

- MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON FRIDAY 11 JULY 2014

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

WAO: Mr M Jones

Officers: D Powell, Strategic Director Resources, C Pinney, Solicitor to the Council, J Thomas, Professional Lead, Finance, S Offa, Senior Accountancy Assistant, C Evans, Business Improvement Officer, I Halstead, Internal Audit Manager, P Jones, Professional lead, Strategic Planning and Performance, J Lewis, Head of Professional Services and Commissioning, D Micah, Commercial Property Manager and R Williams, Valuer

1.	APOLOGIES	A37– 2014
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Apologies for absence were received from County Councillors E M Jones, R H Mills and G P Vaughan.

2.	DECLARATIONS OF INTEREST	A38– 2014
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County Councillors J Brunt, L R E Davies, S Davies, M J Jones, H Lewis and T J Van Rees declared personal interests in item 5 Draft Statement of Accounts, as members of the Pension Scheme. County Councillor T J Van Rees declared a personal and prejudicial interest in the same item in relation to the County Farms Estate and left the meeting when that item was discussed. County Councillor H Lewis also declared a personal interest in Item 5 as it relates to the County Farms Estate but reminded the Committee of his dispensation from Standards Committee to participate.

3	DECLARATION OF PARTY WHIPS	A39 – 2014
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There were no declarations of party whips.

4.	MINUTES	A40– 2014
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The Chair was authorised to sign the Minutes of the last meetings held on 25 April and 14 May 2104 as correct records.

5.	DRAFT STATEMENT OF ACCOUNTS	A41 – 2014
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Documents Considered:

- Report of the Professional Lead for Finance
- Draft Statement of Accounts including Annual Governance Statement

Issues:

- Reserves increased by £130M,
- Usable reserves fell by £6M

- Cost of the service differs between the Statement and accompanying management report due to requirements in presenting the accounts
- Assets exceed Liabilities by £302M
- Improved cash balance
- Pension Fund has increased by £20M due to profits on investments
- Workshop to be arranged to discuss final accounts in detail prior to their submission to Audit Committee in September for approval
- Inadequate representation of Workshops
- Additional Pension contributions
- Increase in long term debtors

Responses:

- Unusable reserves include increases in the revaluation of assets - these only become usable when sold
- Revaluation of County Farms Estate will affect the balance sheet – because this is likely to be significant, the valuation will be reflected in the current Statement of Accounts
- The Medium Term Financial Plan will reflect the forward Capital Strategy
- Additional pension contributions had been made to reflect the pension strain from the voluntary severance scheme
- Further detail would be sought on the increase in long term debtors of £1M
- Services had been able to use their reserves to support revenue budgets. Service reserves have ceased and all reserves are administered corporately to ensure greater transparency in the funding of the Council
- It was a matter of judgement how much information was included within the Statement of Accounts relating to individual items such as Workshops. It was thought the reference within the overall document was adequate

County Councillor M J Jones arrived at 14.40

Outcomes:

- Further detail to be obtained regarding long term debtors
- Members to submit any queries to the Professional Lead for Finance to enable full responses to be prepared in time for the Workshop to be arranged in mid September

6.	CERTIFICATION OF GRANTS AND RETURNS 2012-13	A42 – 2014
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Documents considered:

- Report of the WAO

Issues:

- Usually the report would be presented to management and their response included. The Wales Audit Office apologised that this had not happened and due to the interests of timeliness, the report had come straight to Audit Committee
- One in five claims was qualified – Welsh average is one in three for the corresponding period
- Adequate arrangements are in place
- There had been an improvement in the percentage of claims received by the deadline

- All authorities are using the same software in relation to Housing Benefit claims which does not allow some claims to be verified. There were no consequences to this.
- Minimal adjustments had to be made to the submitted claims
- A query was raised whether using a grant system was a cost effective way of delivering services
- In response to a question from a committee member it was noted that it is not within the WAO remit to judge the Authority's efficiency in distributing grants
- Overall, the report was positive

Outcomes:

- Officers would respond to the report and inform Audit Committee of that response

County Councillor C Davies arrived at 14.55.

