

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON WEDNESDAY 30<sup>TH</sup> JUNE 2010**

**PRESENT:** County Councillor Mrs S. C. Davies (**Chair**)

County Councillors Mrs D. Bailey, G. R. Banks, Mrs L. V. Corfield, A. W. Davies, D. Davies, Mrs E. R. Davies, L. R. E. Davies, K Pathak, A. G. Thomas, Mrs D. G. Thomas, Mrs M. J. B. Tunnicliffe and G. P Vaughan.

**Portfolio Holder in Attendance:** County Councillors G. W. Ratcliffe (HR and Communications) and A. G. Thomas (Finance).

**Officers in attendance:**

Mr G. Petty (Strategic Director – Finance and Infrastructure), Mr S. Cameron (Accountancy Manager), Mr I. Halstead (Internal Audit Manager), Mr C. Meredith (Strategic Director – Law and Governance), Mr C. Leah (Principal Accountant) and Ms D. Richards (Principal Accountant).

**Attending:** Mr M Jones (Wales Audit Office)

The Chair welcomed Councillors Vaughan and Mrs Tunnicliffe as new members of the Committee and thanked Councillors A. G. Thomas and L. Fitzpatrick for their work on the committee for the previous two years.

<b>1.</b>	<b>APOLOGIES</b>	<b>A26-2010</b>
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Apologies for absence were received from County Councillors E. A. Jones, J. G. Morris and A. M. C. Weale.

<b>2.</b>	<b>ELECTION OF VICE-CHAIR</b>	<b>A27-2010</b>
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Councillor L. R. E. Davies was elected Vice-Chair for the ensuing year

<b>3.</b>	<b>MINUTES</b>	<b>A28 - 2010</b>
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The Chair was authorised to sign the minutes of the previous meeting held on 31<sup>st</sup> March 2010 as a correct record subject to the inclusion of Councillor L. R. E. Davies' apologies.

<b>4.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A29 -2010</b>
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Councillor Mrs S. Davies declared a personal interest in Item 5 relating to the Internal Audit of Maesydderwen School. Councillor Mrs Davies had been a LEA appointed Governor around the time of the Internal Audit but was not longer a Governor at the school.

<b>5.</b>	<b>INTERNAL AUDIT</b>	<b>A30 -2010</b>
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### **5.1 Opinion on Internal Control**

The Internal Audit Manager presented a report on the Opinion on Internal Control (copy filed with signed minutes).

It was explained that the Council had for some years been in a period of financial restraint and was constantly looking for ways to undertake tasks more efficiently. This report showed that a balance between the stewardship of public funds and the seeking of economies was being maintained.

It was explained that Audit Committee could request sight of any of the reports should it be deemed necessary.

### **5.2 Adverse Opinions and Tracker Report**

The Internal Audit Manager presented a report on the Adverse Internal Audit Reports Quarter 4 2009/10 and the Tracker Report (copy filed with signed minutes).

It was confirmed that two Internal Audits of the BPU relating to Complaints procedures and authorised signatories had been postponed to give an opportunity for new systems to develop. These items would remain on the Report Tracker as a reminder that a further Internal Audit was required.

It was confirmed that Portfolio Holders had received copies of all unsatisfactory and unsound Internal Audit reports since 2008.

### **5.3 Internal Audit Plan 2010/11**

The Internal Audit Manager presented the Internal Audit Plan 2010/11 (copy filed with signed minutes).

It was confirmed that there was some cross over between years as unfinished audit work was carried forward.

<b>6.</b>	<b>PRE AND POST 16 FUNDING</b>	<b>A31 - 2010</b>
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The Strategic Director – Finance and Infrastructure presented a paper outlining the amount of pre 16 education which was funding post 16 education and vice versa.

It was found that broadly those schools with large sixth forms were able to operate without a subsidy from pre 16 funds and indeed were able to themselves subsidise the pre 16 provision whereas those schools with smaller sixth forms were subsidising post 16 learning from pre 16 funds by up to £192,000.

RECOMMENDED THAT	REASON
Audit Committee bring to the attention of the School Modernisation Programme their concerns regarding the subsidisation of six form provision by pre 16 funds	To ensure that pre 16 learners receive all the funding that they entitled to.

7.	WALES AUDIT OFFICE	A32 - 2010
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### 7.1 Capacity and Capability

The Wales Audit Office presented their report on Capacity and Capability (copy filed with signed minutes).

