

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON THURSDAY 10 JANUARY 2013

Present: County Councillor A W Davies (Chair)
County Councillors J H Brunt, Mrs E R Davies, Mrs S C Davies, L R E Davies, M J Jones, Mrs F Jump, H Lewis, J G Morris, W D Powell, W J T Powell, D Thomas, R G Thomas, G P Vaughan, and Mr J Brautigam (Independent Member)

In Attendance: Messrs C Davies, J Herniman and M Jones, WAO

1.	APOLOGIES	A1 – 2013
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Apologies for absence were received from County Councillors P Harris, L Fitzpatrick, R H Mills, Col T J Van Rees and Mrs A York as well as County Councillor D Davies, Portfolio Holder

2.	DECLARATIONS OF INTEREST	A2– 2013
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Councillor G P Vaughan declared a personal and prejudicial interest regarding Item 10 Risk Management and Insurance, where it related to transport contracts.

3	DECLARATION OF PARTY WHIPS	A3 – 2013
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There were no declarations of party whips.

4.	MINUTES	A4 – 2013
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The Chair was authorised to sign the Minutes of the last meeting held on 12 October 2013 as a correct record subject to County Councillor M J Jones declaration of interest being amended to read that he was a Member of the Pension Scheme not the Pensions and Investment Committee

Arising thereon:

A series of questions had been posed at the last meeting regarding the Pension Fund. The Lay Member had some answers from the former Head of Finance and Pensions Manager but requested that the matter be referred to the Pensions and Investment Committee for further investigation.

5.	JOINT CHAIRS STEERING GROUP	A5 – 2013
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Documents Considered:

- Notes of meetings held on 11 October, 8 November and 6 December 2012.

Issues:

- Monitoring of Regulatory reports
- Request to Torfaen Council regarding holding schools and the LEA to account

Responses:

- A tracker of external reports and internal audit reports had been maintained some years ago.

- Torfaen Council had been highlighted as an authority that had improved its practices in relation to holding schools and the LEA to account

Outcomes:

- A Tracker report to be reinstated and submitted to Audit Committee and Joint Chairs Steering Group for monitoring purposes.
- The Scrutiny Manager would be asked to follow up and report back to Joint Chairs.
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6.	ANNUAL AUDIT LETTER TO MEMBERS OF POWYS COUNTY COUNCIL	A6 – 2013
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Documents Considered:

- Annual Audit Letter to Members of Powys County Council from the WAO.

Issues:

- Audited Financial Statements not published on time
- Loss of key personnel
- Partnerships with the voluntary sector
- Welshpool Redevelopment

Responses:

- Although the financial statements had been agreed within the required timescale, they had not been published on time due to an oversight following the departure of a key member of staff.
- There have been further staff losses and this represented a risk to the Authority. There is continual pressure to make savings and these fall heavily on support services. The preparation of the annual accounts is an onerous and complex activity and this is likely to fall to inexperienced staff. Attempts have been made to recruit but have, to date, not been successful.
- Appropriate arrangements have been put in place for voluntary sector suppliers.
- A joint review between the WAO and the Authority was carried out into the Welshpool redevelopment and was the subject of a separate agenda item.

Outcomes:

- The Audit Committee fully support the Strategic Director in his efforts to recruit to key posts and acknowledges that efficiency savings may have to be made elsewhere.
- The issues raised to be included in a tracker document for future monitoring purposes with clearly identified lines of responsibility.

7.	IMPROVEMENT ASSESSMENT LETTER	A7 – 2013
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Documents Considered:

- Improvement Assessment Letter from the WAO

Issues:

- Lack of clarity in improvement objectives
- Need to be more self critical
- Outcomes

- Annual performance report is overly positive
- Targets not consistently challenging

Responses:

- The Performance Report had improved over previous years but was still not sufficiently robust to satisfy the WAO. The Joint Chairs had identified weaknesses within the report and these were similar findings to those of the WAO. The Authority was encouraged to make better use of internal challenges and to ensure these were timely. There appeared to be a lack of accountability within the Authority and whilst the report provided an assessment of the current position it could not be considered as effective self evaluation.

Outcomes:

- The Joint Chairs Steering Group would consider the current Performance Report at an earlier stage in the cycle.

8.	JOINT REVIEW OF WELSHPOOL REDEVELOPMENT	A8 – 2013
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Local County Councillors for Welshpool, D R Jones and P Pritchard joined the meeting for this item.

