

## Audit Committee

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### MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 7 NOVEMBER 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

#### **Present:**

Cllr Richard Britton (Chairman), Cllr Stewart Dobson (Vice-Chairman),  
Cllr Edward Kirk, Cllr Tony Jackson, Cllr John Walsh and Cllr Peter Evans (Substitute  
- Part II)

#### **Also Present:**

Cllr Simon Jacobs and Cllr Philip Whitehead

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#### 63 **Apologies**

Apologies were received from:

- Cllr Gavin Grant
- Cllr Andy Phillips
- Cllr Ian Thorn
- Cllr Stuart Wheeler

Cllr Stuart Wheeler was substituted by Cllr Peter Evans.

Apologies were also received from Robin Townsend, Director of Corporate Services.

#### 64 **Minutes of the Previous Meeting**

The minutes of the meeting held on 24 July 2019 were presented for consideration and it was,

#### **Resolved:**

**To approve as a correct record and sign the minutes of the meeting held on 24 July 2019.**

#### 65 **Declarations of Interests**

There were no declarations of interest.

## 66 **Chairman's Announcements**

The Chairman made the following announcements.

- The Chairman stated that at the last meeting the committee had been told that the accounts were complete apart from some minor presentational issues. However, the accounts had not yet been signed off. Therefore, the Chairman invited those present to give further details regarding the situation.

Cllr Philip Whitehead, Leader, explained that the accounts had been completed, however Deloitte had not been happy with the way Wiltshire Council recorded assets. Although the net book value of assets would remain the same, costs had been understated and appreciation overstated. Although this would make no difference to the balance sheet these figures were being corrected which, with over 10,000 assets, had created a very large volume of work. Software was procured to help with this, but due to the size of the asset base problems were encountered. Deloitte had received the re-worked figures and were now checking these.

In response to further questions it was stated that there was no definite date set for sign off of the accounts. The finance team was working hard with Deloitte to resolve the situation. It was not known why KPMG recorded figures differently, however Deloitte followed the code. There were in house cost implications to Wiltshire Council and costs from Deloitte as a result of the situation.

- The Chairman announced that the report for agenda item 6, the Q2 Internal Audit Report had been withdrawn and then republished. Ian Gibbons, Director, Legal, Electoral and Registration Services stated that there was a section within the report that did not have a management response to explain remedial actions. There were further issues that also needed consideration. After consultation with the Chairman and SWAP those items were removed from the report and would be brought back to the committee at a future meeting with a covering report. There had been a breakdown in systems which resulted in this issue. In order to prevent such problems occurring in future, there would now be a quarterly meeting with SWAP and CLT so that reports could be approved prior to publication.

The Chairman stated that the quarterly meetings were a good solution to resolve communication issues.

- Regarding agenda item 13, the Corporate Governance Update, the Chairman announced that the Audit Committee was concerned about the oversight members of the committee had on corporate governance. Cllr Dobson and the Chairman had met with governance team. It had been agreed that the committee would see quarterly reports, in order to monitor the evolution of governance. Therefore, once in receipt of the

annual report, it was hoped that the committee would be familiar with the main contents and progress made. It was felt that this was a good step forward.

## 67 **Public Participation**

The Chairman welcomed all present. He then explained the rules of public participation and the procedure to be followed at the meeting.

No questions had been received from councillors or member of the public.

## 68 **Q2 IA Report**

Charlotte Wilson, SWAP, introduced the report noting the summary of audit options on page 16 of the agenda pack, the majority of the work undertaken had a reasonable assurance option. The main contents of the report were summarised. SWAP were conducting a review of all outstanding recommendations to determine if they were still relevant and they would either action or close as necessary. SWAP noted their performance in relation to the current audit plan, with approximately 60% of work in progress or completed. SWAP were on target to complete the audit plan as agreed. Outstanding priority recommendations were also detailed in the report.

In response to questions it was noted that:

- Some recommendations had not been completed within 120 days. These may have been superseded, which was why they were to review all recommendations to see which were still relevant. Ideally recommendations should be completed within the target date or 90 days, it was hoped these would be reviewed more regularly going forward. It was suggested that a review of recommendations could be added to the agenda for the quarterly CLT meeting with SWAP and it was hoped that this might improve the situation. The Chairman felt this would be helpful as outstanding recommendations were starting to build up.
- It was noted that there was a typing error on page 7 of the report (page 19 of the agenda pack) where the draft reports issued within 10 working days figure was stated at 182%. SWAP apologised for the error.
- It was noted that the recommendation regarding invoicing was still outstanding. SWAP stated that this was at category 1 and that they would liaise with CLT at the quarterly meeting to ensure that this was actioned.
- SWAP would request reports from HOS or Directors in accordance with the timeline of the new quarterly CLT meetings, to ensure that responses could be received either prior to the meeting or at the meeting.
- A new financial system was being implemented to deal with ordering and invoices.

**Resolved:**

**To note the Q2 IA report 2019/2020.**

69 **SWAP - Public Sector Internal Audit Standards Assessment**

This agenda item was deferred to the next meeting.

The Chairman stated that although this item was being deferred to the next meeting, it was kept on the agenda in order to highlight that the committee were still waiting for the report.

