Wiltshire Council

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 17 OCTOBER 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:
Cllr Iain Wallis (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Pauline Church, Cllr Gavin Grant, Cllr Howard Greenman, Cllr George Jeans, Cllr Pip Ridout, Cllr Martin Smith, Andrew Geddes, Jennifer Whitten and Cllr Ross Henning (Substitute)

45   **Apologies**

Apologies for absence were received from:

- Cllr Chuck Berry
- Cllr Adrian Foster, who was substituted by Cllr Ross Henning, and
- Ian Howse from Deloitte

46   **Minutes of the Previous Meeting**

The minutes of the meeting held on 23 July 2024 were presented for consideration, and it was,

Resolved:

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

47   **Declarations of Interests**

There were no declarations of interest.

48   **Chairman's Announcements**

Statement of Accounts update

It was announced that the committee would be receiving updates from both Deloitte and Grant Thornton at the meeting on their work, (although it was noted that Ian Howse from Deloitte was unwell and therefore had tendered apologies), however it was felt appropriate to update the committee first on the legislative dates for the accounts and audit processes and completion of the backlog.

On 30th July 2024 the government announced its intentions to pursue proposals to clear the backlog and set statutory backstops to clear outstanding

accounts. The calling of the general election caused delays to parliamentary procedures to progress changes to the regulations that were required. It had now been announced that all accounts up to an including the financial year 2022/23 had a backstop date of 13 December 2024, with the accounts for the 2023/24 financial year having a backstop date of 28 February 2025, which would ensure that the processes were not affected by pre-election periods. The external auditors would explain in greater detail in their updates later in the meeting.

49   **Public Participation**

There were no public statements or questions received.

50   **Internal Audit Charter and Mandate**

Sally White, Assistant Director, South West Audit Partnership (SWAP) briefly presented the Internal Audit Mandate and Charter, which started at page 17 of the agenda pack and would be taken as read. The charter was usually brought to the Committee in April every year. However, due to the Chartered Institute of Internal Auditors (SWAP's professional body) launching a new set of standards, bringing the charter to the Committee was delayed so that the new standards could be incorporated.

Members of the Committee then had the opportunity to ask questions. In response it was explained that changes to the charter included some essential elements that the Audit & Governance Committee must undertake to support the internal audit mandate. The charter now also ensured quality. It was not that these things were not happening previously, but they were not included in the charter, so it had now been updated to include them.

In response to a further query, it was stated that the last external quality assurance assessment was in 2020. These had to be undertaken every 5 years. SWAP was being assessed again in November 2024 and the results would be brought to the Committee.

On the proposal of the Chairman, seconded by Cllr Pip Ridout, it was,

Resolved:

To approve the Internal Audit Mandate and Charter.

Note: Following approval, the internal audit mandate and charter was signed by the Chairman, and the signed version is appended to these minutes.

51   **Internal Audit update report**

Becky Brook, Principal Auditor, SWAP, presented the internal audit update report, which started at page 25 of the agenda pack and would be taken as read.

Headlines included that SWAP were reporting 5 limited assurance audits, these were:

- Landlord compliance fire safety – general fund assets, this was also a significant corporate risk to the organisation, and SWAP would work with the service until there was improvement.
- Procurement processes
- Accounts payable – post Oracle go live
- Accounts receivable – post Oracle go live, and
- Main accounting – post Oracle go live

Details on these limited assurance audits could be found at pages 33 – 37 of the agenda pack.

There was no update on the ICT Network Boundary Defences audit previously reported to the Committee, but SWAP would continue to monitor progress and bring any relevant updates to future meetings.

Internal audit coverage by strategic risk was detailed at page 27. There was no coverage for the Special Education Needs and Disabilities (SEND) risk, so SWAP were working with Directors to see where assessment would be most useful.

Implementation of management actions were detailed at page 30. There were now only 3 overdue actions, which had decreased from 9 in July. It was noted that this did not include actions where dates had been revised. SWAP were working with managers to make sure they considered everything relevant which may affect deadline dates.

It was noted that the 5 limited assurance audits all had their own separate agenda items later in the agenda and therefore questions on those would be taken within those agenda items.