ACCESS TO INFORMATION:

RESOLVED to exclude the public for the following Items of business on the grounds that there would be disclosure to them of exempt information under categories 3 and 4 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

Documents Considered:

- Welshpool redevelopment scoping document
- WAO Summary Findings from Joint Review

Issues:

- Information gathered through Welshpool Gyratory Scrutiny Review lead to request for further investigation
- Scope of review

Responses:

- Following allegations made during the Scrutiny Review it had been agreed that a review of documentation be undertaken.
- One local Member had submitted 16 questions and, although these were not specifically identified within the review, the issues had been considered in providing an overall response.
- A local Member was not satisfied with the conclusions but, unless new information was submitted, the review was considered complete

Outcomes:

- The evidence would be reviewed and a further meeting would be held between WAO, the Strategic Director and Local Members to finalise the matter.

9.	INTERNAL AUDIT	A9 – 2013
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Documents Considered:

- Audit Committee – Workshops (Update)

Issues:

- Follow up report had been expected in July 2012
- Scrutiny Review carried out commencing in 2009
- Revised strategy not yet considered by Cabinet
- Regeneration is main priority of the Authority
- No progress on implementation of standard lease agreement

Responses:

- A Strategy had been prepared but the new Cabinet, on appointment in May 2012, suspended its implementation. Some areas continued to be implemented.
- Issues in the Scrutiny Review had not been addressed, including standardizing lease agreement

Outcomes:

- The Chair to write to the Portfolio Holder regarding the delay in implementing the Strategy.

10.	RISK MANAGEMENT AND INSURANCE	A10 – 2013
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Documents Considered:

- Risk Management and Insurance Report

Issues:

- Levels of risks identified not high enough in some instances:
 - School deficits (12.88)
 - Estyn Inspection (12.4)
 - Adult Social Care (12.8)
 - Housing (12.26 -30)
 - School Transport (12.42)
 - Schools Modernisation (12.32)
- Lack of mitigating actions
- School staff being paid through offshore accounts for tax purposes

County Councillor G P Vaughan declared a personal and prejudicial interest in school transport and left the meeting during discussion of this item.

Responses:

- School deficits – a loan scheme has been adopted the effects of which are not yet known. School budgets are based on optimum performance and loan repayments may adversely affect performance. This issue was considered to be a high risk. Loans were a means to formalize the deficits. Monthly reports

will be submitted to Finance. The scheme commenced in the autumn and not all schools are responding as quickly as they should. Both Finance and Education Services are monitoring the Action Plans. The Committee were concerned that deficits had arisen in the first place due to inadequate monitoring by those service areas.

- Estyn – the latest Estyn report had been critical and that failure to address the identified weaknesses could result in the authority being placed in special measures. This had been categorised as Low Probability with a High Impact. It was felt that this should have an overall rating of High.
- Adult Social Care – the service is £3M overspent and yet is classified as Low Risk.
- Housing – there is no reference to the delays in achieving the Welsh Housing Quality Standard and it was suggested that this should be included in the Risk Register. Although there had been delays in the earlier stages, it was still hoped to achieve WHQS by 2018.
- A retendering exercise for home to school transport had been completed but there were concerns that the new arrangements were badly organised.
- Schools Modernisation – should be classed as High Impact across all categories.
- The Register is in the process of being developed and it is considered essential that mitigating actions be included.
- A media report had identified that some staff in state schools were being paid through an offshore company for tax purposes - most supply teachers were sourced through the Powys Register but further inquiries would be made to ensure the offshore agency named in reports was not being used.

Outcomes:

- Internal Audit could monitor School Action Plans during the course of their regular audits.
- The Internal Audit Manager would be asked to review the ratings in light of the Committee’s comments.
- Mitigating actions to be obtained for all areas for inclusion in the Register.
- Finance would check that no payments were being made to offshore agencies for school staff.

11.	WORKING GROUPS	A11 – 2013
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11.1 Finance and Performance

Documents Considered:

Scrutiny Summary Report

Issues:

- too much information being considered in too little time
- Need more regular meetings or limit consideration to fewer items in more depth
- Information needs to be accessed earlier

Outcomes:

- Names of Working Group Members to be included in summary reports
- The Chair to further discuss with the Strategic Director and Portfolio Holder processes including accessing information earlier

11.2 Internal Audit

Documents Considered:

Scrutiny Summary Report

Issues:

- Internal Audit to consider KPIs and value for money
- First meeting considered older reports
- WAO concern that Audit Committee fully understand issues considered by Working Group

Responses:

- Key issues will still be referred to Audit Committee alongside summary reports of meetings of the Group

11.3 Schools ICT

Documents Considered:

Scrutiny Summary Report

Issues:

- Community Management Groups not yet in place

12.	WORK PROGRAMME	A12 – 2013
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Documents Considered:

- Work Programme

Outcomes:

- The work programme is amended to include items raised during the course of the meeting.

13.	CORRESPONDENCE	A13 – 2013
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There was no correspondence.

A W DAVIES
CHAIR