

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 17 JANUARY 2025 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Iain Wallis (Chairman), Cllr Chuck Berry, Cllr Pauline Church, Cllr Adrian Foster, Cllr Gavin Grant, Cllr Howard Greenman, Cllr George Jeans, Cllr Pip Ridout, Cllr Martin Smith, Andrew Geddes and Jennifer Whitten

1 **Apologies**

Apologies for absence were received from:

- Cllr Richard Clewer (non-voting member)
- Cllr Stuart Wheeler

2 **Minutes of the Previous Meeting**

The minutes of the ordinary meeting held on 17 October 2024 and the extraordinary meeting held on 5 December 2024 were presented for consideration, and it was,

Resolved:

To approve and sign the minutes of the ordinary meeting held on 17 October 2024 and the extraordinary meeting held on 5 December 2024 as a true and correct record.

3 **Declarations of Interests**

There were no declarations of interest.

4 **Chairman's Announcements**

There were no Chairman's announcements.

5 **Public Participation**

There were no public statements or questions received.

6 **Annual Audit Letter for 2019/20 audit**

There was no representative from Deloitte in attendance. However, Lizzie Watkin (Corporate Director Resources, S151), explained that this was Deloitte's final report for the 2019/20 audit and was simply to finalise matters.

In addition, the officer explained that the Statement of Accounts 2022/23 which had been due to be considered at the meeting, were not now coming as Deloitte were unable to finalise their reports for that audit in time for the meeting. The 2022/23 accounts would now come to the extraordinary meeting on 18 February 2025.

On the proposal of the Chairman, seconded by Cllr Chuck Berry, it was,

Resolved:

To note the Annual Audit Letter for the 2019/20 audit.

7 **Annual Governance Statement (AGS) 2023/24 governance update on actions**

Perry Holmes (Director Legal and Governance) introduced the Annual Governance Statement (AGS) 2023/24 governance update on actions. The officer explained that in normal years when the Statement of Accounts are published, they include the AGS, which looked back over the year and ensured that governance frameworks were in place; that governance was maintained across decision making; that stated aims were delivered and looked at where the council could improve. The Audit and Governance Committee also receives an update to report on progress against identified actions in the AGS, which is what was contained in the report. Some actions had been delivered and some were being worked on.

Members asked a question about a specific planning matter, and it was explained that the situation referred to was not within the scope of the Audit and Governance Committee, but officers would continue to correspond with Members regarding the matter.

Some Members highlighted perceived issues with the Scheme of Delegation, and the officer stated that officers wanted Members involved in the democratic process as much as possible, however there was a balance to be struck between officers and Members making decisions. The officer was happy to take away a recommendation to review the Scheme of Delegation.

Members then highlighted issues finding information regarding meetings (such as the Cabinet – Shareholder Group) and wondered if this could be made easier. Officers explained that details regarding all meetings were published online, and emails regarding agendas and minutes were sent to all Members. The Chairman felt that it was not possible for Democratic Services to tell Members about everything, and there was an onus on Members to look details up. Some Members stated that they did not get the meeting notification emails and also struggled to access part 2 papers. Officers confirmed that they would

take this away and look at it and if Members had specific issues, they could highlight these to the Director Legal and Governance.

Following debate, the Chairman stated that the actions identified during discussions would be informal for the officer to take away (rather than being added to the proposal or Forward Work Programme). However, he would amend the recommendation contained within the report, as Members had already considered the current status of improvement actions in the AGS during debate. So he proposed that Members note the current status of improvement actions identified in Annual Governance Statement, as set out at Appendix 1. This was seconded by Cllr Adrian Foster, and it was,

Resolved:

To note the current status of improvement actions identified in Annual Governance Statement, as set out at Appendix 1.

8 Internal audit update reports

Becky Brook (SWAP) presented the internal audit update report. It was highlighted that 5 limited assurance internal audit opinions had been presented at the last ordinary meeting on [17 October 2024](#). SWAP were following up on these, with management assuring them that actions were either complete or being implemented. However, SWAP had not been able to fully validate this due to the festive period and the timing of the Committee. As such SWAP were offering a limited opinion for the key financial controls for Main Accounting, Accounts Payable and Accounts Receivable, however a reasonable opinion was offered for the remainder of the council's control framework. A fuller update could be given on progress at the next ordinary meeting in April following full validation by SWAP.

