

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 3 FEBRUARY 2017**

**PRESENT**

County Councillor JG Morris (Chair), D E Davies, E R Davies, L R E Davies, G Hopkins, M J Jones, P J Medlicott, WD Powell, D G Thomas, R G Thomas, T J Van-Rees, Mr J Brautigam and S L Williams

In attendance: County Councillor W T Jones, Portfolio Holder for Finance

Officers: Ian Halstead (Internal Audit Manager), Ann Owen (Treasury Manager), David Powell (Strategic Director - Resources), Jane Thomas (Professional Lead, Finance) and Caroline Evans (Risk and Assurance Manager)

<b>1.</b>	<b>APOLOGIES</b>	<b>A1-2017</b>
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An apology for absence was received from County Councillor A W Davies

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A2-2017</b>
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There were no declarations of interest.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>	<b>A3-2017</b>
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There were no declarations of party whips.

<b>4.</b>	<b>MINUTES</b>	<b>A4-2017</b>
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The Chair was authorised to sign the minutes of the previous meeting, held on 4 November 2017, as a correct record.

The Strategic Director, Resources briefed the Committee on the transfer of the internal audit function to the South Wales Audit Partnership. Notification had been received that agreement had been reached to admit Powys to the Partnership there would now be consultation. Transfer was expected 1 April 2017. The Chair of Audit Committee would be a member of the overview arrangements for the Partnership. A further update would be provided to the next meeting.

<b>5.</b>	<b>COMMUNITY SAFETY IN WALES</b>	<b>A5-2017</b>
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**Documents:**

- WAO – Community Safety in Wales

**Discussion:**

- The report followed a national study

- A comprehensive report including the legislative background, the roles of the Welsh Government, Police and Crime Commissioner and Local Authorities
- It was clear that no single body was taking the lead to coordinate other bodies
- Seven recommendations had been made
- The WAO offered further discussions with the Lead Officer if further detail was required
- The Committee were of the opinion that the Public Service Board should take the lead
- As yet, no scrutiny arrangements were in place to scrutinize the PSB
- It was suggested that there was a lack of reference to the Wellbeing of Future Generations Act

**Outcome:**

- **The Community Safety Partnership national report be forwarded to the PSB for comment**

<b>6.</b>	<b>CHARGING FOR SERVICES AND GENERATING INCOME BY LOCAL AUTHORITIES</b>	<b>A6-2017</b>
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**Documents:**

- WAO – Charging for Services and Generating Income by Local Authorities

**Discussion:**

- Fieldwork had been undertaken across three authorities including Powys with a survey sent to all 22 local authorities for completion
- The report clarifies what can be charged for and also defines ‘fees’ and ‘charges’. Members commented that if authorities themselves required clarity, the public were also likely to be confused.
- It was considered that authorities were not pursuing sufficient opportunities for income generation
- Powys’ Schools Cashless Project was highlighted within the report
- The Income and Cost Improvement Board was acknowledged and further opportunities will be taken to improve this Board – a report will be considered by Management Team and an action plan developed to encourage engagement regarding income generation across the Authority
- The Authority has an ambitious income strategy but the difficulties of predicting income into the future were acknowledged
- The setting up of Local Authority Trading Companies was being considered more frequently by local authorities, and the document identifies key issues for consideration
- Members were of the opinion that it was important that authorities had the ability to raise income but questioned whether the culture within Powys was such to allow competition in the open market. The Authority had had success in selling ‘back office’ services such as payroll and fraud prevention. However this needed to be rolled out across the whole Authority.
- There was a challenge for any authority to reduce the budget gap and local circumstances could significantly affect that ability

- A series of recommendations had been made, many of which the authority already complies. A report would be provided to a future meeting.