Members queried managers revising deadline dates for management actions and why this occurred. It was stated that managers needed to be mindful when setting dates and ensure that they had considered everything. For example, if there were longer term projects as part of the action plan, these needed to be taken into consideration.

Lizzie Watkin, Director of Finance & Procurement (S151 Officer), stated that there may be some optimism bias when setting deadlines which managers then failed to realise. However, it was not thought that there were systemic issues. Officers would take this away for any management actions which had seen slippage. It was highlighted that SWAP kept a watchful eye on this and would challenge the position to push dates back, as well as reporting any concerns to the S151 officer.

Coverage of strategic risks was discussed further. Members were uneasy about the lack of coverage for the SEND and Climate Impacts risks. SWAP stated that these were strategic risks as assessed by Wiltshire Council and details were

available in the papers for Cabinet. In relation to the lack of internal audit coverage, timing came into it. The Climate Impact risk was not above appetite on the risk register. SWAP met with the Director of Finance and Procurement (S151) and the Director Legal and Governance regularly to talk through potential work to mitigate risk.

Lizzie Watkin explained that with regards to the SEND risk that the council had signed up to the Safety Valve agreement so there had been lots of work and scrutiny in that space. Discussions were being had on the correct time to bring in internal audit. It was a challenge and would be ongoing. It was hoped that they could get some coverage from internal audit in the next year or so which would bring value.

Perry Holmes, Director Legal and Governance, stated that all the risks on the strategic risk register were being treated. There were two-way discussions with SWAP regarding that. All risks had been reassessed under the new risk management framework, and risk was reported on quarterly to Cabinet. The Committee were correct to query the internal audit coverage on these risks, however it was a matter for SWAP how they used their resources.

Members discussed this issue further and stated that in future it would be useful to have some context or some of the rationale as to why SWAP did not look at certain areas.

It was clarified that for the landlord compliance fire safety audit, it related to the general fund asset, so this was for anything council owned that was not housing.

On the proposal of the Chairman, seconded by Cllr Gavin Grant, it was,

Resolved:

To note the internal audit update from SWAP.

52   **Financial Key Controls limited assurance audits - management action plans**

Lizzie Watkin, Director of Finance and Procurement (S151), introduced the item, explaining that there had been 5 limited assurance audits since the last meeting, and the Committee would now get an update on the weaknesses identified and actions agreed. This item covered the 3 financial key controls audits, which were:

- Main accounting – post Oracle go live
- Accounts payable – post Oracle go live and
- Accounts receivable – post Oracle go live

These areas were key financial controls as they ensured the accounts were not exposed to error, misstatement or fraud, so it was very important.

Main accounting – post Oracle go live

Sally Self, Chief Accountant, presented the slides for the main accounting audit, which were also included in the agenda, starting on page 39. These detailed the findings of the audit, the actions planned in response, and progress against those actions.

Following the presentation Members had the opportunity to ask questions. A summary of topics covered, and points raised is below.

- **Finding 1: Bank reconciliations**
  In response to a question the officer clarified that bank reconciliation took place monthly. The officer explained that she had reviewed the reconciliation, however had not signed it off as was unhappy with what was presented. In response to further questions regarding this, the officer explained that she had been reviewing the reconciliation and signing it off under the old system (SAP). Following the move to Oracle, she had performed the review but had questions regarding some of the data and there was an unreconciled amount, which is why she did not sign it off. The issues had now been identified, so she could sign it off.

- **Finding 2: Monitoring of Civica cash receipting system**
  In response to a question, it was explained that when going live with a new Enterprise Resource Planning (ERP) system, there was exposure to the way data transferred between systems. Civica cash receiving into Oracle did not post correctly and there were no controls in place to identify that it was not posting correctly. So, there was risk in the early days of implementing the new system. However, it was identified, and new processes were being put in place. There was still a way to go as it was a massive task.

- **Finding 3: Suspense Accounts**
  Members expressed concerns as they felt that suspense accounts should be cleared frequently. Officers stated that there was a team working on clearing the suspense account on a daily basis, however, there were about 7000 items a day, so it was quite a task. There were performance targets, and performance was reviewed at Performance Outcome Groups (POGs) and Boards (POBs). The suspense account did not always get zeroed every day.