The remainder of the agenda was considered in the following order:

10. Whistleblowing Policy
8. Risk Management and Business Continuity
11. Working Groups
14. Access to Information
15. Workshops
12. Joint Chairs Steering Group
13. Work Programme
7. Annual Internal Audit Report
9. Tracker of Regulatory Actions

7.	ANNUAL INTERNAL AUDIT REPORT	A43 – 2014
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Documents considered:

- Report of the Internal Audit Manager

Issues:

- Similar level of low or limited assurance reports issued as in previous years
- Opinions are formed in isolation on individual reviews
- Shortly Powys will be the first authority to be externally reviewed under Public Sector Internal Audit Standards
- Overall Satisfactory Assurance (bordering on limited) has been given

Responses:

- Internal audits are being targeted more precisely leading to a slight increase in the number of limited or low assurance reports
- Average over 7 years has been fairly consistent
- Further information on whether particular areas fail or succeed on a consistent basis to be determined – changing structures make it more difficult to follow through.
- Grant Thornton produced a report on the financial health of English Local Authorities, The Tipping Point. A similar process is being undertaken in Wales. A balanced score card of financial health of the Authority will be produced and brought to Audit Committee

- A reactive approach to fraud has been taken
- A pilot project to tackle corporate fraud has identified £90K to be returned to the public purse

Outcomes:

- A presentation on anti fraud measures be made to a future meeting of the Audit Committee

8.	RISK MANAGEMENT AND BUSINESS CONTINUITY	A45 – 2014
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Documents considered:

- Report of the Strategic Director, Resources
- Timeline
- Action Plan arising from Internal Audit
- Business Continuity Management Toolkit

Issues:

- Statutory requirement
- Work not formally allocated following departure of Risk and Resilience Manager
- Temporary appointment of dedicated officer
- Evaluation undertaken of current service – only 4 areas have Business Continuity Plans and these are out of date following major restructuring of the Authority
- Corporate Business Continuity Plan needs to be updated
- Heads of Service have been briefed and Champions have been asked to be identified within service areas
- Training of champions to be undertaken
- Strategic Director, Resources to Chair a corporate working group to ensure consistency across the Authority
- Steady progress is being made
- the Corporate Business Continuity Plan will be completed and submitted to the October meeting for approval
- It is expected that the Authority will be compliant with legislation by November
- The Internal Audit Working Group have been monitoring business continuity across a number of areas

Outcomes:

- The Corporate Business Continuity Plan to be completed and submitted to the October meeting of the Committee

9.	TRACKER OF REGULATORY ACTIONS	A45 – 2014
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Documents considered:

- Report of the Professional Lead: Strategic Planning and Performance
- Tracker
- PCC Regulator Recommendations Tracking Process

Issues:

- Tracker still draft – not yet approved by Management Team
- Issues should be embedded within Service Improvement Plans
- Recommendations to Portfolio Holders, Cabinet and Joint Chairs Steering Group for removal of items
- The Authority is responding well to regulators' reports although not all are complete

Outcome:

- Future Trackers to be submitted to the Finance and Performance Working Group for monitoring

10.	WHISTLEBLOWING POLICY	A46 – 2014
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Documents considered:

- Draft Whistleblowing Policy

Issues:

- Report has been considered by Standards Committee and Democratic Services Committee
- WAO have made several suggestions and amendments

Responses:

- The amendments, including practical advice on rolling the programme out to staff and Members, would be included and the Policy submitted to County Council for final approval
- Further clarity was required in the document regarding Members lines of reporting.

Outcome:

- WAO's comments to be shared with the Chair of Democratic Services

11.	WORKING GROUPS	A47 – 2014
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11.1 **Finance and Performance**

Document:

- Scrutiny Summary Report

Outcome:

- Report noted

15.2 **Internal Audit**

Document:

- Scrutiny Summary Report

Outcome:

- Report noted

12.	JOINT CHAIRS STEERING GROUP	A48 – 2014
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Document:

- Notes of a meeting held on 16 May 2014

Outcome:

- Noted

13.	WORK PROGRAMME	A49 – 2014
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Document:

- Work Programme

Outcome:

- Received and items discussed during the meeting to be included

14.	ACCESS TO INFORMATION	A50 – 2014
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RESOLVED to exclude the public for Item 15 only on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

15.	WORKSHOPS	A51 – 2014
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Documents considered:

- Interim report of the Portfolio Holder for Property

Issues:

- Consideration should be given to the purpose of the units and whether that purpose is being fulfilled

Outcome:

- Scrutiny review to be circulated to all Members
- GVA management reports to be circulated to Members
- Further report in October

County Councillor E A Jones left the meeting at 15.30.

A W DAVIES
CHAIR