

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON WEDNESDAY 22 APRIL 2015

Present: County Councillor A W Davies (Chair)
County Councillors E R Davies, S C Davies, L Fitzpatrick, G G Hopkins F Jump, H Lewis, P J Medicott, R H Mills, J G Morris, W D Powell, G Ratcliffe, D Thomas, R G Thomas, J Van Rees and G P Vaughan 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

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| 1. | APOLOGIES | A22– 2015 |
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Apologies for absence were received from County Councillors E M Jones and M J Jones.

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| 2. | DECLARATIONS OF INTEREST | A23– 2015 |
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There were no declarations of interest.

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| 3 | DECLARATION OF PARTY WHIPS | A24 – 2015 |
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There were no declarations of party whips.

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| 4. | MINUTES | A25– 2015 |
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The Chair was authorised to sign the Minutes of the last meeting held on 8 April 2015 as a correct record.

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| 5. | WAO | A26 – 2015 |
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5.1 **Section 33 ICT Partnership Arrangements**

Documents:

- Section 33 arrangements – ICT Partnership, Powys County Council, and Powys teaching Health Board

Issues:

- Programmed work
- Section 33 in place for two years
- Consideration of effectiveness and future direction
- Risk and resilience has been improved
- Integrated help desk has not been achieved as this was reliant on an all Wales integrated service that is not yet available and outside the control of either party
- Specific budgets had been rolled forward and integrated
- There was no evidence of subsidy from one organisation to the other
- Memorandum of Accounts should be completed annually
- Council have more ICT staff and better resilience
- Unable to compare PtHB with other Boards as no acute services

- Links back to Committees need to be developed
- Joint Partnership Board will oversee compliances with S33 but objectives must be set corporately
- Business case must demonstrate that investment in ICT will lead to efficiency in other services
- Joint projects enable more efficient delivery – ie migration from Windows XP to Windows 7 across both organisations was delivered for less cost
- 70:30 split PCC:PTHB – overall budget £3M
- Replacement of DRAIG project in early stages. Commissioning work with Adult Social Care is underway. Powys should be the third authority to adopt the new system (the first with a joint arrangement) during 2016

Outcome:

- Audit Committee to continue to monitor the Section 33 Partnership Agreement

5.2 Annual Audit Outline

Documents:

- 2015 Audit Plan, Powys County Council

Issues:

- Joint finance and performance
- Sets out the roles and responsibilities of both organisations
- Welfare of Future Generations bill will remove some requirements under the Local Government Measure. Other areas the Auditor General has discretion
- Fee structure detailed – by law charges are based on costs with fees set by the WAO Board. English authorities tend to have lower audit fees due to a different audit regime.
- Will also consider Adult Social Care in conjunction with CCSIW
- WAO does not monitor other partners within the delivery of the One Plan – WAO monitors the accountability of Powys County Council to its citizens and how it would hold another partner to account

Outcome:

- That the Plan be noted

5.3 Annual Audit Outline – Pension Fund

Documents:

- 2015 Audit Plan, Powys Pension Fund

Issues:

- Statutory requirement

Outcome:

- That the Plan be noted

5.4 **Roles and Responsibilities of Audit Committees**

The Committee received a presentation by Messrs David Rees (Governance Manager, WAO) and Iolo Llewelyn, WAO

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| 6. | ANTI FRAUD MEASURES | A27 – 2015 |
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Documents:

- Progress Report by the Income and Awards Manager

Issues:

- Establishment of Corporate Fraud Team
- Deals with external fraud – benefits, payroll, procurement etc
- Pilot scheme proved to be successful
- A series of case studies were presented
- The Corporate Fraud Team will report to the Internal Audit Working Group on a regular basis

Outcomes:

- That progress be welcomed

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| 7. | PLANNING STRATEGY AND PROVISIONAL INTERNAL AUDIT PLAN 2015/16 | A28 – 2015 |
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Documents Considered:

- Report of the Internal Audit Manager
- Internal Audit Planning Strategy
- Internal Audit Plan 2015/16
- Overall Assurance Ratings

Issues:

- Plan is subject to change as issues emerge
- Consideration of internal controls is one of the Committee's functions and will contribute to the Annual Governance Statement
- 30% reduction in staffing, increasing demand for the service

Responses:

- The Plan is oversubscribed and subject to amendment. Members' views are welcome in order to highlight issues throughout the year. An element is built into the Plan to deal with fraud and this could increase or decrease as circumstances change
- The Plan has been compiled in accordance with the Public Sector Internal Audit Standards to ensure compliance
- The developing Risk Register informs the process and will continue to improve as the Risk Register develops further

Outcome:

- The Interim Internal Audit Plan be approved and the Strategy noted

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| 8. | RISK MANAGEMENT | A29 – 2015 |
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Documents Considered:

- Report of the Business Continuity and Risk Management Officer
- Heat Maps
- Risk Register
- Risk Assessment Matrix

Issues:

- Progress continues to be made validating the existing risks and identifying new risks
- Corporate Risks reduced by more than 25% through a process of workshops with SMTs
- Risks should reduce further to ensure only high level corporate risks are retained within the Register – service level risks will be dealt with via Service Improvement Plans and monitored via Quarterly Performance Review meetings
- Four service areas have been completed
- Benchmarking has identified that corporate risk Registers should hold between 14 and 20 risks

Outcomes:

- Progress be noted and that Scrutiny should review risks

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| 9. | TREASURY MANAGEMENT HALF YEARLY REPORT | A30 – 2015 |
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Documents Considered:

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

Issues:

- Report only covers the final quarter, not the half year
- Council continues to under borrow
- Contribution made by the realisation of assets no longer required
- The committee was given an update on accounts held in Iceland

Outcomes:

- That the report be noted and details of the contribution capital receipts make to the funding of the Capital Programme be circulated

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| 10. | STATEMENT OF ACCOUNTS | A31 – 2015 |
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Documents Considered:

- Report of the Professional Lead for Finance

Issues:

- Further update on progress against the closure of Accounts Project
- Phase 2 will be completed by 1 May 2015

- Valuations have been completed by the District Valuer
- The WAO Team are in place and have access to the financial ledger
- Backlogs of work in the Treasury Management Team have been resolved

Outcomes:

- Noted

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| 11. | VIREMENTS | A32 – 2015 |
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Documents Considered:

- Budget Virements over £75K in the Financial Year 2014-15

Issues:

- Revised Financial Regulations to be approved by Council imminently
- Virement process has not been used properly
- Members had had concerns that County Council was not the appropriate place to scrutinize virements

Outcomes:

- Finance and Performance Working Group to monitor future virements

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| 12. | SCRUTINY GROUPS | A33 – 2015 |
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i) Finance Scrutiny Panel

Documents Considered:

- Scrutiny summary report

Issues:

- Eight recommendations have been submitted to Cabinet following the project to strengthen financial scrutiny in Powys. A response is expected at Cabinet on 12 May 2015.

Outcome:

- Report received

ii) Finance and Performance Working Group

Documents Considered:

- Scrutiny summary report

Outcome:

- Report received

iii) Internal Audit working Group

Documents Considered:

- Scrutiny summary report

Outcome:

- Report received

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| 13. | JOINT CHAIRS STEERING GROUP | A34– 2015 |
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Documents Considered:

- Notes of meetings held on 20 February and 13 March 2015

Outcomes:

- Noted

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| 14. | WORK PROGRAMME | A35 – 2015 |
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Documents Considered:

- Work Programme

Outcomes:

- Noted

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| 15. | CORRESPONDENCE | A36 – 2015 |
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15.1 WAO – Audit Enquiries to those charged with governance and management of both the Pension Fund and Powys County Council 2014/15

The WAO are seeking assurance from Management and those charged with governance as to how they mitigate against fraud in the Statement of Accounts. Responses are required by 31 May 2015.

Outcome;

- The letters would be emailed to all members of the Audit Committee following the meeting. Members' responses should be forwarded to the Chair or Scrutiny Officer by 1 May to enable a composite response to be drafted for approval at the AGM of Audit Committee on 13 May.

15.2 County Farms

The Chair had forwarded copies of a Cabinet report regarding a Welsh Government project hosted by Powys County Council to review the Welsh County Farms Estate. Audit Committee had raised concerns regarding the funding of this project at its initiation. The Project has been withdrawn after one year and questions surround the funding of the project. None of the ten points stated in the Terms of Reference have been achieved, and it is uncertain if any of the £26K costs can be recouped. The Portfolio Holder is to discuss funding with other local Authorities and the Welsh Government.

Outcome:

- The Chair to write to the Portfolio Holder to request updates on progress and for a detailed breakdown of the full costs of the project, including Powys officer time

15.3 Correspondence with the Leader and Chief Executive regarding Adult Social Care overspends

Members had been circulated with an exchange of emails relating to the Committee's concerns at overspends within Adult Social Care.

The next meeting is scheduled for 29 June 2015 at 2 pm.

**A W DAVIES
Chair**