- **Finding 4: There is no Finance Manual in place**
  Officers explained that not everyone in the council had finance responsibility, but there were quite a lot of devolved systems in many different services, which is why a central manual for anyone that required it would be useful. There were many different guides, however these were not all contained in one place. So, most of the content existed, it just needed to be pulled together. Updates were also required due to transferring to Oracle. It was anticipated that a first draft would be available by the end of the year.

In relation to this, as Oracle had now been in place for nearly a year, Members queried whether processes were developed in conjunction with Oracle and these had guides which were scattered in more than one place, or whether the processes and guidance was being developed retrospectively. Officers stated that they were there on the whole but scattered. There were user manuals for Oracle. Some processes had to be redeveloped following go live and some processes were outside the system, so it all needed to be brought together and be accessible to anyone. Members queried the non-compliance, and officers stated that really this was a technicality. All the documentation was there, it just needed to be brought together.

- **Finding 5: Inadequate User Access Roles for Users on Oracle**
  Members queried segregation of duty, authorisation limits and dual authorisation for payments and certain tasks. Officers explained that this finding referred to being able to run processes on Oracle, and that nothing untoward had been found. Accounts payable did have inherent system controls based on position, management level et cetera.

- **Finding 6 - No appropriate processes and records for the Direct Debits the Council has agreed to accept**
  In response to questions officers clarified that this referred to payments out. Some suppliers would only accept direct debits. The council had experienced issues with a bank processing direct debits where they did not have a signatory on the direct debit. If that happened, it would get refunded immediately. This highlighted why reconciliation was so important.

- **Finding 7- Inconsistent format for the Journal Control Checks report**
  In response to questions officers clarified that individual services could not raise journals. That responsibility sat with finance. Issues had been more about the style of the reports in Oracle as they looked different to previously. Members felt that it did not matter whether we were using SAP or Oracle, this had been discussed before at the Committee and there should be a system of control in place for all journals. Officers explained that there was a consistent approach and documentation in Oracle. Only experienced finance staff processed journals. There was also now a 2 stage process to approve journals. This is what had been discussed in the past at the Committee.

- **Finding 8- Reconciliation between the Civica system and the Civica Suspense Account for the year end on 31st March 2024.**
  This related to the timing of files running on Civica. It was slightly tricker in Oracle to identify outstanding items. Issues had now been resolved.

Accounts payable – post Oracle go live

Sally Self presented the slides for the accounts payable audit which were also contained in the agenda from page 51.

Members stated that the actions all looked like improvements to controls and queried whether there were any actual discrepancies or fraud uncovered.

Lizzie Watkin explained that the audit had found weaknesses in the controls or controls not in place that should be. No instances of fraudulent activity were uncovered. Furthermore, it was high risk going to a new ERP. There had been some confusion in the early days, and then there were bits of the system that did not work as expected. This was all about the additional controls to ensure the council had all the checks and balances in place, the officer gave assurance that nothing concerning was found.

In response to a question as to what Redwood was, it was explained that this was the user interface when you log into oracle.

Accounts receivable – post Oracle go live

Sally Self presented the slides for the accounts receivable audit which were contained in the agenda from page 61, highlighting that the processes were very different in Oracle to how it had been in SAP.

Members questioned whether the issues that had been identified were just since Oracle has been implemented, or whether this had possibly been missed by internal audit previously. Furthermore, they questioned whether there had been more focus on the IT implementation of Oracle than on basic financial controls.

Lizzie Watkin explained that the change of ERP had highlighted some issues. People were previously very familiar with the process, how they did things, and what was expected. The change of ERP had changed everything, the data looked different, the flow was different, and people were caught off guard in relation to key financial controls and why they undertook certain processes. These audits had purposefully looked at these areas. It had been a learning process for everyone. Did people understand why they did what they did? The answer was not consistently across the board.

Becky Brook, SWAP stated that they have a process of continuous audit, so this had been looked at quarterly. The additional areas identified since the implementation of Oracle pushed the outcome of this audit to a limited opinion. However, some of the issues had been in existence previously. Officers would have been given management actions, even if it was not reported as a limited assurance audit. SWAP also explained the timeline and thought process in relation to this audit.