SWAP had issued 1 limited assurance opinion on Direct Payments – Children's, and 1 no assurance opinion on Early Years Extended Entitlement. Neither of these were deemed to be a significant organisational risk to the Council and presentations from the service areas involved were planned for later in the meeting.

Regarding previously identified significant organisational risks:

- Landlord Compliance Fire Safety – General Fund Assets – good progress was being made on actions, however, full validation of these still needed to take place.
- ICT Network Boundary Defences – the project remained on track, with 3 of 6 actions complete, and the other 3 underway. Completion was not due until April 2026, and it was suggested that the Committee may wish the Director of ICT to come to a future meeting to update.

Page 77 of the report detailed coverage against Strategic Risk. There was still a gap around Special Educational Needs and Disabilities (SEND), and SWAP were working closely with the S151 officer and the Director of Education and

Skills regarding this. There was also still a gap in coverage on increasing vulnerability to climate impacts, and SWAP were working with officers to determine where they could add value. A new gap had been identified; the inability to withstand the impact of excessive inflation on suppliers, and SWAP would explore this with officers.

Regarding the outstanding management actions detailed on page 80, quite a few had been closed since the papers were published. Once again, the timing of the agenda publication shortly after the Christmas break had delayed validation on these actions. There were no concerns to escalate due to overdue actions.

Members asked a question in relation to the gap in coverage around SEND and requested further details on areas that would or would not be covered and their risk profiles. Lizzie Watkin (Corporate Director Resources, S151) highlighted that this was one of the largest financial risks faced by the council, and that the government Safety Valve Agreement was really important as it helped with the deficit. Discussions were held with SWAP about this risk; however they were still to determine what audit activity would be helpful. SWAP explained that they were talking to relevant officers regarding looking at high cost placements, post 16, transition and growth. It was also highlighted that all Committee Members had access to the Audit Board where they could look at SWAPs planning for internal audits which was now much more fluid.

Furthermore, the officer explained that there was a paper going to [Cabinet on 21 January](#) regarding the Safety Valve plan which Members may wish to look at. The statutory override was in place for the next financial year, however there was no indication whether this would be extended. There were discussions taking place around reform in SEN which had huge implications, however this needed to be managed and resolved through appropriate mechanisms, as otherwise there could be a deficit larger than our reserves in the following year. This was very concerning, but was a national issue, which had to be dealt with nationally.

In terms of the gap in coverage in relation to the inability to withstand the impact of excessive inflation on suppliers, this was about the markets that services were commissioned from and not just related to standard inflation. It was also advised that the Committee look at the [budget papers](#) which would be published the following week.

Further questions were asked on the overdue management actions and additional details were given.

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

Resolved:

To note the internal audit update report.

Early Years Extended Entitlement internal audit - management action plans

Emma Cooke (Early Years Manager) and Lucy-Anne Bryant (Service Lead – Strategic Families and Children’s Commissioning) gave a presentation, as contained within the agenda, on the Early Years Extended Entitlement internal audit, which had received a no assurance opinion. The findings of the internal audit were detailed, along with management actions in response to the findings, and progress against those.

In response to questions, it was explained that departments coordinated, using a system called Liquid Logic, which they could use to help predict levels of SEN, Education Health and Care Plans (EHCPs), levels of need and even predict school place needs.

Members commented that it was good to see checks and balances being implemented.

In response to further questions, it was explained that what the government allocated was based on the previous year, however a reconciliation was undertaken with government so that any unused funds were returned. The council did not feel that they had been victims of fraud in terms of people misusing the scheme. Reconciliation was being implemented with settings, by checking registers, to ensure that children were getting the number of hours being claimed for. If they were not, then the council would recoup over payments

Officers explained that there were over 500 providers, including nursery’s, pre-school and childminders. The council had received funds from government to create new childcare places and 244 had been created since March last year. A couple of brand new settings had also been created, so the need was being met.

In terms of the annual self-assessment surveys to be completed by providers, help would be provided to the providers to complete this if required.

Officers explained that there was no delay in providing the funds for the Inclusion Support Funding (ISF) to providers due to assessments, as in terms of ISF there was no diagnosis required. So long as it could be shown what the money was required for and how it would support the child, and that universal support had already been used but that the child needed more support. By implementing these early intervention measures it was hoped that the children would not need to go down the route of an EHCP. It was explained that ISF was driven by the provider, but that the parent had to give permission.

