

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 26 APRIL 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman),
Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans,
Cllr Edward Kirk, Cllr Pip Ridout, Cllr Mike Sankey and Cllr Martin Smith

12 **Apologies**

Apologies were received from Councillor Nick Botterill (Cabinet Member for Finance) and Councillor Antonio Piazza.

13 **Minutes of the Previous Meeting**

The minutes of the meeting held on 8 February 2023 were presented for consideration and it was,

Resolved:

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

14 **Declarations of Interests**

There were no declarations of interest.

15 **Chairman's Announcements**

The Chairman made the following announcements:

- **Statement of Accounts 2019/20 update**

The audit of the 2019/20 Statement of Accounts remained open and the accounts remained unsigned. This was disappointing for all. Further work was required on finalising the accounts including the provision of robust evidence to support the representations required to be made by management to the auditors. This was due to the breadth and scale of errors and misstatements that had been identified as part of the quality assurance work undertaken by the council and the audit work performed by Deloitte. Work to progress the completion of all aspects of the accounts and audit continued and continued to be a top priority for both the council and Deloitte. Deloitte were required to report independently to the committee and a report would be circulated to the committee in the

following weeks accompanied by a response and action plan from officers. The subsequent impact on the remaining outstanding accounts and audits continued to be assessed and was a focus for the teams, so that a conclusion to the outstanding accounts and audits could be drawn as efficiently and promptly as possible.

In response to questions, it was confirmed that the Deloitte report and council response and action plan should be circulated by 19 May 2023. It was further confirmed that Deloitte would finish all sets of accounts being worked on prior to them handing over to the new auditors.

- **Independent co-opted member update**

An independent co-opted member was appointed to the Committee prior to the February meeting. Unfortunately, they were unable to take up the role due to a change in circumstances. Another recruitment and selection process had been undertaken, but unfortunately this had been unsuccessful, and no appointment was made. The situation would be reviewed by lead officers and an update brought to the July meeting.

- **Wiltshire Pension Fund audit update**

At the last meeting of the Committee, Members requested assurance from the Wiltshire Pensions Fund Committee regarding the two limited assurance audits relating to the Pension Fund and it was requested that the Chairman of WPFC attend at Audit at Governance to provide assurance. The Chairman of WPFC provided a response which was read to the meeting. This stated that the Pensions Committee was very aware of the shortcomings in some aspects of pensions administration and was closely monitoring the various workstreams of a recovery plan which was well in hand. Andy Brown (Corporate Director Resources & Deputy Chief Executive (S.151 Officer)) was to deliver to the committee a major report on improvements and further recovery actions in five months' time. In the meantime, the Pensions Fund Committee took some satisfaction that SWAP had already upgraded their "No assurance" assessment on Financial Controls over the payroll reconciliation project to "Partial Assurance" and they were confident of seeing a further improvement in due course.

16 **Public Participation**

There were no public questions or statements received.

17 **Accounting Policies**

Lizzie Watkin (Director of Finance and Deputy s151 Officer) presented a report on Accounting Policies. This was an annual report so that the Committee could consider the Accounting Policies. There had been two small amendments to the Accounting Policies which were approved last year, these involved infrastructure assets (page 23 of the agenda) and explicit information regarding consolidation of Stone Circle Accounts (page 27 of the agenda). The officer

requested that the Committee, as those charged with governance, approve the Accounting Policies.

Cllr Adrian Foster highlighted a Stone Circle Governance meeting that he had been going to attend which was cancelled. Andy Brown (Corporate Director Resources & Deputy Chief Executive (S.151 Officer)) stated that the meeting had been to consider the Stone Circle Business Plans, some amendments were to be made to the plans and the meeting would be rescheduled.

Following consideration, it was,

Resolved:

To approve the Accounting Policies for the financial year 2022/23.

18 **Internal Audit updates**

Sally White (SWAP) presented the Internal Audit updates.

Regarding the Internal Audit Annual Opinion for 2022/23, an opinion of Reasonable Assurance was given. Pensions Payroll Reconciliation work had been outsourced to speed up progress. Quarterly meetings were being held regarding Pensions Key Controls. An audit tracker had been appended to the report. Monthly meetings were scheduled with officers to discuss progress against audit actions and consider any additional work which may be required. SWAP would report back to the Committee until they felt that risks had been mitigated.

The SWAP representative highlighted page 38 of the agenda which showed a summary of audit work by type. Also highlighted was page 41, new processes regarding follow up were continuing and there had been no instances in 2022/23 where a control weakness was brought to the attention of senior management and a decision was made by them to accept the risk and not implement remedial action. Pages 42 – 46 of the agenda detailed work undertaken during the previous year.

In response to a question from Members on the coverage of risks (page 37 of the agenda), the SWAP representative explained that work was planned in some of the areas. SWAP would be taking a more risk based approach going forward and that work would be scheduled across any gaps.

The SWAP representative then gave details regarding the approach to Internal Audit planning for 2023/24. SWAP were moving towards a continuous rolling plan approach, so would not present an annual plan. This approach would be more dynamic and enable planning in response to progress.