Members noted that many of the management actions were related to improving process and policy and highlighted that many of the findings were related to people. They queried whether there were any actions related to training and if so whether there was the capacity to deliver it. Officers confirmed that teams were working through providing documents and training, particularly in relation to accounts receivable. The change of ERP highlighted the need for

not just systems training but also training on principals and core fundamentals. A lot of work had been undertaken around the Chartered Institute of Public Finance and Accountancy (CIPFA) framework and competencies, so that staff know what is expected. Officers were also working with training colleagues and speaking to HR about core expectations for managers. Members requested that updates on how the training was going be brought to future meetings.

The lack of a finance manual was discussed in further detail, with SWAP explaining that this had been flagged previously, with an action related to that since 2018/19. It had been thought that swapping to the new ERP would solve this as new documentation would need to go with the new ERP. However, it had been nearly a year since the implementation of the new ERP and this action had not yet been completed, which is why SWAP were flagging it now. Lizzie Watkin stated that they had been aware of this for some time, however due to the upcoming implementation of Oracle, it did not make sense to compile all the information until that had been rolled out. Risks were mitigated for. However, at this point, it should be in place. The officer needed to focus on the here and now and on how best to use her resources. It was a risk, but not as significant as some of the other risks being presented today. This Committee must have oversight and hold officers to account to ensure that they were mitigating risks and addressing issues. This was part of the process and the value that could be gained from internal audit.

Members raised concerns regarding debt recovery and queried when the Corporate Debt Recovery Policy was last reviewed. Officers thought that this was in 2015. It would be reviewed as part of bringing together the finance manual. Members questioned whether there was a log for policies and how the council ensured that they were kept up to date. Officers explained that the finance manual should refer to all the additional policies. The organisation did not change significantly in terms of its business, although the environment it was operating in could. Officers felt that they should commit to review polices every 2 years. Members hoped that it would be possible to look at the policy review process at a future meeting, and requested it be added to the Forward Work Plan for the Committee.

Some Members congratulated officers for what they were doing and felt that they were doing the best they could in a difficult situation. They felt there were capacity issues and not enough resources.

Cllr Nick Botterill, Cabinet Member for Finance and a non-voting Member of the Committee, was in attendance virtually. He highlighted the free and frank discussion which had taken place, and the importance of shining a light in these areas. He also stressed the monumental task which migrating to Oracle was. The process had caused issues as some councils and had even been a factor in Birmingham City Council issuing a section 114 notice. However, the council did have to upgrade systems. The fact that they had got to the business-as-usual stage was a reflection of the quality of the senior leadership and teams that were working on this. The audit process was helpful and helped us to pull everything together.

Members discussed a proposal, and following proposal by the Chairman, seconded by Cllr Martin Smith, it was,

Resolved:

- **To note the presentation and management action plans in relation to the financial key controls limited assurance audits, and**

- **To request the Committee receive an update from officers in relation to the training programme being rolled out associated with these financial key controls limited assurance audits.**

53 **External Audit Progress Report**

Liam Royle, Public Sector Audit Manager, Grant Thornton and Jackson Murray, Director, Public Sector Audit, Grant Thornton, presented the Wiltshire Council and Pension Fund external audit progress report.

The representative stated that in the last update at the July meeting, it was stated that the intention was to bring the 2023/24 audit plan to this meeting and there was an indicative audit plan in the appendix to the report. This showed what work would have been undertaken. However, Grant Thornton were not going to be able to undertake the 2023/34 audit, as there was not enough time before the backstop date of 28 February 2025 to do the audit and publish the accounts. So those accounts would receive a backstop disclaimer opinion. It was highlighted that Grant Thornton did want to undertake the audits, although there were clearly going to be caveats around what the audit opinions might mean. They would like to give assurance where they could, as this would give a better starting point for 2024/25. There was an impact from draft accounts preparation for the preceding years so there had been some difficulty in progressing work that they could have done this year.

