

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON MONDAY, 28 SEPTEMBER 2015**

**PRESENT**

County Councillor A W Davies (Chair)

County Councillors D E Davies, E R Davies, L R E Davies, S C Davies, R H Mills, JG Morris, WD Powell, R G Thomas, T J Van-Rees and J Brautigam

<b>1.</b>	<b>APOLOGIES</b>	<b>A61-2015</b>
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Apologies for absence were received from County Councillors L Fitzpatrick and G G Hopkins. County Councillors M J Jones, F H Jump, P J Medlicott and D A Thomas were absent due to other Council business

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A62-2015</b>
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There were no declarations of interest.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>	<b>A63-2015</b>
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There were no declarations of party whips.

<b>4.</b>	<b>MINUTES</b>	<b>A64-2015</b>
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The Chair was authorised to sign the minutes of the previous meeting, held on 16 July 2015, as a correct record subject to County Councillor W T Jones being included as having been In Attendance.

<b>5.</b>	<b>STATEMENT OF ACCOUNTS</b>	<b>A65-2015</b>
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**Documents:**

- ISA260 Pension Fund
- ISA260 Powys County Council
- Letter of Representation – Pension Fund
- Letter of Representation – Powys County Council
- Statement of Accounts including Annual Governance Statement

**i) ISA260 Pension Fund**

**Issues:**

- A revised ISA260 Pension Fund had been issued and circulated following an addition regarding 'Other significant issues arising from the Audit'
- The significant issue related to an overstatement of the estimate of the value of private equity investments in the draft accounts. This was not a material consideration but procedures for estimation should be reviewed.

- An Unqualified Opinion had been issued

**Responses:**

- Members queried the definition of materiality. The WAO informed the Committee that the level of materiality was dependent on both the organisation and the particular item within the accounts. The audit did not aim to provide assurance of perfect accuracy but an acceptable level of assurance.
- The Chair queried the delay in completion from August to September. The WAO welcomed improved support from the Authority and believed that these improvements would continue.

**ii) ISA260 Powys County Council**

**Issues:**

- An Unqualified Opinion had been issued
- Three uncorrected misstatements were noted and that these were not material

**Responses:**

- The Committee had held a workshop prior to the formal meeting of the Committee to consider the Statement of Accounts in depth with queries being answered at that time
- The WAO had noted a marked improvement in the information and support provided by the Authority. Members asked at what stage would a 'lighter touch' audit be required and whether the Authority might see a reduction in the fees charged. The WAO would issue its Audit Plan for next year which would include proposed fees. They hoped that this would show a reduced fee to reflect improvements to date. The Finance Team had taken a Project Management approach to developing the Statement of Accounts and the Working Group would meet as soon as the process had been completed to implement further improvements in the development of the Accounts for the current year.
- As greater involvement by third parties developed, Members asked how this would affect the Authority's accounts. There may be a need to move to consolidated or group accounts – any requirements on third parties in this regard would be clearly stated within any contract documents.

**iii) Letter of Representation – Pension Fund**

**iv) Letter of Representation – Powys County Council**

**Outcome:**

- Both Letters of Representation be approved for signature

County Councillor R G Thomas arrived at 10.20 am

County Councillor L R E Davies arrived at 10.30 am

**v) Statement of Accounts**

**Issues:**

- The Committee were informed that there were some minor amendments relating to rounding up on the Income and Expenditure account. Members

were advised of the detail and the amended version would be uploaded to the internet

- LIBOR rate

#### **Responses:**

- The Strategic Director noted that there were no further queries from Members following the in depth workshop which had been held prior to the meeting. This had been trialled the previous year and would be continued as good practice. He went on to pay tribute to the work of the Finance Team and the continuing improvements that were being made.
- The Committee raised a question about the Pension Fund's accounts with reference to the level of return against benchmark and were advised that this responsibility lay with the Pensions and Investment Committee which appoints specialist advisers to assist them in their deliberations. The Strategic Director indicated that recently an asset manager had been required to appear before the Pensions and Investment Committee because of concern about performance.

