

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT NEUADD  
MALDWYN, WELSHPOOL, ON THURSDAY 29 JANUARY 2015**

**Present:** County Councillor A W Davies (Chair)  
County Councillors J H Brunt, E R Davies, M J Jones, F Jump P J Medicott, R H Mills, R G Thomas, and Mr J Brautigam (Independent Member)

**Officers:** David Powell, Strategic Director Resources, Caroline Evans, Business Continuity and Risk Management Officer, Ian Halstead, Internal Audit Manager, Jane Thomas, Professional Lead Finance

<b>1.</b>	<b>APOLOGIES</b>	<b>A1– 2015</b>
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Apologies for absence were received from County Councillors S C Davies, L R E Davies, L Fitzpatrick, E M Jones, H Lewis, J G Morris, W D Powell, G Price, G Ratcliffe, D Thomas, T J Van Rees and G P Vaughan and Mr M Jones, WAO

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A2– 2015</b>
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There were no declarations of interest.

<b>3</b>	<b>DECLARATION OF PARTY WHIPS</b>	<b>A3 – 2015</b>
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There were no declarations of party whips.

<b>4.</b>	<b>MINUTES</b>	<b>A4– 2015</b>
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The Chair was authorised to sign the Minutes of the last meeting held on 17 October 2014 as a correct record.

<b>5.</b>	<b>JOINT CHAIRS STEERING GROUP</b>	<b>A5 – 2015</b>
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**Documents Considered:**

- Notes of a meeting held on 19 September and 14 November 2014

**Outcomes:**

- Noted

<b>6.</b>	<b>WAO</b>	<b>A6 – 2015</b>
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**6.1 Closure and Audit of Accounts**

**Documents:**

- Statement of Accounts Memorandum

This item was considered in conjunction with Item 7, Preparation of Statement of Accounts 2014/15.

**6.2 Certificate of Compliance**

**Documents:**

- Certificate of Compliance

**Issues:**

- The Certificate is a requirement of the Local Government Measure (Wales) 2009 in relation to an audit of the Council's performance in 2013/14
- No recommendations were made

**Outcome:**

- That the Certificate be received.

7.	<b>PREPARATION OF STATEMENT OF ACCOUNTS</b>	<b>A7 – 2015</b>
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**Documents:**

- Report of the Professional Lead for Finance
- Recommendations from Statement of Accounts Memorandum
- Closing of Accounts Project Plan

**Issues:**

- The WAO Statement of Accounts highlighted the areas to be amended and issues raised during the closing of the Accounts together with a number of recommendations for future improvement
- A project management approach will be taken to deal with the closure of this year's accounts
- A team has been set up across the Authority
- A Lead Officer has been appointed for each workstream
- A risk assessment is in place
- The Project Team reports to the Head of Professional Services and the Strategic Director Resources formally on a fortnightly basis
- Vacancies in the Finance Team
- A workshop with WAO will be held to understand their approach and requirements
- Each service area is working on their own income work stream – some issues have already been resolved
- Bank Reconciliations – Internal Audit are in the process of conducting a review
- Closing of the Accounts is a whole Authority issue

**Responses:**

- A backlog of work is developing due to vacancies. There have been significant changes across the Authority resulting in more issues requiring resolution and an increased workload for those remaining in Finance. Although key posts are filled, extra staff may be needed for key elements of work.
- There is a skills shortage in mid Wales and recruiting suitably qualified staff is a challenge. Consideration is being given to appointing up to five apprentices across Resources but this may not resolve short term issues
- Proposals to improve budget monitoring are to be submitted to Management Team. This includes roles and responsibilities of officers. It is hoped to implement new procedures in April 2015.

**Outcomes:**

- Progress report against the Project Plan to be submitted to the next meeting

8.	<b>INTERNAL AUDIT</b>	<b>A8 – 2015</b>
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### 8.1 External Quality Assessment of Internal Audit

#### **Documents Considered:**

- Report of the Portfolio Holder for Finance
- KPMG Final report
- Progress report on delivery of actions

#### **Issues:**

- Powys is the first Welsh authority to undertake an external assessment
- Internal Audit is generally compliant with the Public Sector Internal Audit Standards
- An external review will be required every 5 years
- Audit Committee considered the draft report in October 2014
- The risk Register is key for Internal Audit and considerable work has been undertaken in updating the Council's Register. As the Register becomes more mature it will become more useful in the internal audit process
- There are a significant number of low level audits undertaken
- Below average core service audits
- Some actions are completed and some are ongoing – most actions will be delivered by April 2015
- Restructure

