

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 10 MARCH 2015 AT COUNCIL CHAMBER - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Helen Osborn (Substitute), Cllr Linda Packard, Cllr Sheila Parker, Cllr David Pollitt and Cllr James Sheppard

Non-voting Committee Members:

Cllr Jane Scott OBE and Cllr Dick Tonge

Also Present:

Suella Coman, Mr Darren Gilbert, Carolyn Godfrey, David Hill, Michael Hudson, David Parkes, Matthew Tiller and Cllr Dick Tonger (Chief Accountant).

12 Apologies and Membership Changes

Membership change - Cllr Jeff Osborn had been appointed as a full committee member in place of Cllr Helen Osborn who had become a substitute.

Apologies were received from Corporate Director Carlton Brand.

Apologies were received from Cllr Jeff Osborn who was substituted by Cllr Helen Osborn.

13 Chairman's Announcements

The Chairman announced a training session that would take place in April 2015 which would be discussed later in the meeting. The Chairman also announced that significant work was being done on risk. Jason Teal (Head of Risk) would present to the Committee in June 2015.

14 Minutes of the Previous Meeting

Resolved:

The minutes of the previous meeting held on 27 January 2015 were approved with one amendment to the SWAP figures (item 57, second paragraph, there

were 97 recommendations and 38 had been completed. There were 59 recommendations outstanding).

15 **Members' Interests**

There were no declarations.

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

There was no members of the public present.

17 **Internal Audit Annual Plan (SWAP)**

The Internal Audit presentation was given by the Associate Director for Finance and the Executive Director (SWAP). It was noted by Members that there was a need to reduce the internal audit fee and future audits would be focussing on adding value. The Audit process would change and detailed training process would be provided. The new approach could be seen at other Local Authorities such as Lincolnshire. There was a need for the audit plan to be more risk focussed.

The presentation discussed how internal audit had changed. The need to ensure value for money was discussed. It was noted that managers must work with Audit to identify additional risks.

Changes to local authorities were raised, including fewer staff, less money and a greater reliance on IT. There was also an increased public demand and expectation of their local authority. The role of greater partnership working and external monitoring was also discussed.

The need to ask if Internal Audit was adding value was previously raised. Audit's focus was seen as being too broad and it was necessary to look at a different approach. There would be shared risk and a control assurance map for each functional area. Internal Audit would meet with managers to find issues and create assurances. Suggested key risks and projects were raised as a point of focus. The role of benchmarking in risk was also highlighted. It was heard that this should not be seen as a short-term audit plan.

The three lines of defence were explained: firstly, management controls, secondly, functions that oversee risk and finally, internal audit. Internal Audit would work outside of the first two lines of defence. It would focus on areas where there was the greatest need. The new approach would see a reduction in the number of audits and eliminate silos. This process would promote the efficient use of assurance resources and decrease the overall costs. It was explained to Members as a 'health check rather than heart check' as it looked at the organisation overall rather than a specific process in isolation. Gaps in service area risk profiles would be raised with the relevant manager.

Combined Assurance Planning was explained by the Executive Director (SWAP) and would be piloted in Children's Safeguarding and Public Health. It would be mapped across other SWAP Local Authorities. The model of Lincolnshire County Council would be used but this model would be new to Wiltshire Council. The Lincolnshire County Council public audit reports pack would be circulated to Members. Training sessions would supplement additional reading materials to explain the changes that were to be made. The Associate Director for Finance explained that this approach would be stopped should it not be successful.

It was noted that this approach would be reviewed with the Audit Committee before being taken to Cabinet. The Associate Director for Finance explained that this approach had been presented to the Corporate Directors and the need to add value was emphasised.

The Chairman invited Members to give their input on the changes proposed during the presentation. Members discussed the evolution of the internal audit process and the Associate Director stated that this process would show dividends. The need for managers to provide evidence in relation to their performance data and risks was raised. The need for a cultural change in the approach to Internal Audit was stated; it was necessary for peer to peer interaction to see the benefits of this process. Concern was raised that this would be a bottom up approach but reassurance was given that the Corporate Leadership team supported the plans at this time.

Feedback would be given in July 2015 by the senior management who were involved in the piloting phase.

The Associate Director stated that all audits that were in process would be completed as planned. The Audit Committee's potential input into which areas would be prioritised was discussed. Members would be given the opportunity to steer towards the prioritisation at the training session.

Members asked questions in regards to the work of the risk management team and the continuing reduction of the internal audit fee. It was explained that the audit fee could change should new risks be identified. The Executive Director (SWAP) explained that there had been personnel changes that had had an impact on risk. It was stated that there had been no rate change in regards to the Internal Audit fee. It was explained that audits would only be carried out when absolutely necessary.

Debate continued to discuss the changes to internal audit with focus on the need for an open culture from managers. The Associate Director for Finance gave assurances that the process proposed encouraged a culture in line with the Council's Behaviours Framework.

The Chairman wished the Internal Audit team success on behalf of the Committee.

Resolved:

To note the report and request further training in next six weeks. To also request a further progress report and presentations in relation to the pilot work being undertaken.

18 **External Audit Plan (KPMG)**

The External Audit Plan was presented by Darren Gilbert (KPMG) , which summarised key aspects for the year ahead. Responsibilities remained unchanged. The pension fund was discussed with focus on the regulatory reform process. The estates strategy was also discussed.

Members had the opportunity to ask questions. It was asked whether KPMG had been involved in discussions with internal audit and the finance team in regards to the change of approach in internal audit.

Members discussed the proposed audit in regards to the potential £70M of proposed funding for Wiltshire Council Hubs. It was stated that the audit team would through the planning process, to consider any focused scope of audit to address risk that could include how value for money was assessed. The Associate Director, Finance noted that further reports would continue to be brought to Cabinet, noting the value and cost of the project.

The BBLP audit was raised but not discussed as it was now a scrutiny matter. The Associate Director, Finance, would update Members on where this particular audit would be discussed.

Resolved:

To adopt the External Audit Plan.

19 **Forward Work Programme**

The forward plan was noted by the Committee.

20 **Date of next meeting**

The next meeting would take place on 23 June 2015 in the Council Chamber, County Hall, Trowbridge.

21 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10:30 – 12:05)

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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