Grant Thornton had made some good progress in the pension fund audit and hopefully they would bring the final pension audit to next meeting. Materiality had been reduced and was lower than normal due to the anticipated backstopping of prior periods. There would be a £15,000 fee variation for additional work undertaken. Also, a smaller variation of £3,765 would be raised as the Public Sector Audit Appointments (PSAA) had not included this. The pension fund audit would get signed off alongside the main Wiltshire Council accounts, and therefore was delayed as they could not issue opinions on those until they were issued for the main accounts.

Grant Thornton had also been engaging with Deloitte regarding the outstanding audit opinions.

The backstop date of the 13 December 2024 for the accounts up to 2022/23 was highlighted and it was stressed that in order for that to happen the 2022/23 accounts would need to published for 30 days ahead of consideration, so would need publishing soon. The draft 2023/24 accounts would need to be published mid-January 2025. A letter sent to the Chairman of the Committee explaining

the situation in further detail was highlighted and could be seen at page 105 of the agenda.

It was stated that 5 years of no assurance external audits was significant to come back from. This could make the 2024/25 audit difficult as how could they gain assurance? It normally took about 3 years to get back to a clean audit opinion. The regulatory bodies were trying to work out details as to how things would work.

The Chairman called a recess at 12.50pm. At which point Cllrs Howard Greenman, George Jeans and Pip Ridout left the meeting due to other commitments.
The meeting reconvened at 1.00pm.

Members queried the reduction in the level of materiality. In response it was explained that this was not the only audit where Grant Thornton had been unable to bring forward assurances from previous years and for all of those audit's materiality had been reduced. For Wiltshire Council, Grant Thornton had to take into consideration the statutory recommendations by the previous auditor, the 4 years without assurance, and the limited assurance internal audits coming through. There was a scale auditors adhered too. Due to the circumstances described above, Wiltshire Council was at the bottom of that scale. Significant risks had been identified. Expenditure was a significant risk, which had been raised by Deloitte and would have been raised in the 2023/24 audit.

It was confirmed that Grant Thornton saw all of SWAP's internal audit reports when they were issued. However, they could not rely directly on SWAP's work but would have to undertake their own work. So, there could be some areas of duplication, but external auditors tended to look through a slightly different lens, as it was all about the financial statements.

Members commented that they found the aggregation of the Wiltshire Council and the Pension Fund audits slightly unhelpful.

On the proposal of the Chairman, seconded by Cllr Stuart Wheeler, it was,

Resolved:

To note the Wiltshire Council and Pension Fund external audit progress report.

54 **External Audit planning report on the 2020/21, 2021/22 and 2022/23 audits**

The Chairman explained that Ian Howse of Deloitte had been due to present the external audit planning report for the 2020/21 to 2022/23 audits. Unfortunately, however, Mr Howse was unwell and had tendered apologies, so the report would be taken as read.

At the Chairman's invitation Lizzie Watkin, Director Finance and Procurement (S151) explained that the report was in relation to the outstanding Statements of Accounts (SoAs).

There was a date in the calendar for an extraordinary meeting of the Committee to consider the accounts. It was stated that this meeting would likely need to be moved back to the first week of December so there would be time to get the accounts published (for the public inspection period) ahead of the meeting. Mr Howse would be at that meeting. The council were expecting a backstop disclaimer opinion on all 3 sets of accounts to be considered at that meeting, and now for the 2023/24 accounts as well, which was disappointing.

On the proposal of the Chairman, seconded by Cllr Stuart Wheeler, it was,

Resolved:

To note the external audit planning report on the 2020/21, 2021/22 and 2022/23 audits, from Deloitte.

55   **Stone Circle Annual Governance Update**

Perry Holmes, Director Legal and Governance, presented the Stone Circle Annual Governance update.

The officer explained that this report was about the governance framework around Stone Circle. It was not about the performance of the companies, although some details regarding performance had been provided for information. The governance framework involved Cabinet, the Cabinet Shareholder Group, the Audit and Governance Committee, and now Scrutiny had got involved as well. The companies had Board meetings, and a Wiltshire Council director was on the Board. The council Business Plan encouraged the company to own more houses which supported the Business Plan objective to grow the economy by facilitating the provision of affordable homes and developing new housing on public land.

Members were pleased to see the governance framework that was in place and the involvement of scrutiny. It was noted that the investment of £42 million was becoming significant and Members queried what was being done to protect that investment for the benefit of Wiltshire.