#### **Responses:**

- A cashless process for schools is being developed
- Changes across the authority require a different skill set in internal Audit
- A restructure will be implemented in March 2015 – greater specialism is needed whilst maintaining a breadth of knowledge of other services
- The Service is influenced by events
- Core services are also considered by WAO as part of the Statement of Accounts
- If something goes wrong in a core service, there are huge risks to the Authority. However, those core services are also the most highly controlled and a balance of auditing is required
- Powys currently undertakes approximately 10% core service audits, one of the lower in Wales. The key issue is to manage risk and to assess needs objectively.
- Internal Audit is required to give assurance that the systems are in place, but it is down to individual services to manage those areas

#### **Outcome:**

- A progress report to be submitted to the next meeting

### 8.2 Quarterly Report/Work Plan

#### **Documents:**

- Report of the Internal Audit Manager
- Internal Audit Work Plan Q4

**Issues:**

- Audit Committee must be satisfied that there is effective coverage of the Council's systems to ensure the Internal Audit Manager can give an opinion on the control framework of the authority
- The restructure will result in 0.5 fte less
- One officer is currently seconded to another service
- The number of days audits are carried out in the quarter has had to be reduced from 300 to 250
- Although the Internal Audit Manager must remain independent, Members are welcome to suggest areas for future work
- The Internal Audit Working Group is key to the work of Internal Audit and the Group will give greater consideration to the content of the Work Plan
- Must ensure there is no overlap between Scrutiny, Democratic and Internal Audit

<b>9.</b>	<b>RISK MANAGEMENT AND BUSINESS CONTINUITY</b>	<b>A9 – 2015</b>
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**Documents Considered:**

- Report of the Business Continuity and Risk Management Officer
- Heat Map
- Risk Register

**Issues:**

- Good progress is being made with service areas accepting ownership of their risks
- The Business Continuity and Risk Management Officer has attended workshops in three service areas to discuss those services' current risks and whether any gaps occur.
- Some items will be dealt with at service level, others escalated to Audit Committee
- Engagement has been good and the process will be rolled out to other service areas
- To date only current risks have been assessed with return to Service Management Teams scheduled to explore gaps
- The Risk Register has little change but should reduce in the future
- Lack of benchmarking to other authorities

**Outcomes:**

- A desk top benchmarking exercise will be undertaken and reported to a future meeting

<b>10.</b>	<b>TREASURY MANAGEMENT HALF YEARLY REPORT</b>	<b>A10 – 2015</b>
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**Documents Considered:**

- Report of the Portfolio Holder for Finance

- Credit Rating report (Confidential)

**Issues:**

- Rates continue to be low
- Recent reports suggest these will remain low for longer than anticipated
- Cash held has been reduced over recent years
- Treasury Management Advisers constantly updating forecasts
- Any release of funds held in escrow in Iceland would have to be seen as part of the required conclusion to the issues the Council has dealt with around Icelandic Banks

**Outcomes:**

- That the report be noted

<b>11.</b>	<b>SCRUTINY GROUPS</b>	<b>A11 – 2015</b>
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**i) Internal Audit Working Group****Documents Considered:**

- Scrutiny summary report

**Outcome:**

- Report received

**ii) Finance and Performance Working Group****Documents Considered:**

- Scrutiny summary report

**Outcome:**

- Report received

**iii) Finance Scrutiny Panel****Documents Considered:**

- Scrutiny summary report

**Outcome:**

- Report received

<b>12.</b>	<b>WORK PROGRAMME</b>	<b>A12 – 2015</b>
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**Documents Considered:**

- Work Programme

**Issues:**

- The Chair had attended the first meeting of the Network of Audit Chairs in Wales
- WAO had given a presentation on the roles and responsibilities of Audit Committee which the Chair thought would be of interest to the Committee

**Outcomes:**

- The WAO be invited to make a presentation to the next Audit Committee
- The Work Programme would be updated with items discussed during the meeting

<b>13.</b>	<b>CORRESPONDENCE</b>	<b>A13 – 2014</b>
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There was no correspondence

<b>14.</b>	<b>CONFIDENTIAL MATTERS</b>	<b>A14 – 2015</b>
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**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 category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).**

<b>15.</b>	<b>COUNSELS' FEES FOR THE CONJOINED INQUIRY</b>	<b>A15 – 2015</b>
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**Documents Considered:**

- Report of the Solicitor to the Council

**Outcomes:**

- That the report be noted

**The next meeting is scheduled for 22 April 2015 at 10 am.**

**A W DAVIES  
Chair**