jeff Osborn (Substitute), Cllr Linda Packard and Cllr James Sheppard

Also Present:

Cllr Jane Scott OBE and Cllr Dick Tonge

52 Apologies and Membership Changes

Apologies were received from Cllr Shiela Parker who was substituted by Cllr Mike Hewitt.

Apologies were received from Cllr Helen Osborn who was substituted by Cllr Jeff Osborn.

Apologies were received from Cllr Rosemary Brown who was substituted by Cllr David Jenkins.

53 Chairman's Announcements

There were no announcements.

54 Minutes of the Previous Meeting

The minutes of the previous meeting were approved by the Committee with one amendment:

Minute 47 would be edited to read 'Central government grants had been applied for and it was hoped that the team would be **self-financing**'.

55 Members' Interests

There were no declarations.

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

There was no public participation or Committee Members' questions.

57 **Q3 - Internal Audit Update.**

The update discussed the outcomes of the audit, follow up reviews and adequacy of management actions during this period. The Finance Director discussed accountability and assessment questionnaires which were of a good quality. It was heard that many recommendations were being implemented as a direct result of the Audit Committee's input.

The Executive Director (SWAP) explained that a further 7 recommendations had been completed since the previous meeting and a further 52 were outstanding. He continued by stating that no significant risks had been identified. Member's expenses claims were discussed and it was heard that there was confusion around policy and the interpretation of policy. Cllr Dick Tonge clarified that Members should now have been using SAP rather than paper to record their expenses; this would provide a more rigorous system.

Members discussed the management of 'Care First' and it was heard that current compensating controls were inefficient and this would be looked into. The management of partial reviews was also discussed and it was explained that these would be followed up within 6 months to ensure recommendations were implemented.

Members asked why absence management had been deferred in both April and October 2014. In response, it was heard that the process had been changed to make the process easier and a number of mitigating controls had come out of the report.

Indicative start dates for those delayed audits were requested and updates on overdue audits were required. Representatives of SWAP explained that these issues were in-hand and clarified that the contract monitoring audit had been split into two parts – one of which had been completed.

The Finance Director stated that in terms of governance, the outcomes of the peer inspection were yet to be received and this had been reported to Cabinet in early 2014. The Finance Director had met with auditors every 6 weeks and some audits had been deferred when necessary.

Corporate Director, Carlton Brand, explained that it was necessary to avoid viewing audits in isolation but instead viewing them in the realities of the rest of the business. Radical reductions had been made to the IT budget and there was a need for greater context within the audit reports. The Corporate Director continued by stating that further audits had been requested in regards to procurement. The Local Economic Partnership (LEP) would be audited as a

matter of urgency. It was heard that further financial cuts were expected and consequently further restructuring would likely be necessary.

It was agreed that further comments were required to give an overarching picture.

Concern was raised in regards to contract clauses and a delay in the procurement restructure was discussed. Clarification was requested over the categorisation of risks and it was explained that this was decided by SWAP's own judgement.

It was heard that internal audit procedures would have to be adapted to concentrate on the areas of greatest risk due to reduced capacity.

The Leader of the Council stated that it was necessary to connect audit with risk and that financial reductions would only continue. Unnecessary audits should be avoided and their focus must be on high risks. The Finance Director stated that risk training for Members and officers had been provided.

Adam Bunting (KPMG) stated that this was not a situation unique to Wiltshire and there was a clear need for more meaningful reviews in relation to risk.

The Finance Director stated that there had been a £100k reduction proposal in the 2015/16 budget papers for the internal audit service; however, it was his statutory duty to ensure that there was adequate internal provision.

It was heard that the new audit plan must reflect changes within the organisation and that increased Member attendance was required at risk meetings.

58 **KPMG - Update Report**

Adam Bunting (KPMG) presented the update report. It was heard that additional work on business rates had been undertaken and scale fees had been revised. Much of the information within the technical update was around accounting and had been received via external communication channels.

The Leader of the Council explained that the information received from external channels was used where appropriate and was targeted. A list of guidance notes would be circulated to Members if requested.

Members asked how changes to internal audit would impact on KPMG's work. It was explained that KPMG only used specific areas of IA's work and this would not be seen as a potential issue.

The 'Better Care Plan' was discussed due to Wiltshire Council's involvement as one of only five local authorities to take forward the plan and advancements had been made.

59 **KPMG - Grant Certification**

The Grant Certification was now complete; this included housing benefit and the pooling of housing receipts. There was a great deal of change and some human errors had occurred. The Finance Director explained that accessing benefit claims was a very complex procedure.

It was heard that KPMG's fee was set at £23,006, as decided by the Audit Commission.

60 **Forward Work Programme**

Members requested a covering paper that linked the forward work programme to the corporate risk register at future meetings.

61 **Date of next meeting**

The next meeting would be on 10 March 2015 at 10:30 in the Council Chamber, County Hall, Trowbridge.

62 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 - 11.55 am)

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