The officer explained that by adopting a best practise governance framework as described in the report, this was the best way to protect the investment. There was regular contact with the company's directors, quarterly shareholder group meetings and their aim was to look at what the council was getting for the investment and whether it was safe. The portfolio included 168 houses, which were rented, and the rent was sufficient to cover the debt. The model was similar to the Housing Revenue Account (HRA). There was more risk in building houses to sell, however there was a housing need, so there was a market. The company could also sell the houses back to the rental company to rent out.

Members questioned whether there was any customer/tenant involvement or engagement, similar to that within council housing stock. The officer stated that the company had a significant interest in managing that relationship. The council had a very skilled set of colleagues who managed the relationship with HRA tenants. Stone Circle had some learning to do in this area and this was encouraged.

Members queried whether the Corporate Director Resources leaving Wiltshire Council would affect the governance arrangements for the companies and who would take on the lead role. The officer explained that the Chief Executive would seek to appoint an interim Corporate Director Resources, however for now, the Director of Finance and Procurement could act up in that regard. Also, the Director Adult Social Care was on the Board. Members expressed concern for the workload of the Director of Finance and Procurement.

The Chairman stated that there were 2 proposals within the report, these were that the Audit and Governance Committee:

1. Note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2023.

2. To comment and make suggestions on the future governance framework for the Stone Circle companies as they see fit.

The Committee did not have any formal comments or suggestions and therefore, on the proposal of the Chairman, seconded by Cllr Gavin Grant, it was,

Resolved:

To note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2023.

56 **Landlord Compliance Fire Safety - General Fund Assets - Action Plans**

Ashley Byers, Interim Head of Health and Safety and Nick Darbyshire, Head of Strategic Asset & FM gave a presentation on the Landlord Compliance Fire Safety - General Fund Assets action plans, the presentation is appended to these minutes.

In addition to the presentation, the officers explained that when the audit was undertaken, within the vast majority of Wiltshire Council sites, the local responsible person idea was well established and there were no weaknesses in the main buildings, such as hubs and leisure centres. However, there were a few pockets were there was some ambiguity. Those gaps were now being filled and there were clear lines of responsibility.

In response to questions, it was explained that there was a fire risk assessment programme, and these were usually undertaken every 3 years, unless there had

been a major change to the building. When the audit was undertaken, the fire risk assessor was on sick leave, which was unfortunate timing. However, it did identify fragility in the system that was previously in place. They could have commissioned an external provider.

It was explained that SWAP had not undertaken this specific audit before, but they had completed a premises health and safety audit in 2019, which had included fire safety. Some of these points had been identified in that audit.

Officers confirmed that fire drills were undertaken in all major buildings, however, there had been a weakness in recording that. There were some properties where drills were overdue, and they were working quickly to rectify that.

In response to a question regarding policies and practices for sites owned by third party contractors, such as some recycling facilities, it was stated that this would be covered within the contract management process. Furthermore, there was a high degree of assurance for council owned schools.

It was explained that the Health and Safety policy was due for a review in September 2024, the new draft was nearly finished and would follow the correct internal processes for policy approvals. In response to a question, it was confirmed that there was a Health and Safety policy prior to the current one, the officer was unsure why the date of issue was September 2023, this was possibly because it was radically reviewed. Members again stated that they would like the policy review process to come to a future meeting.

On the proposal of the Chairman, seconded by Cllr Martin Smith, it was,

Resolved:

To note the presentation and management action plans in relation to Landlord Compliance Fire Safety - General Fund Assets - Action Plans.

Jennifer Geddes and Cllr Stuart Wheeler left the meeting at 2.10pm.

57 **Procurement Action Plan**

Deborah Bull, Head of Procurement, gave a presentation on the Procurement action plan, which was also included in the agenda pack, starting on page 171.

Following the presentation there were no questions, and on the proposal of the Chairman, seconded by Cllr Ross Henning, it was,

Resolved:

To note the presentation and Procurement Action Plan.

58 **Forward Work Programme**

Members discussed the Forward Work Programme (FWP) which started at page 185 of the agenda. It was requested that the policy review process was added to the FWP. Members also wanted progress updates on all the action plans discussed at the meeting.