**Outcome:**

- **A report on compliance with the recommendations would be submitted to a future meeting**

<b>7.</b>	<b>RISK MANAGEMENT</b>	<b>A7-2017</b>
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**Documents:**

- Report of the Business Continuity and Risk Management Officer
- Heat Map
- Summary
- Corporate Risk Register
- Risk Assessment Matrix

**Discussion:**

- A Corporate Assessment had been undertaken at the beginning of November 2016. Two themed reviews had been carried out – Financial Resilience and Governance. The WAO had reported on Financial Resilience and the Governance Review report was being finalised.
- In response to the report on Financial Resilience, a savings plan template has been developed. This will include detail on resource requirements.
- An Action Plan in response to the Financial Resilience Draft Report is being prepared and will be considered at the next meeting of the Audit Committee.
- Impact Assessment training has been well received
- Impact Assessments have been attached to all 2017/18 budget savings for consideration by Cabinet
- The feasibility of automating elements of the risk management process to improve efficiency is being considered
- A third, and final WAO review into Transformation is being scoped – this should take place early in 2017
- Two risks have increased in the second quarter – there has been a legal challenge to the Authority handing back privately owned landfill sites. The judge has granted permission to appeal. Secondly there are health and safety issues to be addressed on the County Farms Estate – funding is ss has now been found to address these.
- Two risks are decreasing – the failure to adopt the LDP and an incident at a Leisure Centre where additional measures have been implemented to improve safety. It was suggested that if appropriate measures had been put in place, the risk should have fallen by a greater degree. Further consideration would be given to this particular risk.
- The Committee sought confirmation that the Business Continuity and Risk Management Officer attended service risk register meetings. She confirmed that she did, some of which were minuted as they formed part of service management team meetings, but others were not as they were on an individual basis with a Head of Service.

- The Committee noted that ASC8 had become CR2 as the inability to recruit to some professional roles was no longer confined to Adult Social Care
- CR5 – Members questioned whether the lack of a procurement process included the management of a contract following procurement. It was suggested that consideration should be given to changing the wording to commissioning to ensure pre and post implementation were included.
- The Business Continuity and Risk Management Officer was asked if the movement within the Risk Register was typical across Wales - Powys was comparable with other Welsh authorities with some risks not changing and others fluctuating. It was essential that the Register remained dynamic
- All risks were assessed quarterly and this was thought to be an appropriate frequency, in line with other authorities. Services must be aware of risk at all times.

**Outcomes:**

- **The report was noted**

<b>8.</b>	<b>CLOSURE OF ACCOUNTS</b>	<b>A8-2017</b>
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**Documents:**

- Report of the Acting Head of Financial Services

**Discussion:**

- A project management approach to closing the accounts continues to be adopted
- Pembrokeshire has undertaken an early closure pilot and officers are in close liaison
- Income and expenditure is now categorised
- Staff are attending workshops
- Deadlines for the closure of next year's accounts has been shortened

**Outcome:**

- **The report was noted**

<b>9.</b>	<b>REGULATORY TRACKER</b>	<b>A9-2017</b>
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**Documents:**

- Report of the Portfolio Holder for Finance
- Regulatory Recommendation Tracker

**Discussion:**

- The tracker has been reintroduced to provide a summary of all Regulator's recommendations
- It is suggested that the process be similar to that adopted to consider the Corporate Risk Register with quarterly reports to Audit Committee
- The Tracker will be used to form the Internal Audit work programme
- The Strategic Overview Board will have ownership of the Tracker

**Outcome:**

- **The Audit Committee approved the proposed governance arrangements for consideration of the Regulatory Tracker including challenging of the Strategic Overview Board as appropriate**

<b>10.</b>	<b>INDEPENDENT LAY MEMBER</b>	<b>A10-2017</b>
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Mr J Brautigam, Lay Member, declared an interest and left the meeting