The Strategic Director – Law and Governance outlined the action plan which was in place to address the findings of the WAO report. The Portfolio Holder for HR and Communications explained that much research had taken place over the previous two years and the Workforce Strategy which had replaced the People Strategy would pull together the various areas of work which had been undertaken over the previous two years. Much work had been undertaken around recording training and this should ensure that duplication of events would no longer occur. HR policies were now being developed in a workshop focussed way and over the next 12 months the benefits of this approach should become apparent.

It was confirmed that it was intended to implement Job Evaluation in 2012 and the Portfolio Holder outlined how an examination of the different tiers of management was being undertaken.

It was confirmed that checks were being undertaken to ensure that the annual staff appraisal was been undertaken and recorded on TRENT. The Portfolio Holder stressed the importance of the organisation undertaking annual appraisals and expected full compliance.

Members asked how the current economic situation would affect the organisation. The Portfolio Holder explained that each service area had plans to deal with a cut in budget of 1,2,3 or 4%. However, the Strategic Director – Finance and Infrastructure went on to explain that the implications of the recent budget and the Comprehensive Spending Review would not be known until late October and consequently it was very difficult to plan future budgets.

The Portfolio Holder for Finance confirmed that it would not be possible to achieve the expected cuts through efficiencies and that it would be necessary for the Council to give up discretionary spending over the next few years.

It was confirmed that the Council was using a number of methods to help with planning including Systems Thinking and Business Process Re-engineering. The different

methods were been reviewed in Powys as well as Wales to see if one approach was best or if different approaches worked for different areas.

## 7.2 Good Governance Diagnostic

The Good Governance Diagnostic had been presented at a joint meeting of the Board and Principal Scrutiny Committee on 25 May 2010 and was attached for information.

<b>8.</b>	<b>REGULATORY PLAN</b>	<b>A33 - 2010</b>
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The Accountancy Manager presented a report on the Regulatory Plan confirming that the HR Capacity and Capability Report had been received and the only outstanding items now were the Housing Review (at the drawing conclusions stage) and the Procurement of Transport (at the fieldwork stage).

The Accountancy Manager advised Members of a leaflet produced by the Wales Audit Office 'Assessing the improvement of Local Government in Wales' which could be accessed on the internet.

Cllr L. R. E. Davies left the meeting 11.10am.

<b>9.</b>	<b>DRAFT FINAL ACCOUNTS</b>	<b>A34 - 2010</b>
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The Principal Accountant gave a presentation outlining the background to the Draft Final Accounts and presented the Draft Final Accounts (copies filed with signed minutes).

It was confirmed that the Pension Fund was included in the accounts but actually was now considered by the Pensions and Investment Committee. The Pension fund had gone through a difficult period suffering problems from stock market falls, bank crashes, the BP oil leak. However, it was confirmed that pension interest does not impact on Council tax, rather it is the employer's contribution, running currently at around 23%, which makes it expensive to employ staff.

Members asked for an update on the position relating to the Icelandic Investments. It was explained that both Glitner and Landsbanki had Winding Up Boards (equivalent to being in receivership). Court action was ongoing as to whether local government are preferential creditors or not. It was expected the outcome would not be known for at least 12 months.

Cllr Mrs R. Davies left 11.40am.

<b>RECOMMENDED that</b>	<b>REASON FOR RECOMMENDATION</b>
<b>That the draft Annual Accounts be approved and signed by the Chair of the Audit Committee</b>	<b>To comply with statutory requirements</b>

<b>10.</b>	<b>NOTES FROM THE JOINT CHAIRS AND VICE-CHAIRS MEETING</b>	<b>A35 - 2010</b>
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The notes from the meetings held on 22<sup>nd</sup> April 2010 and 14<sup>th</sup> June 2010 were received.

<b>11.</b>	<b>WORK PROGRAMME</b>	<b>A36 - 2010</b>
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The Forward Work Programme was received.

<b>12.</b>	<b>CORRESPONDENCE</b>	<b>A37- 2010</b>
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The Chair confirmed that she had received a request from the WAO to consider three items which due to a misunderstanding regarding deadlines had not been included on the agenda, but which she had agreed for consideration.

The WAO apologised for the late items thanked the Chair for allowing discussion of the following items.

#### **12.1 Pension Plan**

The WAO advised that the Pension Plan had been approved by the Pensions and Investment Committee on 25<sup>th</sup> May 2010 and was available on the internet if required.

#### **12.2 Regulatory Programme for Performance Audit November 2009 to March 2011**

#### **12.3 Financial Audit Strategy Audit 2009-10**

The WAO confirmed that these two documents replaced the previous single Regulatory Plan and in future the two documents would cover the same timeframe.

Meeting closed 12.00pm.

**MRS S. C. DAVIES  
CHAIR**