Officers advised that SWAP would follow up on all the audits and action plans and update the Committee.

On the Chairman's proposal, seconded by Cllr Gavin Grant, it was,

Resolved:

To note the FWP with the addition of the policy review process.

59 **Date of Next Meeting**

There was an extraordinary meeting scheduled for 28 November 2024, to consider the Statement of Accounts 2020/21 to 2022/23. However, as explained earlier in the meeting, this would be moved back to the first week of December.

The next ordinary meeting of the Committee would be held at 10.30am on 29 January 2025.

There would be an additional extraordinary meeting scheduled for mid-February 2025, to consider the 2023/24 accounts.

60 **Urgent Items**

There were no urgent or part II (private) items, so the Chairman thanked everyone for attending and closed the meeting.

(Duration of meeting: 10.30 am - 2.30 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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Wiltshire Council

Internal Audit Charter and Mandate

Wiltshire Council

SWAP
INTERNAL AUDIT SERVICES
Helping Organisations to Succeed

INTERNAL AUDIT CHARTER AND MANDATE

Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards™ which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to make objective assessments.

Commitment to Adherence to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The chief audit executive will report annually to the partner audit committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

Authority

The audit committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the audit committee.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

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- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Partner and other specialized services from within or outside the Partner organisation to complete internal audit services.

Independence, Organisational Position and Reporting Relationships

The chief audit executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the Service Manager Assurance and Chief Financial Officer (Section 151 Officer). This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant re-organisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfill its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

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- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter [annually] with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and annually approve the internal audit charter.
- Approve the risk-based internal audit planning process and review the live plan that is available on-line .
- Collaborate with senior management to determine the budgets, qualifications and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards.
- Review the chief audit executive's performance, provide feedback to the SWAP CEO, plus senior management and the organisation's CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Partner organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture within SWAP and Wiltshire Council.
- Report organisational behavior that is inconsistent with the SWAPs and Wiltshire Council's ethical expectations, as described in applicable policies and procedures.

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Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Wiltshire Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of a Wiltshire Council's employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- Communicate a risk-based internal audit plan to the audit committee and senior management for review.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Wiltshire Council's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management regularly as appropriate.

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- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Partner organisation and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Partner organisation's relevant policies and procedures unless such conflicts will be resolved or documented and communicated to the audit committee and senior charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee.

Communication with Audit Committee and Senior Management

The chief audit executive will report at least annually to the audit committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan (live reporting available on-line).
- Significant revisions to the internal audit plan (live reporting available on-line).
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Partner organisation's risk appetite.

Quality Assurance and Improvement Programme

The SWAP senior leadership team in collaboration with the chief audit executive / will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations

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relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and the Partner Organisation; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all of Wiltshire Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Wiltshire Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Wiltshire Council's strategic objectives are appropriately identified and managed.
- The actions of Wiltshire Council's officers, directors, management, employees, and contractors comply with the organisation's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Wiltshire Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Sammy White

Chief Audit Executive

Date

02/10/2024

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Audit Committee Chair   Date

17/10/24

Executive Director (SWAP)   Date

02/10/2024

Revised August 2024

General Fund Assets
Landlord Compliance Fire Safety Audit

Nick Darbyshire

Head of Strategic Asset Maintenance & Facilities Management

Ashley Byers

Interim Head of Health & Safety

Wiltshire Council

Audit Objective

To provide assurance that all Council-owned General Fund Assets are safe and compliant with policy and legislation in relation to Fire Safety

Audit Scope

- The Council's policy framework for fire safety checks and records to ensure compliance with the Health & Safety at Work Act and Buildings Safety Act

- Records are held to support compliance with fire safety checks

- Fire risk assessments and routine evacuation procedures are conducted and responsible persons, such as Site Managers, are appropriately trained for each site

- Management oversight, reporting of KPIs and breaches of regulations

- Contract management, monitoring and reporting, including assurance over the competency of staff undertaking the checks

Wiltshire Council

Executive Summary

There are significant gaps, weaknesses, or instances of non-compliance.