Members requested further clarity regarding possible fraud. Officers explained that a parent might request 25 hours of care, but a provider might say they are giving 30 hours. Any inconsistencies would be checked with both the parent and the provider. In addition, parent declarations would be checked against registers for 10% of providers for compliance checks. So, there was a residual risk on the

other 90%. Depending on the results from the 10%, if over half were found to be incorrect, a wider audit would be undertaken expanding it up to 20% of settings.

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

Resolved:

To note the Early Years Extended Entitlement internal audit - management action plans.

10 **Direct Payments Children's internal audit - management action plans**

Florah Shiringo (Director of Families and Children) gave a presentation on the Direct payments Children's internal audit management action plans in response to a limited assurance audit, as contained within the agenda.

In response to questions the officer stated that 22 disabled children or young people were in receipt of direct payments.

Some Members stated that they had experience of getting direct payments for disabilities and highlighted that the system was open to error and therefore wanted more assurance. It was explained that quarterly reviews were now to be undertaken to review the direct payments and that every child was reviewed annually as well. This would also help to ensure that the payments were at the correct level. So, checks and balances were now integrated into the system.

Members queried if they could have sight of the 'At a Glance Report', mentioned under the Finding 1 and 3 updates and also requested further clarity on the key issues addressed.

In response to a question, it was explained that a Special Educational Needs and Disabilities (SEND) assessment took place to determine if a child had eligible needs. In some cases, needs may be better met by other services, however in some cases Direct Payments may be the best solution. If eligible, cases were determined at the Family Support Panel. If parents were not awarded Direct Payments, there was no formal right of appeal, however parents could challenge, and it would be escalated to the Head of Service. It was confirmed there was no Member involvement in the process.

The total value of the Direct Payments awarded was queried.

Members asked whether Direct Payments were allocated for a specific purpose, and whether families had to report back to the council. It was confirmed that this varied, and that officers did check and challenge if funds were not being used as defined. The quality control process was questioned and whether the system was reliant on trust. The officer explained that in general if a parent came to say that they needed help with challenges, an assessment took place to determine what was required. For example, this may be a certain number of hours per week of respite care for the child. The team did undertake checks but also relied on parent reporting.

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

Resolved:

- **To note the Direct Payments Children's internal audit - management action plans.**
- **To request that the total value of Direct Payments be circulated to the Committee.**
- **That a further update should come back to a future meeting of the Committee, following the 1 March 2025.**

11 **External audit progress report**

Jackson Murray (Grant Thornton) presented the external audit progress report; pages 101 and 102 of the agenda were the focus for the update. The backstop deadline for the 2023/24 accounts was 28 February 2025. Prior to this, the 2023/34 accounts should have been published for the 30 working day public inspection period. Unfortunately, the council had not published these accounts in time, and therefore the backstop would be missed. These accounts would be finalised as soon as possible following the backstop. In addition, work by the predecessor auditor (Deloitte) on the 2023/23 audit needed to be completed.

In terms of the Wiltshire Council Pension Fund audit for 2023/24, lots of work had been undertaken on this and it was expected that findings would be reported to the Audit and Governance Committee at the extraordinary February meeting. A disclaimer opinion would be issued on these. However, the pension funds were considered along with the main Wiltshire Council audit, so the opinion could not be issued until the main accounts were considered. Unfortunately, there were several years of accounts which had not been properly audited due to the backlogs.

In terms of Value for Money, the Dedicated Schools Grant was a significant risk, as were delays in timely production of accounts and the predecessor auditor's statutory recommendation to [Full Council in February 2024](#). The representative felt that there was a significant weakness in relation to the timely production of financial statements and accounts. The external auditors would update the interim report that came to Committee in [July 2024](#) and would publish that when the audit opinions were published.

Members queried staffing numbers and adequacy, which had been discussed at many previous meetings, and whether the council was confident that it could achieve the various goals and deadlines. Lizzie Watkin (Corporate Director Resources and S151) stated that specialist agency resources had been brought in. The team were working on the 2023/24 accounts. Assets were a particular issue as they were material and had to be revalued every 5 years. This was done a rolling basis so that some assets were revalued every year. It was difficult to do the assessment until the previous year's accounts had been closed. The delays had a knock-on effect. The team were producing draft accounts which were as true and fair as required. The aim was to get onto the

2024/25 accounts which would have a full audit. This was being thought of as the 'reset' year. It was highlighted that workloads had been relentless for the accounting/financial teams for a long time, and it may be that further short term resource was required to get to the 2024/25 accounts.

