

# Annual Update of the Audit and Governance Committee

## **Introduction**

*I was appointed to be Chairman of the Audit and Governance Committee in May 2023 and it has been an interesting year. The committee has received many updates in relation to external audit activity, internal audit activity, the regulatory framework and financial management and accounts.*

*My thanks go to all the councillors on the Audit and Governance Committee, and to the officers which support the Committee, for their hard work in this complex area.*

*This report gives a summary of work undertaken in 2023/24 and other relevant details in relation to the Audit and Government Committee.*

## **Cllr Iain Wallis Chairman - Audit and Governance Committee**

### **Voting Committee Members**

Cllr Iain Wallis (Chairman)	Cllr Howard Greenman
Cllr Stuart Wheeler (Vice-Chairman)	Cllr George Jeans
Cllr Chuck Berry	Cllr Antonio Piazza
Cllr Pauline Church	Cllr Pip Ridout
Cllr Adrian Foster	Cllr Martin Smith
Cllr Gavin Grant	

### **Non-voting Committee Members**

Cllr Nick Botterill  
Cllr Richard Clewer  
Andrew Geddes (Co-opted Member)  
Jennifer Whitten (Co-opted Member)

### **Lead Directors**

Lizzie Watkin – Director, Finance and Procurement (s.151 Officer)  
Perry Holmes – Director, Legal and Governance (Monitoring Officer)  
Andy Brown – Corporate Director, Resources (Deputy Chief Executive)

### **Auditors**

Internal Auditors – SWAP  
External Auditors – Deloitte/Grant Thornton (Grant Thornton were appointed by Public Sector Audit Appointments to undertake the councils external audit activity for the 2023/24 accounts onwards. They attended their first meeting of the Committee in April 2024.)

### **2023/24 Meetings**

[25 July 2023](#)

[19 September 2023](#)

[22 November 2023](#)

[7 February 2024](#)

[23 April 2024](#)

## Functions of the Audit and Governance Committee

Set out in Part 3B Paragraph 2.7 of the Constitution, [detailed on this link under 'Information about Audit and Governance Committee'](#) including:

Internal Audit Activity  
External Audit Activity  
Regulatory Framework  
Financial Management and Accounts

## **Examples of business discussed and determined during 2023/24**

- Regular internal audit updates from the Internal Auditors (SWAP) - discussing risks and areas where audit reviews did not provide at least reasonable assurance such as Pension Fund Key Controls, ICT Network Boundary Defenses, the Pension Payroll Reconciliation Project, Section 106 Financial Controls, Procurement Cards (including Proactive Fraud Review) and Risk Management. The overall internal audit annual opinion given by SWAP for 2023/24 was reasonable.
- Annual Governance Statement 2022/23 - the Annual Governance Statement (AGS) ensures that the council has a strong governance and assurance framework in place to make certain that its business is conducted to the highest standards. The AGS is developed in line with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government. These principles are:
  - Principle A: Behaving with integrity, demonstrating string commitment to ethical values, and respecting the rule of law.
  - Principle B: Ensuring openness and comprehensive stakeholder engagement.
  - Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Principle D: Determining the interventions necessary to optimize the achievement of intended outcomes.
  - Principle E: Developing capacity, including the capability of the Council's leadership and the individuals within it.
  - Principle F: Managing risks and performance through robust internal controls and strong public financial management.
  - Principle G: Implementing good practices in transparency, reporting and audit to deliver accountability.

The AGS is received annually to the Committee and forms part of the Statement of Accounts. Updates on improvement actions identified in the AGS also come to the Committee so that they can monitor progress.

- Statement of Accounts - unfortunately the council is behind on signing off its Statements of Accounts, with several sets of accounts outstanding (2020/21, 2021/22 and 2022/23). The council is not alone in this with many local authorities in the same situation - at the time of the April 2024 Audit and Governance meeting, it was stated that there are approximately 600 to 700 audits outstanding nationally. There were significant issues with local government account auditing due in part due to applying valuation methods for assets which did not translate well to the kind of assets held by councils as compared to private sector holders. There were issues with the external audit market and a lack of providers able to

undertake local authority accounts. Also, the complexity of the accounting regulations which had to be followed caused issues.