SWAP confirmed that the report would be ready for the next meeting in February.

70 **Risk and Performance Management Policy - Update on the Implementation of the Policy**

The report on Risk Management was presented to the meeting.

**Resolved:**

**To note the report.**

71 **Service Area Risk Register - Children's Services**

The report was introduced by Lucy Townsend, Director Families and Children's Services who explained that her directorate offered frontline services to families and children. Due to the nature of the work it was high risk and the service dealt with risk issues on a daily basis. The risks were owned and managed by herself and the relevant heads of service (HOS).

The tables in the service area risk register were summarised and the officer explained that they tried to use the past to predict future risks. The service looked at how they could mitigate risks and there were structures in place to ensure they managed the risks, including managing performance and scrutiny functions. These included scrutiny committee's such as the Children's Select Committee, along with peer reviews and Ofsted inspections. Risk were reviewed quarterly and the narrative updated, although they were aware of risks every day.

In response to questions it was stated that:

- Making false accusations was not recorded as a risk as there was no evidence to suggest that the service did make false accusations. Disputes may arise, however this was managed as part of their usual workload.
- Each category had different risks and there were greater risks in certain categories.

- The quarterly risk review process was part of a bigger agenda. Senior officers in the service met fortnightly to discuss risks amongst other things and if anything was flagged as urgent this would be discussed outside of meetings as the need arose.
- External scrutiny was in the form of standing committees such as Children's Select Committee, the Corporate Parenting Panel and the Safeguarding Children and Young People Panel. They were also assessed by Ofsted and their peers.
- The Individual Service Risk Register as opposed to the Corporate Risk Register was discussed. Individual service risks may go on to the Corporate Risk Register if the risk might become an issue or impact on the whole council (for example safeguarding children). Service risks could also become a component of a corporate risk (for example recruiting and retaining the correct staff). What was on the Corporate Register was up to CLT who assessed risks quarterly. The process flowed upwards, so HOS would flag a risk that may be significant to the whole council.
- It was explained that the direction of travel indicator was in comparison to the last quarter.

**Resolved:**

**To note the report.**

The Chairman thanked the officer for the update.

The Chairman requested that the committee receive a similar update from a different service at the next meeting. It was suggested that the update be from a non-people facing service so that the committee could see how they compared.

72 **Outcome Based Business Planning**

Toby Eliot, Corporate Support Manager, updated the meeting.

The Council was looking at how the organisation planned activity over a number of years. They were looking at moving away from a service based model to an outcome based model.

The project started in the summer and was looking at outcome based, cross service, resourced delivery plans. There would be a new corporate performance matrix framework. Staff appraisals would now be outcome based and linked to corporate outcomes. There was an aim to realign relationships with communities.

There had been some positive workshops held and proposals would go back to CLT and to Cabinet. Some pilots would be held in the new year to understand how to plan budgets around outcomes.

Cllr Philip Whitehead stated that this was a key piece of work. Currently budgets were set by services looking at what they currently spend and trying to reduce amounts. However, we could look at it instead by asking what do want to achieve? Then assessing whether we are achieving it by measuring outcomes.

In response to questions it was stated that:

- The Audit Committee would have the opportunity to inject their thoughts into the process after the budget process. This was to be added to the FWP.
- Costing outcomes was not easy. This was why pilots were planned looking at achievable outcome processes. It was hoped that budgets could work by service and outcome.

The Chairman thanked the officer for the update and wished every success to this important and ambitious project. It was hoped that the Audit Committee could monitor the project.

#### 73 **Appointment of a S151 Officer**

Cllr Simon Jacobs updated the meeting stating that significant progress was being made in finding a full time S151 Officer.

#### 74 **Task and Finish Group**

The Chairman referred the meeting to the agenda report and gave an update. A Task and Finish Group had been organised to look at a CIPFA recommendation that audit committee's should have co-opted members.

The report concluded that there was no evidence that the CIPFA recommendation was being widely adopted.

It was suggested that for the current time no further action would be taken, but that this issue be reconsidered after the local elections in 2021.

It was also noted that some of the larger unitary authorities audit committees had a wider role rather than simply 'audit', many seemed to cover audit and governance. It was also felt that this should be kept under review with a view to formally expanding the terms of reference of the audit committee.

Ian Gibbons, Director Legal, Electoral and Registration Services stated that in the terms of reference there was already an oversight of the council's corporate governance. It was felt that the new quarterly governance review was a good start towards this.

The Chairman stated that he felt that member involvement was missing and that as the Audit Committee looked at the annual governance statement they needed to have more oversight of governance. However, it was agreed that the new quarterly governance reviews were a good start.

**Resolved:**

**To note the report and follow the recommendations.**

75 **Corporate Governance Update**

The Chairman stated that this had already been dealt with under the previous item.

76 **Forward Work Programme**

The contents of the FWP were presented. It was noted that this was out of date and needed updating.

**Resolved:**

**To note the forward work plan, to update the FWP and recirculate once updated.**

77 **Date of Next Meeting**

The next meeting of the Audit Committee was Wednesday 12 February 2020.

78 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.25 am)

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