Governance, risk management and control requires improvement

Organisational Risk Assessment – **HIGH**

Wiltshire Council

Management Action Plan

Fire Safety Policy

Priority	3	**Reference**	AP#4556	**Timescale**	31/01/2025

Finding	Action
• The Fire Safety Policy applicable to the general fund assets is out of date and overdue a review.	• No progress has been made on the review of the Fire Risk policy until the wider update of the corporate H&S policy has been completed.
• This is deemed to be a low priority as the policy remains fit for purpose	• Establishment of local Responsible Persons under way
• Gaps Identified in the governance of some of the operational aspects of fire safety	

Wiltshire Council

Management Action Plan (2)

Fire Safety Records

Priority	3	**Reference**	AP#4616	**Timescale**	31/12/2024

Finding	**Action**
• A Fire Risk Assessments are recorded in the concerto system.	• Remedials Module in concerto has been redesigned.
• Remedial actions from FRAs are not individually recorded and itemised.	• FRA remedials are now entered into concerto and recorded.
	• Additional resource (2 x FTE) has been recruited into the Compliance team to carry out work

Wiltshire Council

Management Action Plan (3)

Fire Safety Officers		**Priority**	2	**Reference**	AP#4660	**Timescale**	31/12/2024

Finding	**Action**
• FRAs internally provided by Building Control via 1 FTE who is off sick at the point of the Audit • Lack of integration between provider of FRAs and updates to the system.	• Building control have allocated additional resource to clear back log • Joint work has been undertaken to improve process flow and interactions with the concerto system rather than using spreadsheets • A number of external providers have been commissioned to provide sample FRAs while considering outsourcing • Compliance and building control working on improving the quality and consistency of recommendations stemming from FRAs

Wiltshire Council

Management Action Plan (4)

Fire Safety & Evacuation Procedures	**Priority**	1	**Reference**	AP#4709	**Timescale**	31/12/2024

Finding	**Action**
• Inconsistent fire risk assessment record keeping	• H&S Policy currently under review with clear premises responsibility outlined
• Lack of consistent fire drills and record keeping	• Workbook created to record Fire Safety activity pending permanent solution
• No clear delegation or process for weekly fire testing	• Creation of **'Local Responsible Person'** & training programme
• Corporate H&S Policy does not clearly define asset related responsibilities	

Wiltshire Council

Staff	Service
Chief Executive	Chief Executive
Director of Service	Director of Service
Head of Service	Head of Service
Service Managers / staff	Service Managers / staff
Personal safety / Manual handling / Specific to roles, service, customers / training	Operational risks / risk assessments / service-related equipment, tools, PPE / training

Land/Property Asset		
Chief Executive	Chief Executive	Chief Executive
Director of Service (Main user of building)	Director of Assets	Director of Assets (Landlord)
Head of Service	Head of Corporate H&S	Head of SAM&FM
Local Responsible Person	H&S Advisers	Specialist Responsible Persons FM Technical Staff
Building H&S / Fire Safety / compliance activity / training	Corporate Policy / advice / auditing / policing / corporate training	Building compliance / servicing and maintenance / compliance training

Wiltshire Council

'Local Responsible Person' – Duties & activities

Fire Safety	- 'Fire-aware' - flammable products, build-ups of materials, sources of ignition
	- Hold copies of Personal Emergency Evacuation Plans (PEEP) for all disabled or mobility impaired staff
	- Hold copy of Fire Risk Assessment and ensure it is available to staff and contractors
	- Annual/6-monthly Evacuation Drill (supported by Corporate H&S Team)
	- Monthly 'Flick' test of emergency lighting
	- Weekly Fire Alarm Test
	- Daily visual checks of
	    - Fire Exits – ensure they are not blocked
	    - Fire Extinguishers – in the correct place
	    - Signage – in the correct place
	    - Fire Alarm Panel – no warning lights
	- Record all checks

Legionella	- Hold copy of Legionella Risk Assessment and ensure it is available to staff and contractors - Routine flushing of low usage water outlets (frequency determined by Risk Assessment) - Record all checks
Asbestos	- Hold copy of Asbestos Survey and Register and ensure it is available to staff and contractors - Ensure contractors attending site have seen and signed the Asbestos Register
General	- Undertake periodic inspection of the site/property and report any concerns.

Wiltshire Council