

AUDIT COMMITTEE

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 JULY 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Tony Deane, Cllr Stewart Dobson (Vice Chairman), Cllr Peter Evans (Substitute), Cllr Gavin Grant (Substitute), Cllr Tony Jackson, Cllr Edward Kirk, Cllr Andy Phillips, Cllr Leo Randall and Cllr John Walsh

12 Apologies

Apologies were received from Cllr Ian Thorn (who was substituted for by Cllr Gavin Grant), and Cllr Mike Hewett (who was substituted for by Cllr Peter Evans).

13 Minutes of the Previous Meeting

The minutes from the meeting held on 24 January 2017 were received and an update was provided on the progress made in following up priority four items in the January internal audit report. A full report on progress would be provided at the next Audit Committee meeting.

Resolved:

To confirm and sign the minutes of the meeting of the Audit Committee held on 24 January 2017.

14 Declarations of Interests

There were no declarations of interest made.

15 Chairman's Announcements

The Chairman announced that there would be an extraordinary meeting of the Audit Committee at 2pm on 26 September 2017 where the annual reports from the internal auditor would be presented. Arrangements had been put in place to ensure timely receipt of future internal audit reports.

16 **Public Participation**

There were no members of the public in attendance. No questions had been submitted.

17 **Appointment to the Constitution Focus Group**

A representative from the Audit Committee was sought to join the Council's Constitution Focus Group. It was explained that the group operated as a cross-party advisory forum to examine key elements of the constitution for recommendation to the Standards committee.

Cllr Stewart Dobson, seconded by Cllr Leo Randall, moved that Cllr Richard Britton be elected as representative and it was

Resolved:

To appoint Cllr Richard Britton as the Audit Committee's representative on the Constitution Focus Group.

18 **KPMG - Report to those charged with governance**

Matthew Tiller, Chief Accountant, explained that the audit process covered both the council's financial position and their arrangements for financial management. He introduced Darren Gilbert from KPMG, the council's external auditor, who presented the report and highlighted the key information. The audit included an examination of the council's annual accounts and pension fund, and arrangements for achieving value for money. The report gave an unqualified audit opinion of the Statement of Accounts.

During the year 2016/17, there had been temporary vulnerability in the council's IT control environment, leading to the reduced reliability of the data available during the period and a consequent need for a higher level of inspection than usual. The auditor thanked the finance team for their support with undertaking these additional checks and confirmed that the issue had been resolved. In response to a question from the chairman it was clarified that this the issue had been resolved through the removal of system Super-Users and that the problem was not expected to reoccur. It was also confirmed that no evidence had been found of abuses during the period of vulnerability. Members reported their satisfaction that this had been picked up and resolved by the audit process.

An error detected during the PPE audit had been caused by an incorrect re-evaluation of social housing stock. All adjustments were recorded in Appendix 3 of the report. A request was made to update the diagram depicting the council's governance structure in the Annual Governance Statement to reflect the relationship between the Audit Committee and the Pension Board.

The report found that Wiltshire Council had a good understanding of future financial challenges and had appropriate arrangements in place to deal with them. In response to a question, it was confirmed that council assets which had

been transferred to parish and town councils would be removed from future accounts but that these transfers had not taken place during the period under consideration in the audit report.

The auditor reported that the accounts had been well prepared and that the council had good control measures in place. While not covered by the audit process, the Annual Governance Statement had been considered and had not raised any concerns. The auditor explained that their certificate would be issued following the publication of the Pension Fund annual report, due to the need for both reports to be aligned. This would take place later in the year.

The Committee was asked to accept the report on behalf of the council and to consider its conclusions when considering the Statement of Accounts.

The Chairman thanked Darren Gilbert and KPMG for their work and congratulated the team involved in producing the accounts.

Resolved:

To receive the ISA260 report from the external auditors in its receipt of the Council's Statement of Accounts 2016/17.

To delegate authority to the Chairman of the Audit Committee to sign the letter of the management representation.

19 **Annual Governance Statement**

Ian Gibbons, Associate Director of Legal and Finance, presented the Annual Governance Statement (AGS) and explained that it formed part of the Statement of Accounts. The AGS covered the year 2016/17 and the information included had been considered by KPMG and was in line with their findings.

In response to the request made earlier in the meeting, it was confirmed that the diagram depicting the council's governance arrangements would be amended to include the statutory pension body and its relationship with other council committees.

After discussion, members were satisfied that there was no necessity to add the period of vulnerability in the IT control environment as a significant governance issue, as it had been resolved and did not pose a future risk.

Resolved:

To approve the draft AGS for publication with the Annual Statement of Accounts 2016-17.

20 **Statement of Accounts**

Matthew Tiller, Chief Accountant, presented the Statement of Accounts for 2016/17 and explained that the updated format included the addition of a short narrative.

In response to questions it was confirmed: that the final return to reserves from the Housing Revenue Account (HRA) was higher than the total underspend due to savings budgeted for in anticipation of future housing stock maintenance; that the componentisation of asset valuation applied only to property worth more than £2million and that none of the council's housing stock met this criteria; and that efforts were being made to increase the percentage of invoices paid within 30 days of receipt.

Two amendments were made including that the Conservative majority of 37 cited on page 79 of the agenda pack would be corrected to 24; and that the wording of the 'Governance' section of the report would be altered to reflect the role of the Audit Committee in ensuring effective governance.

The committee was asked to delegate to the Chairman the signing of the Statement of Accounts. The Associate Director advised that the Chairman was asked to sign to confirm the account's accuracy based on the advice of the finance team and external auditors, and that responsibility for ensuring the accuracy of the accounts lay with the corporate directors, and the council's auditors.

The Chairman thanked the officer for his report.

21 **Information Governance**

Robin Townsend, Associate Director for Corporate Function, Procurement and the Programme Office, provided a progress update on the information governance improvement programme. In response to a self-referred information governance (IG) inspection, an IG improvement board had been established to oversee a programme of works that had come from the inspector's report. 93% of these actions had now been completed.

The Public Service Network (PSN) compliance certificate had been granted and the SIRO report, providing a review of the work completed, would come to the next meeting of the Audit Committee. Headlines would include the response procedure to Freedom Of Information requests (FOIs); moving to a single contract for record storage and management; and transferring the council's digital information to Sharepoint to make the process of sharing information internally more robust.

It was discussed that data protection regulations were relevant and important for councillors to observe as well as council officers. Members asked that they received a briefing on this, with particular regard to the storing of personal data, and the appropriate handling of case work.

The Chair thanked the Associate Director and his team for their work and the progress that had been made and it was agreed that the Committee be kept up to date with significant current and emerging Information Governance issues and the measures being taken by the Authority to ensure it meets the national and mandatory standards.

22 **Forward Work Programme**

The forward work programme was presented and it was agreed to add the SIRO annual report to the next Audit Committee agenda.

Resolved:

To note the Forward Work Programme with the additions specified above

23 **Date of Next Meeting**

Members were reminded of the extraordinary meeting to be held at 2pm on 26 September, and that the next ordinary meeting of the Audit Committee would be held on 9 November 2017.

24 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.30 am)

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