

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 14 DECEMBER 2011 AT COUNCIL CHAMBER - MONKTON PARK, CHIPPENHAM.

Present:

Cllr Richard Britton, Cllr Chris Caswill, Cllr Peter Doyle, Cllr George Jeans, Cllr David Jenkins, Cllr Jacqui Lay, Cllr Alan Macrae, Cllr Sheila Parker (Vice Chairman), and Cllr Roy While (Chairman)

Also Present:

Cllr Jane Scott OBE, Cllr John Brady

55. **Apologies**

Apologies were received from Cllrs Julian Johnson, Helen Osborn, Bridget Wayman and Nigel Carter.

56. **Chairman's Announcements**

The Chairman thanked those members who had attended the Risk seminar organised by Eden Speller and his team. Another training seminar would be organised for the New Year.

57. **Minutes of the Previous Meeting**

The minutes of the last meeting held on 28 September 2011 were presented.

Resolved

To approve as a correct record and sign the minutes of the meeting held on 28 September 2011.

58. **Members' Interests**

There were no declarations of interest.

59. **Public Participation and Committee Members' Questions**

There was no public participation.

60. **KPMG (External Audit) Annual Audit Letter 2010-11**

Darren Gilbert, Senior Manager KPMG, explained that this report summarised the key findings from the 2010/11 audit of the Council and that all the findings had been discussed in previous audit committee meetings. He added that this position was an excellent starting point for next year.

Head lines from the report were;

- **VFM conclusion** – Unqualified value for money (VFM) conclusion.
- **Audit opinion** – Unqualified opinion on financial statements.
- **Financial statements audit** – The quality of the accounts and the supporting working papers were excellent.
- **Annual Governance Statement** – Consistent with KPMG's understanding.
- **Pension fund audit** – No significant issues.
- **Certificate** – Issued on 28 September 2011.
- **Audit Fee** – £418,300 excluding VAT.

Darren Gilbert explained that the Council had worked hard to address the IT control issues. Due to the timing of the improvements KPMG were not able to place full reliance on the key automated controls.

Members commended the work that had been undertaken by the Council officers.

Resolved

To note the content of the report.

The Chairman thanked Darren Gilbert for his report.

61. **Internal Audit Third Quarter Update**

Michael Hudson, Director of Finance, introduced the Internal Audit third quarter update. He explained that the Internal Audit function had transferred to the South West Area Partnership (SWAP) on 1 November and was now in the fifth week of SWAP operations. He had attended his first SWAP Management Board which had been very successful.

This first report provided by SWAP was a transitional report and as such would require further shaping and development in the coming months. The 2012/13 Internal Plan would be presented by SWAP to the Audit Committee in March 2012. There have been a number of changes to the current plan as set out in the report (page 21 of the agenda refers).

The operation of the partnership with SWAP will be managed through the Contract and Trading Agreement signed 31 October 2011. However the finer details of the working relationship between SWAP and the Council are set out in the Audit Charter (page 42-44 of the agenda refers) which he asked members to consider.

He welcomed Gerry Cox, Head of Internal Audit Partnership and Dave Hill, Group Audit Manager to the meeting.

Gerry Cox informed the Committee that SWAP were pleased to be providing Wiltshire Council with Internal Audit function and that they would be pleased to provide training in the New Year if required.

Dave Hill led the committee through the salient points of the report. Since the last report 7 audits had been completed. 3 had received a 'satisfactory/reasonable' and 4 received either a 'limited/partial' or 'none' assurance. Those with satisfactory outcomes have not been brought to the committee.

Audit Committee members raised the following points;

- **Concern was raised over the loss of 105 productive days.** Michael Hudson explained that it was important that the appropriate time was taken to address staff issues surrounding TUPE. 8 audits have been recommended for referral or reconsideration in the 2012/13 Internal Audit Plan. The deferral of these audits will in no way weaken the plan. In moving the Internal Audit functionality to SWAP the longer term goal is for increased productivity.
- **Concern was raised over the audit comments made in regard to Traveller Services.** Michael Hudson explained that a risk had been identified and management actions had been proposed and were being undertaken. Jon Thomson, Deputy Leader informed the Committee that a huge amount of work had been undertaken Traveller Services had been transferred to Community Services. Funding has been bid to refurbish and to create additional pitches on traveller sites. He explained that there was a lot of activity going on than is detailed in the report. Niki Lewis, Service Director - Communities Libraries Heritage & Arts explained that a strategic group had been set up and has met on several occasions. The immediate focus is the refurbishment of sites. An action plan has been developed and funding secured. All residents are aware that action will be taken. Communication has been improved. Issues over the monitoring of income and collecting of site rents and utilities are currently being addressed and staff are undertaking training. The situation has significantly improved and the team are looking at good practice that is happening across the Country and how this can benefit Wiltshire.

The Chairman thanked Niki Lewis for her reassuring update.

- **Are the basics requirements e.g. health and safety etc. in place?**
Jon Thomson reassured the committee that this was the case.
- **Concern was raised over the time it has taken to implement the management actions associated with Traveller Services.** Additional resources have been secured. A new information pack is being developed and there is constant monitoring and consultation to make sure that people are not suffering! The reasoning behind the move of Traveller Services to Community Services was to ensure holistic and joined-up provision of service.
- **How do the improvements made effect the Internal Audit opinion?**
SWAP will revisit Traveller Services in 6 months with an update to this Committee.
- **Clarity was sought over the sentence 'Whilst this may be beneficial to Legal Service it could further deter departments from using their services'.** Ian Gibbons, Director of Law and Governance explained that legal are engaging with teams to arrange service level agreements. Contract regulations are be revised and the Constitution Focus Group meet in January to discuss these changes with amendments being brought to full Council in February. In conjunction with this Contract Officers are being made aware of legal obligations.
- **Members asked for reassurance on the independence of the audits and their opportunity to comment on the audit plan.** The Chairman agreed that members needed to engage with the setting of the plan and that this would be addressed. Michael Hudson explained that an internal protocol needed to be developed and brought to the March meeting to incorporate views and requests of Portfolio Holders, Cabinet Members and Heads of Service. He, as Section 151 Officer would engage with SWAP.

Resolved

- To note the deferred audits and for this to be reflected in the 2012/13 Internal Audit Plan for consideration at the March 2012.**
- To note the findings from the report.**
- To adopt the Audit Charter and recommend it for adoption at full Council.**

62. 2011-12 Financial Statements Production and Audit

Michael Hudson, Director of Finance explained that the Council has a requirement to publish its annual Statement of Accounts by 30 September each year. Audit regulations require 'those charged with governance' to sign off the audited Statement of Accounts by the above date. In addition to this the

challenge has been set to be the first Council in the South West to have its Statement of Accounts signed off.

It is proposed that in conjunction with KPMG a high level time table is adopted.

KPMG explained that the key formal interactions with the Audit Committee would be:

- March – Financial Statements Audit Plan
- June – Interim Report
- September – ISA 260 Report
- November – Annual Audit Letter

The main work on site would be:

- Interim audit visit during March
- Final accounts audit during July and August

Resolved

To bring forward the date for the ‘sign off’ of the Statement of Accounts.

63. Forward Work Programme

Resolved

To note the forward work plan.

64. Date of next meeting

The date of the next regular meeting of the Committee will be held on 21 March 2012 in the Council Chamber, Monkton Park.

65. Urgent Items

There were no urgent items.

(Duration of meeting: 10.30 - 11.35 am)

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