Members of the Committee had been invited to log on to an audit board portal, which provided a live view of the audit plan and proposed future work. This would be updated regularly allowing Members to self-serve and access the most up to date information.

In response to a question on whether Internal Audit work was prioritised by a proportion of spend, for example Adult Social Care which took a large amount of the council's budget, it was stated that work was risk assessed based on the council's strategic risk register, service risk registers and performance data. They did look at areas where there was large spend.

The risks surrounding Adult Social Care and whether the council's budget would cover those risks were discussed at length. It was explained that the council's budget was set using the Bank of England CPI assessment which stated that inflation would drop to 2% by the end of the calendar year. This was currently looking unlikely. There was a section within the budget papers that went to Full Council on 21 February covering these matters. Within the budget monitoring cycle, the Financial Planning Task Group looked at the budget and reserves to ensure councillor oversight. There was risk but it was managed. SWAP stated the 2 audits had been undertaken in 2021 around Adult Social Care (the 'Good Lives Alliance' and 'Help to Live at Home') and one was planned called 'Living my life' which was around the procurement process undertaken.

In response to questions about schools audits it was explained that SWAP were looking at more efficient ways to conduct school audits, for example looking at specific themes across a number of schools, rather than conducting a whole school audit. It was clarified that the council were only responsible for local authority maintained schools and not academies. The local authority still had relationships with academies and other non-maintained schools, and they attended Schools Forum, but Wiltshire Council were not responsible for them. The council was however responsible for the education of children and school place provision. The governments white paper on academisation was discussed and the council would react to that when required and appropriate. The drop in birth rate was also discussed which could lead to an over provision of school places, modelling was being undertaken by the Education Service to support decisions.

At the conclusion of the discussions, it was,

Resolved:

- **To note the Internal Audit Annual Opinion Report 2022/23**
- **To note the Approach to Internal Audit Planning 2023/24**

19 **Governance update on AGS 2022 actions**

David Bowater (Senior Corporate Manager) presented the Governance Update on the Annual Governance Statement (AGS) 2022. The update covered progress in terms of delivering on actions identified in the AGS 2022. It was explained that there was a corporate governance officer group where matters were monitored and discussed.

Two areas from the report were highlighted. This included the developing approach of regulators and the Department for Education (who were currently

conducting a consultation) on currently unregulated supported accommodation, which had implications for council delivery for vulnerable young people. Implications of this were being worked through and would be added to the AGS 2023.

Also highlighted was the Corporate Peer Review which the council had recently taken part in. The governance of the council was looked at and comments were positive.

The appendix to the report RAG rated progress against actions.

There were no questions from Members, and it was,

Resolved:

To note the current status of the improvement actions identified in the AGS, as set out in appendix 1 to the report.

20 **Corporate Risk update**

Catherine Pink (Corporate Support Manager) presented the Risk Management Update.

It was stated that the new corporate risk process had been running for a full financial year now. There had been a change in officer support with Catherine Pink taking over from the previous officer in January 2023. Risk was reported quarterly to Cabinet.

The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council's Performance and Risk Management Policy, was to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) was the responsibility of the Overview and Scrutiny Management Committee (OSMC).

The Performance and Risk Management Policy was agreed in 2019 and would be reviewed and updated in the next 6 months. The review would take into account recommendations resulting from the current internal audit.

In response to questions, it was explained that the prescribed appetite for risk was set by Cabinet. There was an overall score for risks, above which they would not be tolerated. This varied dependent on the risk. Members requested that the appetite for risk be reviewed by the Committee at a future meeting.

Members highlighted and discussed the unusual circumstances of the last few years in terms of risk, for example Covid, inflation and war in the Ukraine and Sudan. Officers stated that hindsight was a wonderful thing, when assessing risk one could only go on the data and evidence available at the time. It was likely that there would be unexpected events that would occur which would

change service demand. From the risk register one had to focus on risks that could be controlled or mitigated for.

At the conclusion of the discussion, it was,

Resolved:

- **To note the report**
- **To request that the reviewed Performance and Risk Management Policy be brought to a future meeting of the Committee.**
- **To request that the appetite for risk was brought to a future meeting of the Committee.**
- **To request that updates on the risk management process be looked at by the Committee annually going forward.**

21 **Forward Work Programme**

The Forward Work Plan for the Committee was presented for consideration, and it was,

Resolved:

To note the FWP and add any items to the plan as requested by Members during the meeting.

22 **Date of Next Meeting**

It was announced that the next regular meeting of the Committee would be held on 25 July 2023.

23 **Urgent Items**

There were no urgent items.

24 **Exclusion of the press and public**

The Committee considered whether or not to hold the next item in closed session and it was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 14 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

25 **Network Boundary Defences Audit and Disaster Recovery**

The Committee received updates on the Network Boundary Defences Audit and the Disaster Recovery process. It was,

Resolved:

To accept the proposed high-level plan, and status update following the recent boundary audit.

(Duration of meeting: 10.30 am - 12.30 pm)

The Officer who has produced these minutes is Tara Hunt of Democratic Services, direct line 01225 718352, e-mail tara.hunt@wiltshire.gov.uk

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