

## MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON THURSDAY 26 SEPTEMBER 2013

**Present:** County Councillor A W Davies (Chair)  
County Councillors Mrs S C Davies, L Fitzpatrick, E A Jones, H Lewis, M J Jones, D Mayor, R H Mills, W D Powell, W J T Powell, Mrs J Shearer, D Thomas, R G Thomas, Col T J Van Rees, G P Vaughan and Mr J Brautigam (Independent Member)

**In Attendance:** Messrs M Jones and J Herniman WAO and The Leader, County Councillor D Jones

Mr David Powell, Temporary Section 151 Officer, was welcomed to the meeting, prior to appointment as Strategic Director, Resources on 1 October 2013.

<b>1.</b>	<b>APOLOGIES</b>	<b>A48– 2013</b>
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Apologies for absence were received from County Councillors J Brunt, Mrs E R Davies, L R E Davies, Mrs F Jump and J G Morris and the Portfolio Holder for Finance, County Councillor D Davies.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A49– 2013</b>
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County Councillors Mrs S Davies, E A Jones, M J Jones, G P Vaughan and Col T J Van Rees declared personal interests as members of the Local Government Pension Scheme.

<b>3</b>	<b>DECLARATION OF PARTY WHIPS</b>	<b>A50 – 2013</b>
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There were no declarations of party whips.

<b>4.</b>	<b>MINUTES</b>	<b>A51– 2013</b>
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The Chair was authorised to sign the Minutes of the last meeting held on 11 July and reconvened on 17 July as a correct record subject to County Councillor M J Jones attendance being recorded for the meeting on 11 July 2013.

<b>5.</b>	<b>JOINT CHAIRS STEERING GROUP</b>	<b>A52 – 2013</b>
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**Documents Considered:**

- Notes of meetings held on 14 June and 2 August 2013.

**Outcomes:**

- Noted

<b>6.</b>	<b>STATEMENT OF ACCOUNTS</b>	<b>A53 – 2013</b>
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Members were disappointed that it had not been possible to distribute the papers for consideration until the last minute which did not give adequate time for Members to prepare for the meeting.

## 1. WAO – Audit of the Financial Statement Reports

### **Documents Considered:**

- ISO 260 (Powys County Council)
- ISO 260 (Powys Pension Fund)

### **Issues:**

- WAO intend to issue an unqualified report on both the Powys Accounts and Pension Fund
- Statement of Accounts can be signed off
- An Audit Certificate cannot be issued until such time as outstanding 'whistleblowing' items have been resolved
- One item regarding the revaluation of an asset before sale was reported to Committee following a management decision not to amend
- More detailed investigation of the Fixed Asset Register had had to be undertaken following the discovery of anomalies
- The Whole of Government Accounts were submitted late for Audit
- The Annual Governance Statement should make reference to the Pension Fund
- Issues surrounding system reports were highlighted
- Many of the items amended from the Draft Accounts were issues of categorisation
- Inadequate time for Members to prepare due to delay in distribution of documents
- No significant issues relating to the Pension Fund
- Data cleansing of pension records had been undertaken and the correct data has been made available to the Actuary for the Triennial Pension Valuation
- Additional charges by WAO

### **Responses:**

- Whistleblowing issues should be resolved in the near future
- The issue surrounding the valuation of an item was due to an asset being valued too early which lead to the asset being understated in the accounts. However, management were of the opinion that the resulting work in amending the accounts did not justify changing the valuation figure and that the issue was immaterial in terms of the overall reading of the accounts.
- The WAO suggested that a root and branch review of the Fixed Asset Register be undertaken. The Council is looking to involve the Valuation Office in the review which should rectify difficulties.
- The Whole of Government Accounts was late due to the Welsh Government not having provided the returns until August whereas they were normally received in June. This applied to all Authorities in Wales. Extensions were granted but the delay impacted on the work of the Finance Team
- The issue around systems reports is purely around reporting information from the financial ledger and not an issue with the systems themselves. A greater understanding by officers in what WAO required will improve this process.

- The support of the Finance Team and the difficulties they had encountered with staff leaving was acknowledged.
- The Section 151 Officer was satisfied that the Accounts could be signed off. The WAO reiterated that they would issue an unqualified opinion. An assessment of the additional work carried out in order to audit the accounts and determine whether additional charges needed to be made.

**Outcomes:**

- The WAO would produce a further report and Action Plan for consideration by the Committee in the autumn.
- The Strategic Director intended to complete a review of processes once he had taken up his post and would report to Committee

**2. Letters of Representation**

**Documents Considered:**

- ISO 260 (Powys County Council)
- ISO 260 (Powys Pension Fund)

**Outcomes:**

- Letters of representation approved

**3 Statement of Accounts 2012/13**

**Documents Considered:**

- Statement of Accounts and Annual Governance Statement

**Issues:**

- Delay in providing Committee Members with the appropriate documents
- Failure to support staff
- Disconnection between front line staff and Finance

**Outcomes:**

- The undervaluation of a surplus asset would not be amended as it did not materially affect the reading of the Accounts
- The Letters of Representation were approved
- The Statement of Accounts was approved
- A table of the changes made would be forwarded to Committee Members for clarity
- The WAO report and Action Plan would be considered by a future Committee and the Cabinet
- The new Strategic Director would commence a review into processes and resourcing and report his initial findings to the next meeting

Members requested that their dissatisfaction with the procedure in place for the meeting be recorded and asked that staff be commended for the work they have achieved under significant pressures.

<b>7.</b>	<b>TREASURY MANAGEMENT QUARTERLY REPORT (Q1)</b>	<b>A54 – 2013</b>
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**Documents Considered:**

- Report of the Portfolio Holder for Finance
- Credit Rating List (Confidential)

**Issues:**

- Bank rate is likely to remain unchanged until late 2016
- Local Authority Mortgage Scheme may change in the near future
- 55% of funds have been returned from Landsbanki
- If banks are floated off, their credit ratings would be reviewed

**Outcomes:**

- Q2 report would be presented to the next Audit Committee in October.
- The Economic Background appendix would be dated in future

<b>8.</b>	<b>WORK PROGRAMME</b>	<b>A55 – 2013</b>
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**Document:**

- Work Programme

**Outcome:**

- The Work Programme would be amended to include the following additional items
  - WAO report and Action Plan
  - Strategic Director's review of processes and resourcing

<b>9.</b>	<b>CORRESPONDENCE</b>	<b>A56 – 2013</b>
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There were no items of correspondence.