

## AUDIT

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### **DRAFT MINUTES OF THE AUDIT MEETING HELD ON 23 JUNE 2015 AT COUNCIL CHAMBER - COUNTY HALL, TROWBRIDGE.**

#### **Present:**

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr David Jenkins (Substitute), Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Jeff Osborn, Cllr Sheila Parker, Cllr David Pollitt, Cllr Jane Scott OBE and Cllr Dick Tonge.

#### **Also Present:**

Cllr Mike Hewitt

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#### **22 Apologies**

Apologies were received from Dave Hill (SWAP), Councillor James Sheppard and from Councillor Linda Packard who was substituted by Councillor David Jenkins.

#### **23 Minutes of the Previous Meeting**

The minutes of the meeting held on 10 March 2015 were presented.

#### **Resolved:**

**To approve as correct record and sign the minutes of the meeting held on 10 March 2015.**

#### **24 Chairman's Announcements**

The Chair thanked all those members and officers who had attend the recent training, and noted that the first Assurance report would be available to be considered at the October meeting of the Committee.

The Chair stated that he planned to meet with the Chair of Overview and Scrutiny to consider how their committee's respective work programmes could be better co-ordinated.

The Chair drew the meeting's attention to the additional item, the Risk Register Update, which had been circulate as a supplementary paper, and that this item would be considered as the first substantive item on the agenda.

**25 Members' Interests**

There were no declarations of interest made.

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

There were no questions from the public or members of the Committee.

**27 Urgent Item - Risk Management Update**

Jason Teal, Head of Corporate Support - Performance, Risk & Scrutiny, presented the report which provided an update on the council's approach to risk management and presented the latest edition of the Strategic Risk Register.

In the course of the presentation and the discussion, the issues discussed included: how the Council's had refined approach to Risk Management and the Strategic Risk Register recently presented to Cabinet; the development of risks, that cut across service areas, pulled together and reported singularly as composite risks; the inclusion of key risks drawn from the Cabinet Office's national risk register and the authority's preparedness should these events occur; that further work was ongoing to refine how the monitoring and management of risks are identified and monitored; and that a final report had been received from Internal Audit (SWAP) which recognised the improvements made by the Council and had included some useful recommendations which the council might build on.

**28 Internal Audit - Annual Report**

Michael Hudson, Associate Director for Finance, introduced to the Committee Jenny Strahan (Assistant Director) and Kerry Chisholm (Senior Auditor) from the internal auditors - SWAP, and presented the Internal Audit Annual Report, which provided a summary of the work in the previous year.

In the course of the presentation and the discussion, the issues discussed included: that there is statutory requirement to have an Internal Audit report; that the formal Audit Opinion would be included in the Annual Governance Statement; that a further update relating to the final quarter of 2014/15 will be presented to the July meeting of the Committee; how the recommendations and actions would be monitored; the approach that would be taken to address higher priority issues; and how SWAP had been restructured and how this has impacted on the work programme.

Michael Hudson stated, in response to a question from Cllr Julian Johnson, that the Council was seeking to reduce the number of audits with the intention that there would be better quality audits focused on priority areas.

Michael Hudson stated, in response to a question from Cllr Richard Britton, that a report would be presented to the July meeting of the Audit Committee

providing an update on the progress made against outstanding actions identified as high risk, partially or not responded to.

Michael Hudson stated, in response to a question from Cllr Richard Britton, that information about the efficiency of audit recommendations accepted by the Council could be included in the quarterly updates.

Michael Hudson stated, in response to a question from Cllr Steve Oldrieve, that the Council was in contact with a number of Councils who were moving to an assurance based system, that together they would be reviewing progress of this change, and that an update report would be presented to the Audit Committee in March 2016.

Michael Hudson stated, in response to a question from Cllr Stewart Dobson, that the wording regarding how advice is accepted or not was ambiguous.

Michael Hudson stated, in response to a question from Cllr Richard Britton, that subject to the clarification of confidentiality issues, the report on Local Partnerships would be circulated to Members of the Committee.

