

AUDIT COMMITTEE

DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 JUNE 2014 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Mike Hewitt (Substitute), Cllr David Jenkins (Substitute), Cllr Stephen Oldrieve, Cllr Helen Osborn, Cllr David Pollitt and Cllr James Sheppard

Non-Voting Members:

Cllr Jane Scott OBE and Cllr Dick Tonge

16 Apologies and Membership Changes

Apologies received from Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Linda Packard and Cllr Sheila Parker.

Cllr David Jenkins substituted for Cllr Linda Packard. Cllr Mike Hewitt substituted for Cllr Julian Johnson.

17 Minutes of the Previous Meeting

Resolved:

To confirm and sign the minutes of the previous meeting held on 11 March as a true and accurate record of the meeting.

18 Chairman's Announcements

The Chairman encouraged Members to engage in training as the Committee required specialised knowledge. The Chairman requested feedback from Members in regards to which training they feel they would benefit from. The need for substitutes to also attend was stated.

The Corporate Support Manager spoke to the Committee in regards to risk management. The process of benchmarking with other local authorities to see similarities and differences was raised. It was stated that the risk guidance had been revised. The need to be open and honest about risks was raised and what was required to mitigate them. Planned combined officer and Member training

was discussed to give a whole system approach. Zurich, as insurers, were working as external consultants to provide training and advice. It was noted that Zurich have vast experience with other authorities.

19 **Members' Interests**

No interests were declared.

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

There were no members of the public present or councillors' questions.

21 **Annual Governance Statement**

The Associate Director of Law and Governance stated that the Annual Governance Statement was a statutory requirement. The layout of the Statement was explained and it was stated that Associate Director's input would be collated. Any issue that arose would be in the final version of the Statement in July. It was explained that 'section E' of the Statement set out significant governance issues.

Clarification was sought over the nature of the Annual Governance Statement. It was explained that it was part of the statement of accounts which is intended for public consumption.

The elderly and vulnerable were discussed and it was asked what action had been taken to address their issues in relation to the cost of their care. It was stated that the Overview and Scrutiny Management Committee would look at the overall care package for individuals.

Financial management controls were discussed, as well as the Safeguarding Peer Challenge planned for October 2014. The external peer review was also raised which ensured commitments were being met.

A need to highlight any future changes to the Statement was raised by Members.

Resolved:

To receive and note the contents of the Annual Governance Statement.

22 **SWAP IA Annual Report**

The Director of Planning for SWAP addressed the Audit Committee. It was stated that the report highlighted audit's performance and sought to ensure that the control environment was reasonable. No significant concerns were raised and Internal Audit had produced many recommendations. The Committee heard

that SWAP was reviewed by their own code of practice. It was stated that the audit plan for the year had been delivered but there was concern over time limits for issuing reports.

The Associate Director for Finance thanked Members for their input.

The layout of the SWAP report was explained to the Committee. Concerns had been raised with some aspects of control environments which were to be followed up by the Committee. Levels of customer feedback were extremely high and the importance of such feedback was emphasised.

Members were given the opportunity to ask questions of SWAP. It was stated that the effectiveness of audit should not be in the number of recommendations made but the implementation of those recommendations which would provide a far more meaningful indication of the effectiveness of internal audit. The diversion of resources to internal control was also discussed. Potential underlying issue with planning were raised, as well as matching resources with deliverables.

Clarification was required to make internal audit plans for next year more transparent. In response, it was stated that an update would be provided each quarter. The need to move from paper to digital reports was also discussed.

Draft report percentages were also raised and an explanation was provided as to why they were lower. In response, it was stated that IA were working to improve this and that there was a new reporting structure which required reports to go through a report clearing process.

Resolved:

To receive and note the contents of the SWAP IA Annual Report.

23 **KPMG - External Audit Interim Report 2013/14**

The interim audit report was introduced by KPMG and progress was said to be good. Issues on the SAP system were discussed and also the focus on headline messages. There had been issues with SAP user access; detailed testing had been performed to mitigate this. KPMG stated that Internal Audit was of an appropriate standard and that they had performed their own testing on financial controls.

It was stated that KPMG met with SWAP throughout the year and they had reviewed the internal audit protocol together. Key risk areas were identified in the audit plan in March around pensions and property; a report on this would be produced in July. No danger areas were raised in the report.

KPMG were now looking at moving forward to the signing of accounts and they were well placed to meet the change.

Corporate Director, Carlton Brand, provided clarity on the insourcing of SAP and that the design of the system needed to meet the requirements of KPMG. It was stated that work would continue with KPMG to provide assurances around the controls that were already in place. Cost reductions were also expected to enable rechanneling of funds into frontline services.

Resolved:

To receive and note the contents of the External Audit Interim Report 2013/14.

24 **KPMG - External Audit Progress Report & Technical Update**

The Committee heard that regular meetings were held with officers to discuss accounting issues. Meetings were also held with IA to check up on any potential issues. Final audit was to be presented in July and this was to be a practical document in relation to what KPMG had done and how they had gone about it.

Ensuring value for money was discussed, as well as the valuation of property. It was explained that funds invested into a property did not necessarily result in an increase in the property's value.

The Department of Health and housing revenue were also raised. Funding streams were discussed, as well as work with the Clinical Care Commission groups in regards to spending on health. Discussion continued to investment into social housing and local growth funding for building new homes.

The Leader of the Council provided clarity on NHS funding. It was explained that this was not new money and was instead to be used to help those in hospital be cared for within the community.

Finally, KPMG stated that any inappropriate response from an accepted external audit recommendation would be raised with the Audit Committee.

External audit was to be out for tender in 2017 at the earliest and there was stability in the audit fee.

Resolved:

To receive and note the contents of the External Audit Progress Report and Technical Update.

25 **KPMG - External Audit Fee Letter for 2014/15**

Resolved:

To receive and note the contents of the External Fee Letter for 2014/15.

26 **Forward Work Programme**

Resolved:

To receive and note the Forward Work Programme.

27 **Date of Next Meeting**

Resolved:

The date of the next meeting was to be 31 July 2014 at 10:00 in the Kennet Room, County Hall.

28 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 - 11.50 am)

The Officer who has produced these minutes is David Parkes, of Democratic Services, direct line (01225) 718220, e-mail david.parkes@wiltshire.gov.uk

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