**Documents:**

- Report of the Solicitor to the Council

**Discussion:**

- The current Lay Member was appointed in 2012 following the County Council elections
- The Authority should now be making preparations to appoint a Lay Member to take up position following the 2017 Council elections
- The Audit Committee cannot function if a Lay Member is not in post and Members recalled the delay arising in the appointment of the current post holder and the subsequent delay in the Audit Committee commencing its role in 2012
- The Guidelines allow for the a post holder to serve two full terms of a local authority
- The Head of Democratic Services asked the Committee to consider whether the current position could be extended for a second, and final, term and so avoid the additional costs of a new appointment
- The Committee spoke highly of the current post holder and strongly endorsed his reappointment. It was noted however, that Council had already considered the costs involved as the number of meetings attended by the Lay Member had increased significantly in the year to date. The Head of Democratic Services reminded Members that the number of days' attendances would reduce to a maximum of 25 per year with effect from the Annual General Meeting but that this would be kept under review.
- Members debated the timing of meetings and whether more than one meeting should be held on one day. A consensus could not be reached, but the new Council would be consulted with regards their preferences for the timing of meetings early in the new term. Alternatives were also being considered such as remote attendance at working group meetings. Lync could not be used currently with the congress system – neither had that system been installed in Brecon and Welshpool. The White Paper discusses remote attendance and Powys has offered to undertake a pilot in this regard. It was suggested that Democratic Services Committee should consider including timings on agendas for meetings.

**Outcomes:**

- **RECOMMENDED to County Council that the current Audit Committee Lay Member be reappointed for a second and final term of office from the AGM on 18 May 2017 for a period of five years until the next Council elections in May 2022**

- **The Democratic Services Committee be asked to consider including timings on agendas**

<b>11.</b>	<b>TREASURY MANAGEMENT</b>	<b>A11-2017</b>
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**Documents:**

- Report of the Portfolio Holder for Finance

**Discussion:**

- New information had been included relating to VAT
- The Capital position influences the Authority's borrowing

**Outcome:**

- **The report was noted**

<b>12.</b>	<b>WORKING GROUPS</b>	<b>A12-2017</b>
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12.1. Joint Audit/ASC Working Group

**Documents:**

- Scrutiny summary report

**Discussion:**

- The Group comprised members of both the Audit Committee and Adult Social Care Working Group.
- A report was in the process of being finalised and would be available shortly

**Outcome**

- **The report was noted**

12.2. Finance Scrutiny Panel

**Documents:**

- Scrutiny summary report

**Discussion:**

- A report has been prepared for Cabinet in response to consideration of budget proposals.

**Outcome:**

- **The report was noted**

12.3. Internal Audit

**Documents:**

- Scrutiny summary report

**Discussion:**

- Five internal audit reports with limited or low assurance had been considered
- New processes had been introduced for voluntary severance which would be tracked by Internal Audit and the Working Group
- The issue had not been limited to one service area
- The Chair had written to both the Leader and Chief Executive and had been assured that there was limited risk going forward
- Members remained concerned that recruitment was difficult in some areas and that voluntary severance had led to a loss of expertise within the Authority

**Outcome:**

- **The report was noted**

12.4. Appointment to Joint Working Group

**Issue:**

- The Committee was asked to appoint three members to a joint working group with the Place Scrutiny Committee to scrutinize the Highways, Transport and Recycling Service's proposals regarding a Local Authority Trading Company

**Outcome:**

- **That County Councillors J G Morris, G G Hopkins and S L Williams be appointed to the Joint Working Group with Place Committee**

<b>13.</b>	<b>WORK PROGRAMME</b>	<b>A13-2017</b>
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**Documents:**

- Work Programme

**Outcome:**

- **Noted**

<b>14.</b>	<b>JOINT CHAIRS AND VICE CHAIRS STEERING GROUP</b>	<b>A14-2017</b>
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**Documents:**

- Notes of meetings of the Joint Chairs and Vice Chairs Steering Group held on 22 November 2016 and 17 January 2017

**Outcome:**

- **Noted**

<b>15.</b>	<b>CORRESPONDENCE</b>	<b>A15-2017</b>
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There were no items of correspondence.

**County Councillor JG Morris (Chair)**