Members asked who made the decision as to whether additional resources could be employed and whose budget this came from. The officer explained that this would be her decision as S151 officer, and it would be funded from her services budget. They would try to make savings elsewhere, otherwise there would be a budget pressure.

Members thanked the officer and her teams for all their hard work.

In response to a question on when the 2023/24 accounts might be published and whether much of this process could be automated using technology, the officer explained that the draft 2023/24 accounts were expected to be published prior to the extraordinary meeting of the Committee on 18 February 2025. There was still a risk that this might not happen, but the teams were pushing hard to achieve this. The hope was that if the draft accounts were published, then the Committee could still consider them at the extraordinary February meeting. Following consideration of the accounts, the Committee, if minded to do so, could delegate final approval of the accounts to the S151 officer and the Chairman of the Committee. If the accounts were not published ahead of that meeting, then it was likely that another extraordinary meeting of the Committee would be required.

The officer explained that in terms of opportunities to do things differently, local authority accounts were incredibly complex. There were many diverse services to gather data from, and this included maintained schools with different systems. In 2024/25 changes to lease accounting regulations would come in, which further complicated matters. Despite it being a lovely idea, it was not thought that there was 1 system currently available which would simplify the process. However, officers did look at how things could be done differently, for example, could AI help with quality and speed? Officers were engaging with the ICT and Transformation teams to pursue improvements which could be made.

Members stated that they had lived and breathed these matters for a long time. They felt that the backstops were useful, however the brought forward figures still needed to be accurate. This was an ongoing, approximately 8 year situation, and it was difficult to see how the council would ever catch up. Members queried what they could do practically and politically to help.

The officer stated that without changes to regulations and requirements, then the council may be in this situation for a long time. Accounting regulations were not fit for purpose for local authorities. Therefore, it was hoped that any opportunity that the Committee had to promote that accounting and audit regulations needed to be changed would be taken. It was noted that the staffing situation had improved, but that there was a lack of suitably qualified staff in this space and therefore internal training was being undertaken to upskill staff. It was stated that it would likely take years to clear all the issues, and it might not

be until 2026/27 when the council had a clean set of accounts. It was critical that the Committee challenged the external auditors to gain assurance, however they need not be preoccupied with technical accounting matters.

Mr Murray highlighted a government consultation which had opened just before Christmas 2024, on accounting and audit regulations. It was noted that the government had consulted on this before, without any changes being adopted. However, the Committee might wish to respond to this consultation. The link would be circulated to Members. The S151 officer would respond to give the corporate view. It was also suggested that the Chairman, along with the Leader of the Council, the Cabinet Member responsible for Finance could write to the Secretary of State (SoS) for Ministry of Housing, Communities & Local Government (MHCLG) to outline some of the issues.

On the proposal of the Chairman, seconded by Cllr Chuck berry, it was,

Resolved:

To note the external audit progress report.

12 **Forward Work Programme**

Members discussed the Forward Work Programme (FWP). As discussed earlier in the meeting it was proposed that an update on the Direct Payments Children's internal audit - management action plans be added to the FWP, with the suggestion that it should go to the April meeting if possible. In addition, Members requested that an update on the ICT Network Boundary Defences Internal Audit Management Action Plans also be added to a future meeting on the FWP.

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

Resolved:

To note the FWP, with the addition of:

- **An update on the Direct Payments Children's internal audit - management action plans.**
- **An update on the ICT Network Boundary Defences Internal Audit Management Action Plans.**

13 **Date of Next Meeting**

The Chairman announced that there would be an extraordinary meeting of the Committee on 18 February 2025 at 10.30am.

The next regular meeting of the Committee would take place on 10 April 2025 at 10.30am.

14 **Urgent Items**

There were no urgent items.

15 **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 16 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 and 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.

16 **IT audit findings report**

Jackson Murray (Grant Thornton) presented a report on IT audit findings, which Members discussed.

On the proposal of the Chairman, seconded by Cllr Chuck Berry, it was,

Resolved:

To note the IT audit findings report.

(Duration of meeting: 11.30 am - 2.00 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

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk