

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 4 NOVEMBER 2016

PRESENT: Mr J Brautigam (Chair), County Councillors D E Davies, E R Davies, L R E Davies, G Hopkins, M J Jones, P J Medicott, D G Thomas and S L Williams

1.	APOLOGIES	A73-2016
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Apologies for absence were received from County Councillors JG Morris (Chair), A W Davies, WD Powell, R G Thomas and T J Van-Rees

2.	DECLARATIONS OF INTEREST	A74-2016
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There were no declarations of interest.

3.	DISCLOSURE OF PARTY WHIPS	A75-2016
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There were no disclosures of party whips.

4.	MINUTES	A76-2016
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The Chair was authorised to sign the minutes of the previous meeting, held on 30 September 2016, as a correct record.

5.	RISK MANAGEMENT	A77-2016
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Documents:

- Report of the Business Continuity and Risk Management Officer
- Members had been advised that the current Corporate Risk Register and associated documents were available on the intranet, page 2131

Discussion:

- Quarter 2 data will be provided to the Strategic Overview Board in December
- The Strategic Overview Board will concentrate its efforts on the four corporate priorities
- The Cabinet have agreed that all decisions, changes and budget savings will be subject to an impact assessment. Training of officers is in hand and positive feedback has been given by those who have been trained. Training will continue to run on a quarterly basis.
- Two new risks have been included – the impact of Brexit upon the Council and an incident at a leisure centre which may result in the Authority being fined. Members asked whether any fine would be covered by insurance and they were advised that it would not and would be met centrally.
- The Business Continuity and Risk Management Officer was asked if meetings with Portfolio Holders and the Leader were progressing satisfactorily and whether many amendments were made as a result of

- those meetings. It was confirmed that meetings took place with service managers not portfolio holders and the Leader was informed of any issues.
- The Committee had previously noted that not all Portfolio Holders were fully aware of the contents of impact assessments within their portfolios. Impact assessments are completed by service managers and it is that officer's responsibility to ensure the impact assessment is signed off by the Head of Service, Strategic Director and Portfolio Holder. Training for Portfolio Holders will be carried out on 6 December 2016.
 - The Committee was aware of the difficulties in recruiting to professional posts and noted that only recruitment in Adult Social Care was contained within the Register. Whilst this was first highlighted by Adult Social Care, the issue has become more widespread – this would be explored within the Q2 update. The Committee were informed that the WLGA Co-ordinating Committee had noted that there appeared to be a stigma regarding working for public bodies, a situation that was likely to worsen. The Committee wished to see this issue addressed.

Outcome:

- **Noted**

6.	CORPORATE ASSESSMENT	A78-2016
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Members were aware that the Authority had been expecting a Corporate Assessment and had formed a Corporate Assessment Steering Group (CAST) earlier in the year to prepare. Other authorities which had already undertaken Corporate Assessments were visited to enable officers to understand the lessons learned.

The Authority was then advised that a 'traditional' Corporate Assessment would not take place but that three themed reviews would be undertaken. As Committee has previously been informed, these were Financial Resilience, Governance and Transformational Change.

The WAO have undertaken risk based assurance work with the Authority during this week. A presentation was made by the Strategic Director, Resources and Leader showcasing Powys. A series of focus groups with staff and Members have been held – one such group was with the Finance Scrutiny Panel. The WAO have also observed Cabinet and Management Team meetings and will observe the Joint Partnership Board via video link.

Their findings will feed into the Annual Improvement Report and the three themed reviews will be published, with Powys benchmarked against other Welsh authorities.

As a result of preparatory work undertaken, the Authority has introduced a central register of key policies and strategies and reintroduced a regulatory tracker.

The Committee acknowledged the work undertaken by the Business Continuity and Risk Management Officer throughout the year and questioned whether the

issue had been sufficiently resourced. The officer had had the support of other officers throughout the process.

The Chair reported that the WAO had questioned the FSP on the level of assurance regarding commissioning of projects in the light of the issue surrounding the letting of a domiciliary care contract. Although the Panel had been given verbal assurances that commissioning projects were more rigorous, it was thought more evidence was required.

7.	CLOSURE OF ACCOUNTS	A79-2016
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Documents:

- Report of the Acting Head of Financial Services

Discussion:

- Preparation is in hand for next year's closure of accounts
- A draft management letter has been received and the recommendations contained within it will be incorporated into the planning process
- A significant change will be in relation to how the highways asset is to be valued. This would affect all local authorities. In response to a query the Acting Head of Financial Services advised Members that the Capital Accountant was involved in the process and options to introduce additional systems were being considered. Resourcing would also be considered within the restructure of the Finance team.
- Further work will need to be undertaken as new models of delivery, such as JVCs etc are introduced
- Early closing is another issue to be dealt with. Officers are liaising with those authorities which have piloted early closing. A WAO Seminar on the topic is to be held shortly. The Chair noted that offices seemed to be very quiet during August and queried whether earlier closing was achievable? All directorates have been involved in planning for earlier closure and are aware of the position. The WAO were asked if they were ready for early closing – planning for next year will commence in the next few weeks. Income and expenditure testing will start in the first three months of the year, but auditing of certain aspects cannot be undertaken until the balance sheet is complete. Recruitment is also a difficulty in the WAO and succession plans are in place.

