

**NOTES OF A MEETING OF THE COUNCIL MEMBERS OF THE AUDIT
COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON FRIDAY 13
JULY 2012**

Present: County Councillor Mrs S C Davies (Chair)
County Councillors A W Davies, Mrs E R Davies, L R E Davies, P Harris, E A Jones,
M J Jones, H Lewis, R H Mills, J G Morris, W J T Powell, D Thomas, G Thomas, Col
T J Van Rees and G P Vaughan

The Audit Committee had not been formally constituted pending the appointment of a lay member. The closing date for applications was 13 July and a process of appointment had been agreed by County Council. In the meantime, an informal meeting of Council Members of the Audit Committee could take place. The delay in appointing a lay member had been due to guidance not having been received from the Welsh Government until very recently. Officers expressed their disappointment in the limited guidance which had been issued and Members in the lack of advice and that this had prevented the Committee from being able to function fully following the Election.

Outcome

That the Council's representatives on the WLGA be asked that the issue of inadequate and timely guidance from the Welsh Government be included on a future WLGA agenda.

1. ELECTION OF CHAIR

As the Committee was not yet fully constituted, the meeting agreed that County Councillor Mrs S C Davies be elected Chair for the meeting.

2. APOLOGIES

Apologies for absence were received from County Councillors J H Brunt, L Fitzpatrick, Mrs F Jump and Mrs A York and Mr M Jones of the WAO and the Portfolio Holder, County Councillor D Davies.

3. JOINT SCRUTINY CHAIRS STEERING GROUP

Documents Considered:

- Notes of a meeting 12 June 2012

Outcomes:

- Noted

4. STATEMENT OF ACCOUNTS

Documents Considered:

- Statement of Accounts 2011/12

Issues:

- The Statement of Accounts were presented for information with formal approval to be reserved to the next meeting.

- The Accounts had been produced in accordance with the code of practice and one change in accounting policy was noted.
- Publicity of Accounts.
- A local newspaper had reported a statement by the Portfolio Holder for finance regarding the Council's under spend.
- The figure quoted for reserves could be misleading as not all reserves were available to spend.
- There were no figures for school redundancy costs in future years.

Responses:

- Statutory notices were placed in the local press and all Town and Community Councils had been asked to display the notice. The Accounts were also available on the website.
- Officers were not aware of the press release but any politician or group could issue a press release without referring to officers.
- The under spend for the year was £6.5M of which £2M was ring fenced within the Housing Revenue Account (HRA). There is a commitment to achieve the Welsh Housing Quality Standard (WHQS) and funds were being set aside to address capital expenditure. There had been overspends in Adult Commissioning, Adult Social Services, Children's Services. There had been an increase in both the client base and the cost per client. In addition there was an over spend in Schools and Inclusion attributable to school transport. Generally corporate services had shown under spends as they were not fully staffed. Local Environment Services had received a grant late in the year from the Welsh Government which had to be used quickly, allowing budgeted monies to be rolled forward. Council tax collection has stood up robustly in the current economic climate with Powys achieving the fourth highest collection rate.
- Reserves total approximate £52M:
 - Services carry forward under spends and over spends – net £1.7M
 - Specific Reserves
 - £13M – Invest to save, Job Evaluation
 - £3M - Insurance
 - £5.9M – LES
 - -£1.8M – Schools
 - £8M – general fund. It is recommended that the Authority hold between 3% to 5% of revenue as a reserve and the £8M represents approximately 3%
 - £4.4M – HRA
 - £7M – 21st Century Schools (Powys County Council committed to fund £8M).
 - £1.8M – business systems replacement reserve
 - £3M – Transport and equipment
 - 1.7M - miscellaneous reserves

Both Adult Social Care and Schools delegated budgets have been protected in accordance with Welsh Government policies and this, coupled with generally poor settlements, will affect other services. The two services represent two thirds of the Council's annual budget.

- School redundancy costs had been top sliced prior to budgets being delegated. With the continuing falling school roles and schools modernisation, the proportion to be top sliced was too large and are funded from reserves in 2012/13 until such time as the policy is reviewed.

Outcomes:

- The Statement of Accounts would be approved at the September meeting.
- Media training for the Cabinet was included within the Member Development Programme. This would be followed by media training for Chairs and Leaders of Groups.
- Audit Committee should carefully monitor expenditure, particularly in those services showing overspends.
- Any Member seeking clarification or requiring further information on the Statement of Accounts should contact the Finance Department.