## **Resolved**

### **To note the opinion of the Director of Planning (SWAP).**

#### **29 Annual Governance Statement 2014-15**

Ian Gibbons, Associate Director for Legal & Governance Services, presented the report which asked the Audit Committee to consider a draft Annual Governance Statement (AGS) for 2014 -15 for preliminary comment before final approval was sought from the Committee at its meeting on 31 July 2015.

In the course of the presentation and the discussion, the issues discussed included: that the statement's format followed the advice of CIPFA; how significant governance risks are identified; that the Council had invited the Information Commissioners Officer (ICO) to consider their arrangements, and how the Council was responding to the recommendations which would be reporting to Audit Committee, probably in Autumn; that changes, such as the new Pensions Board and the LEP Assurance Framework, are referred to; and that the opinion of the Internal Audit was referred to in the statement, but that the opinion from the External Auditor would be added as the statement was finalised.

The Chair invited the Committee to consider if there were any areas of omission from the Statement.

It was noted, following an issue raised by Councillor Jeff Osborne, that whilst the matter of integration between the NHS and Adult Social Care was a key issue for the Council, the positive results of the peer review and arrangements

in place for governance, meant that the current reference to the matter in the Statement was appropriate under the criteria laid down by CIPFA.

Ian Gibbons stated, in response to a question from Richard Britton, that officers would be meeting with Internal Audit to ensure that their views are reflected appropriately in the statement, and that the use of the word 'capacity' would be reviewed to remove any ambiguity.

It was noted, following an issue raised by Councillor Richard Britton, that whilst the ICO report had raised some significant issues, which had not previously been highlighted by either internal or external auditors, that these matters had not been so significant as to impact on the fundamentally financial matters considered by the External Auditors. Additionally, Michael Hudson stated that Council wished to continue to work positively and proactively with third-party inspectors to benefit from their advice.

It was noted, following an issue raised by Councillor Richard Britton, that consideration would be given to whether references to the Disaster Recovery Plan and the Business Continuity Plans in the light of advice from auditors.

### **Resolved**

- 1. To note the draft Annual Governance Statement (AGS) as set out in Appendix 1; and**
- 2. To note that the draft Annual Governance Statement (AGS) will be revised in the light of comments from the Cabinet, Standards Committee and further work by the Governance Assurance Group before being brought back to this committee for final approval and publication with the Statement of Accounts at the end of July.**

### **30 KPMG External Audit Technical Update**

Michael Hudson, Associate Director for Finance, introduced the technical update which summarised the national issues, and highlighted how the Council has responded to these issues.

A representative from External Audit stated that they were pleased with the level of awareness that the Council has shown in this matter.

Michael Hudson stated, in response to a question from Cllr Richard Britton, that the Better Care Fund was apportioned to authorities rather than having to be applied for.

### **Resolved**

**To note the technical update.**

## 31 **KPMG: Interim Audit Report 2014/15**

Michael Hudson, Associate Director for Finance, introduced the interim audit report for 2014/15.

In the course of the presentation and the discussion, the issues discussed included: that the external auditors had taken into account the work already undertaken by internal audit; that the Council had an effective control environment; that recommendation on areas such as ICT and access to systems had been progress; that an issue regarding documentation of controls by the internal auditors was not considered a significant weakness and was being addressed; that the Council's timetable for production of the accounts was ahead of most authorities; that the quality of the accounts was generally of a high standard; and that no significant issues had arisen from recent audit work that would impact on the interim findings.

The external auditors stated, in response to a question from Cllr Richard Britton, that work on the processes aligned to staff starting and leaving the organisation would be subsumed within existing programmes and would not incur an additional fee.

The external auditors stated, in response to a question from Cllr Richard Britton, that whilst the Council high-level disaster recovery plan was considered satisfactory it should be updated to take into account changing circumstances, i.e. the movement of services in-house; and that, whilst it was recognised that a balance should be struck, guidance to officers should be more comprehensive and detailed.

The external auditors stated, in response to an issue raised regarding the move to an assurance based approach, that this approach to internal audit work was one that they advised authorities to take, and that they did not anticipate any issues arising from this change.

### **Resolved**

#### **To note the Interim Audit Report.**

## 32 **Date of next meeting**

The meeting noted that the next ordinary meeting of the Committee would be held on 29 July 2015.

(Duration of meeting: 10.30 - 11.38 am)

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