<b>6.</b>	<b>ANNUAL IMPROVEMENT REPORT</b>	<b>A66-2015</b>
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#### **Documents:**

- Annual Improvement Report (AIR)

#### **Issues:**

- No recommendations for improvement had been made
- There were six proposals for improvement
- The AIR had been considered by Cabinet
- The WAO expressed the hope that their officers would be present when the AIR was considered in future
- Members thought that some of the information contained within the report was somewhat out of date

<b>7.</b>	<b>CERTIFICATION OF GRANTS</b>	<b>A67-2015</b>
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#### **Documents:**

- Certification of Grants Action Plan

#### **Issues:**

- The document had been contained within the WAO report considered at the previous meeting of the Audit Committee
- The final two columns detailed the Authority's responses to the proposed actions
- The actions were now complete

<b>8.</b>	<b>SELF ASSESSMENT OF AUDIT COMMITTEES</b>	<b>A68-2015</b>
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#### **Documents:**

- Report of the Internal Audit Working Group

- Draft Action Plan

**Issues:**

- An effective Audit Committee is essential in assisting the Council to achieve good corporate governance
- The Internal Audit Working Group had provided a draft self- assessment which was approved at the last Committee
- Draft Action Plan prepared for consideration by Audit Committee

**Responses:**

- One action reflected the Committee's responsibility to consider value for money through its procurement processes. It is proposed that the Commercial Services Team report to the Audit Committee twice a year on value for money initiatives and the savings accrued.
- Members asked that further consideration be given to the inclusion of a clearer definition of the relationship between the Committee and Finance Scrutiny Panel

**Outcome:**

- The Action Plan was approved

<b>9.</b>	<b>INTERNAL AUDIT CHARTER</b>	<b>A69-2015</b>
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**Documents:**

- Report of the Internal Audit Manager
- Internal Audit Charter

**Issues:**

- An Internal Audit Charter is a requirement under the Public Sector Internal Audit Standards code of practice
- The Committee previously approved the Charter and the document under consideration includes some revisions to meet current demands

**Responses:**

- Members noted the importance of the role of Internal Audit given the pressure on budgets and the potential risks of increased fraud and welcomed the Charter
- The Committee would review the Charter annually to ensure it remained relevant

**Outcomes:**

- The revised Charter was approved.

<b>10.</b>	<b>PENSION FUND - DISCOUNT RATES</b>	<b>A70-2015</b>
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**Documents:**

- Report of the Pensions Manager

**Issues:**

- An issue regarding the effect changes in the discount rate would have on pension fund liabilities and the potential, significant financial implications had been raised in working groups and at the last Audit Committee

**Responses:**

- The Actuary was responsible for setting the discount rate – this would be set in April 2016 but any change to the employer's contribution would not be implemented until April 2017
- A number of other factors would also influence this decision including life expectancy, age of the workforce, performance of assets etc
- An assumed increase in the contribution has been factored into the Medium Term Financial Strategy and this will have to be reviewed once the Actuary has completed the Triennial Valuation

**Outcome:**

- The Strategic Director would keep the Committee informed of future developments. Consideration could be given to delegating monitoring of this issue to the Finance and Performance Working Group

<b>11.</b>	<b>DOMICILIARY CARE CONTRACT</b>	<b>A71-2015</b>
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The WAO reported that work was underway with the review of the letting of the Domiciliary Care contract. Data had been collected and is being validated. A final report would be available for the next meeting of the Audit Committee.

<b>12.</b>	<b>WORK PROGRAMME</b>	<b>A72-2015</b>
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**Documents:**

- Work Programme

**Outcome:**

- The Work Programme be agreed subject to those items raised in the meeting being included

The next meeting is scheduled for Monday 9 November 2015 at 10am.

**County Councillor A W Davies (Chair)**