5. INTERNAL AUDIT PLAN 2012/13

Documents Considered:

- Internal Audit Plan 2012/13

Issues:

- Opportunities to tender for external work.
- Co-ordination between WAO and other committees' work programmes to avoid duplication.

Responses:

- There are opportunities to undertake external work but this is dependent on capacity within the team.
- The WAO have a copy of the Internal Audit Plan and have not indicated that there is duplication. The Plan will be considered by Joint Scrutiny Chairs Steering Group to ensure there is no duplication.

6. RISK MANAGEMENT

Documents Considered:

- Risk Management and Insurance Report

Issues:

- Risk issues are now included within each Service's Business Plan with the highest risks being reported to Audit Committee.
- Lease cars and commercial vehicles have a higher percentage of fault to no fault claims.
- Of the risks identified there were none for Adult Social Care despite Audit Committee having previously received adverse reports. Schools Service had not identified deficit budgets as a risk.
- Scrutiny and Audit could also become a major risk if performance was not as expected.
- Lack of recruitment across corporate services, such as legal, could result in a lack of specialist officers giving rise to a high risk to the

Authority. There had been reports that legal provision within Local Authorities was generally inadequate.

- An Information Governance Group had been established under the Chairmanship of the Director of Social Services.
- Job Evaluation presented a major risk and could affect every aspect of the Authority. The exercise should not solely be about pay, but also modernised structures and job roles.

Responses:

- A working group has been established and is currently interviewing drivers who have had a collision whilst reversing.
- There were training issues to be addressed in indentifying risks. Further work was to be carried out by officers and a revised list would be brought to the next meeting.
- Further consideration would be given to corporate risks, which would include governance arrangements.
- Lease car arrangements had been reviewed two years ago and the changes made have resulted in savings for the Authority.
- A Child Care Solicitor had recently been appointed.
- Job Evaluation was drawing to its conclusion and there was a commitment to implement the findings. A pay model was being refined and it was expected that staff would be informed in the autumn.

Outcomes:

- At the next meeting of the Committee a revised risk list will be presented together with the actions deemed necessary to mitigate those risks.
- Assurance that the performance of the Information Governance Group was adequate would be sought.

7. TREASURY MANAGEMENT

Documents Considered:

- Quarterly Report
- Review 2011/12
- Credit list (**Confidential**)

Issues:

- Security of funds was paramount with yield not so critical. However it is an ongoing challenge to find suitable places to invest.
- Forecasts suggested that the bank base rate would not change until 2014.
- Income management system is no longer to be supported during the next year and a new system commissioned. The current system is the most corporate wide system the Authority has and therefore the potential for the greatest risk.
- Assets were being disposed of whilst the market was low.

Responses:

- Treasury Management training for Members was imminent and many issues would be dealt with in more detail at that time.

- An officer working group is addressing the issues of implementing a new corporate wide ICT system. A Project Manager and ICT Analyst have been appointed from within the Authority.
- There is a statutory obligation to sell council houses on request. Other property would be assessed by estates department. It may well be prudent to dispose of assets to avoid further deterioration and revenue expenditure.

8. GMB REPORT

Documents Considered:

- Scrutiny report on Four Seasons Health Care Group

Issues:

- A letter had been received by the Chair at the last Audit Committee regarding the financial viability of a provider of residential care.

Responses:

- Further information was sought regarding the status of the Group. It was noted that the Group intended to restructure its debt but 40% of the company was owned by RBS which was itself a government owned institution.

Outcomes:

- No further action required.

9. WORKING GROUPS

Documents Considered:

- N/A

Issues:

- Two working groups to be established to consider Finance and Performance Monitoring and Internal Audit Reports.

Outcomes:

- **Finance and Performance Monitoring Working Group:** the Independent Member, Chair or Vice Chair, County Councillors, A W Davies, L R E Davies, W J T Powell, D Thomas, Col T J Van Rees and G P Vaughan.
- **Internal Audit:** Independent Member, Chair or Vice Chair, County Councillors Mrs E R Davies, Mrs S C Davies, E A Jones and J G Morris,

10. **WORK PROGRAMME**

Documents Considered:

- Work Programme

MRS S C DAVIES
CHAIR

Audit Committee
13.07.2012 10.00- 12.50