Outcome:

- **Noted**

8.	TREASURY MANAGEMENT	A80-2016
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Documents:

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

Discussion:

- Interest rates remain low
- Twelve months ago the forecast for interest in December 2016 was 1% and it is 0.1%
- Low returns on investments but are continually monitored
- The authority is under borrowed as cash is used whilst interest rates are so low. This too, is kept under constant review.
- The Chair queried the Authority's position regarding LOBOs. The Strategic Director advised that the Powys was not as exposed to LOBOs as some other authorities and it would be monitored. The aim is to keep the debt maturity schedule smooth over a number of years and this was demonstrated in the report. This may become more difficult to achieve in the longer term.

Outcome:

- **Noted**

9.	DOMICILIARY CARE	A81-2016
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Documents:

- Updated Action Plan – WAO review into the letting of a Domiciliary Care Contract

Discussion:

- Actions relate to many procurement functions not just domiciliary care
- Most actions are complete
- Remaining actions have been incorporated into other action plans
- Officers were confident that the Authority was progressing appropriately
- The Chair noted that training was being undertaken and sought assurance that the trainers were appropriately trained.
- In 2013 only 1 ½ fte were involved in procurement – investment has been made into a commercial services team of 10. There had been varying degrees of skill, but, in the light of recruitment difficulties, a decision had been taken to grow from within. The team continues to be developed and is led by an experienced, but interim Professional Lead
- It was noted that one action was being monitored by a board which no longer existed – the Committee sought assurance that the replacement body was aware of its role in respect of the action plan. An update would be provided.
- The Committee thought that some of the statistical data could be completed within the plan

Outcome:

- **Noted**

10.	ANNUAL IMPROVEMENT REPORT - DATA ANALYSIS	A82-2016
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Documents:

- Report of the Portfolio Holder for Performance
- Local Government Performance Bulletin 2015/16

Discussion:

- Members had been concerned that data used within the Annual Improvement Report was out of date
- Additional performance data had been circulated showing that Powys was the fourth best improving Council
- 3 website links were provided which offered the most up to date information. Members were offered training on using those sites if they wished
- There was reasonable confidence that services were using the best data
- Members noted the anomalies between differing providers of data
- The Business Intelligence Unit was working on automating data and it was suggested that a presentation on this work may be useful for Members

Outcome:

- **Noted**

11.	PENSION POOLING	A83-2016
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- Members had previously been informed of the requirement to pool pension funds
- A further meeting with the Treasury had been arranged to discuss the size of the All Wales pool which Powys was intending to join. Although the intended pool was smaller than recommended, there was significant support for the proposals. Plans were well advanced.
- The proposals would drive down the cost of advisors but each Pension Fund would still make its own decisions
- The Strategic Director, Resources was asked if each Fund would still have sufficient flexibility to maintain its own risk profile and he confirmed that it would and that it would still have its own annually agreed investment policy
- The Committee noted that up to three experienced Members currently sitting on the Pension Board would not be standing for re-election in May 2017 and the Committee challenged how continuity would be managed. The Strategic Director has asked to be kept informed of the skill set of new Members after the election. Members suggested that this risk should be incorporated within the Corporate Risk Register.

Outcome:

- **The issue of continuity and effective management of the Pension Board be included within the Corporate Risk Register**

12.	FINANCE SCRUTINY PANEL	A84-2016
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Documents:

- Scrutiny summary report

Discussion:

- The Committee was informed that a self-assessment had been carried out to ensure continual improvement of the Panel
- A Joint Adult Social Care and Audit Working Group had been established to address the overspend in Adult Social Care
- The Panel had also been briefed on the provisional settlement and the initial findings of the Actuary following the triennial valuation. There was the potential for additional costs on the Pension Fund but the Actuary was considering re-profiling data and his response was awaited.

Outcome:

- **Noted**

13.	INTERNAL AUDIT WORKING GROUP	A85-2016
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Documents:

- Scrutiny summary report

Discussion:

- The Committee was briefed on the topics covered by the Internal Audit Working Group at its last meeting:
 - Schools over delegation
 - Direct Payments
 - Software Licensing
 - IT Business Continuity
- Members noted that one of the items within the recovery measures for Adult Social Care was the recovery of direct debit overpayments - a system to monitor real time expenditure was being considered and it was essential that this was properly managed. It was thought that significant sums were being held in accounts that should be reimbursed.

Outcome:

- **Noted**

14.	WORK PROGRAMME	A86-2016
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Documents:

- Work Programme

Outcome:

- **Noted**

15.	JOINT CHAIRS AND VICE CHAIRS STEERING GROUP	A87-2016
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Documents:

- Draft notes of meeting held on 18 October 2016

Discussion:

- Members were advised that information regarding the Portfolio Holder for Commissioning was not correct and that the review had been presented to the Commissioning and Procurement Board
- The LGA had been used on the recommendation of the WLGA but the WLGA's lead officer on procurement had participated in the review

Outcome:

- **Noted**

16.	CORRESPONDENCE	A88-2016
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There were no items of correspondence.

17.	EXEMPT INFORMATION	A89-2016
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RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 1 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

18.	INTERNAL AUDIT	A90-2016
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- Members noted that the Audit Committee was a consultee in the consideration of options

Outcome:

- **The Committee's comments would be forwarded to the Cabinet for consideration**

Mr J Brautigam