

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY
HALL, LLANDRINDOD WELLS ON FRIDAY 26 SEPTEMBER 2014**

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

In Attendance: Messrs M Jones and J Herniman WAO

Officers: David Powell, Strategic Director Resources, Jane Thomas, Professional Lead Finance, Dan Paley, Financial Reporting and Policy Accountant, Sue Spencer, Reporting and Data Integrity Accountant

1.	APOLOGIES	A52– 2014
-----------	------------------	------------------

Apologies for absence were received from County Councillors C Davies, E R Davies, J Shearer and T J Van Rees

2.	DECLARATIONS OF INTEREST	A53– 2014
-----------	---------------------------------	------------------

There were no declarations of interest.

3	DECLARATION OF PARTY WHIPS	A54 – 2014
----------	-----------------------------------	-------------------

There were no declarations of party whips.

4.	MINUTES	A55– 2014
-----------	----------------	------------------

The Chair was authorised to sign the Minutes of the last meeting held on 11 July 2014 as a correct record.

5.	STATEMENT OF ACCOUNTS	A56 – 2014
-----------	------------------------------	-------------------

1. WAO – Audit of the Financial Statement Reports

Documents Considered:

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

Issues:

- An unqualified opinion would be given on both sets of accounts
- A number of adjustments are detailed in the Statement Reports
- There were no misstatements in the Pension Fund report
- There is a need for Internal Audit to monitor the Pension Fund
- Some Quality Assurance checks were not completed due to pressures on officer time
- There is a need to ensure sufficient resource is in place
- The Annual Governance Statement now refers to the Pension Fund, but there is scope for additional improvements
- A number of amendments had had to be made to the Statement of Accounts

- Some agreed amendments were outstanding and the accounts would have to be adjusted accordingly
- There was no disagreement and it was expected that an unqualified opinion could be given once all adjustments had been finalised
- A number of significant audit risks were identified:
 - Fixed Asset Register
 - County Farms Estate
 - Quality Assurance
 - Internal recharges and accounting
- Lack of a quality assurance process needs to be addressed improvements should result in fewer queries to the Draft Accounts
- There had been some difficulty in the timeliness of obtaining information from service areas
- Change of audit procedures – higher levels of sampling
- One misstatement was explained to Committee which it is not intended to adjust

Responses:

- Each annual audit has a different focus there had been substantial changes due to the issues identified.
- There had been significant cuts within the organisation and financial staff had also been reduced. The way of working within the organisation was changing and there had been a loss of corporate knowledge. The level of resourcing would be assessed.
- In comparison to other Authorities, Powys appeared to be approximately two weeks behind schedule. One Authority is likely to miss the 30 September deadline due to a specific, technical difficulty.
- A joint learning session between finance and the WAO would be held to address issues raised and good practice across other authorities and levels of resourcing would be shared
- A misstatement relating to adjusting an internal recharge to the Housing Revenue Account would not be made as it was not considered material.

Outcomes:

- The Audit of the Financial Statements Report in relation to the Pension Fund was accepted
- The Strategic Director will seek an action plan to build on improvements made this year and address those areas requiring improved performance
- The Committee agreed that the misstatement relating to the HRA not be adjusted as it was not material

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

Outcomes:

- The Committee approved the Statement of Accounts subject to a small number of agreed alternations which will be initialled by the Chair and Section 151 Officer

6.	ANNUAL IMPROVEMENT REPORT	A57 – 2014
----	----------------------------------	-------------------

Documents Considered:

- Annual Improvement Report

Issues:

- Cabinet and Joint Chairs had both considered the Annual Improvement Report
- Audit Committee needed to consider the Report in more depth

Responses:

- The Annual Improvement Report had been issued shortly after the last meeting in July 2014

Outcomes:

- The Audit Committee would give earlier consideration to the AIR in future years

7.	TREASURY MANAGEMENT REVIEW 2013/14	A58 – 2014
----	---	-------------------

Documents Considered:

- Report of the Portfolio Holder for Finance

Issues:

- Lenders Option Borrowers Option (LOBOs)

Responses:

- LOBOs are private sector loans and Powys has invested £40M
- Conflicting reports regarding their appropriateness
- They have been widely used in the public sector
- Repayment of LOBOs is not an issue for the Authority and will be kept at a manageable and replaceable level

Outcomes:

- That the Annual TM Review be approved