The 2019/20 Statement of Accounts were approved at the February 2024 meeting of the Committee. The auditor (Deloitte) had issued a disclaimer opinion for those accounts. The draft Statement of Accounts for 2020/21 has now been published. Whilst Value for Money work would be undertaken by the external auditors, it was expected that there would be no audit activity on outstanding accounts up to and including 2022/23 financial years and as such a disclaimer opinion on all of them is likely.

- Risk management audit and service update - an update was given to the Committee regarding the Risk Management Audit, its findings and actions taken or to be taken in response to the findings. Significant progress had been made against the recommendations and new risk registers had also been launched by November 2023. A new Risk Management Policy was reviewed by the Committee in February 2024 ahead of its onward travel to Cabinet for final approval. A new Strategic Risk Working Group had also been created involving the Monitoring Officer and colleagues from the Extended Leadership Team.
- Anti-fraud risk update - Following the initial approval of the Anti-Fraud, Bribery and Corruption Policy in April 2022, an update provided details on proactive and reactive Anti-Fraud activity. The internal auditors, SWAP, provided support on the detection and prevention of fraud via their specialist Counter Fraud team. Incidents of fraud were detailed in the report.
- Stone Circle Annual Governance Update - In 2021 a governance review of the Stone Circle company was undertaken by officers, with recommendations arising from that approved by Cabinet in September 2021. Five of the seven recommendations were complete. The governance structure was highlighted, and this included the Shareholder Group, Overview and Scrutiny and the Audit and Governance Committee. In response to a request from the Audit and Governance Committee, who were concerned that there was a lack of financial oversight, the Overview and Scrutiny Committee has commenced a review of how scrutiny would engage on this area.
- S.106 Financial Controls Audit Update - in response to an internal audit undertaken by SWAP an update was given to the Audit and Governance Committee. The findings of the audit and actions being taken to address them were detailed. These included, but were not limited to, actions such as increasing resources and providing training; a new computer system (Arcus) and a live dashboard to enable better monitoring and the development of several additional monitoring reports. Audit and Governance Committee Members welcomed the report and the work that had been undertaken to improve.
- Policy updates - every 2 years the Audit and Governance Committee reviews the:
  - Anti-Fraud, Corruption and Bribery policy
  - Anti-Tax Evasion policy
  - Anti-Money Laundering policy

At its April 2024 meeting, the Committee reviewed the minor updates which had been made to the policies and approved them. The Committee suggested that

members of the public/residents, in terms of their interactions with the council, be added to the who this policy applies to section of the policies.

- Corporate Procurement Card Audit Service Update - receiving a briefing regarding a pro-active fraud audit. No instances of fraud were found, but control weaknesses were identified with management action plans drawn up to address those findings.
- HRA Landlord Compliance Report - noting a review which had taken place in 2023 covering all elements of compliance activity in respect of policy, procedures, performance, and internal and external assurance.
- Corporate Risk updates - The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council's Performance and Risk Management Policy, is to monitor and review the effective development and operation of risk management. As such the Committee receives regular updates on risk management. The Committee noted the developments taking place to improve the council's risk management process.

#### **Developments relevant to the remit of the committee during 2023/24**

- Due to the delays nationally in completing audits and signing off accounts, central government realised that action needed to be taken to resolve the backlog. New statutory backstop dates for completion and publication of accounts were consulted upon and these were 30 September 2024 for all accounts up to 2022/23. For the 2023/24 accounts the backstop was 31 May 2025. Whilst these dates were consulted upon, there has been no formal response from government since the consultation finished and no guidance in how local authorities and auditors should deal with accounts which had seen little audit activity and had received disclaimer opinions. It is hoped that this will be forthcoming soon, and that the financial reporting regulations which local authorities have to adhere to will be updated shortly.
- Following a recruitment process the Committee was pleased to appoint two co-opted non-voting Members to the committee for the first time. The appointment of qualified and experienced co-opted members would add greatly to the work of the committee in carrying out its functions.
- Roll out of SWAP's Audit Board, which Committee Members can access to review the rolling internal audit plan and status of internal audits.

#### **Looking ahead to 2024/25**

- Signing off remaining outstanding accounts and the Annual Governance Statement
- Plans from new external auditors.
- Review of the whistleblowing policy.

- Internal audit updates, including service updates against the mandate for SWAP and its internal audit plan and in particular in relation to any limited or no assurance audits received.
- Risk Management update.

Contact Tara Hunt, Senior Democratic Services Officer, [committee@wiltshire.gov.uk](mailto:committee@wiltshire.gov.uk) for more information regarding the committee.