



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE YSTRAD MYNACH ON WEDNESDAY 12TH DECEMBER 2012 AT 2.00 PM.

PRESENT:

Councillor J.E. Fussell - Chairman
Councillor D. Havard - Vice Chairman

Councillors:

Mrs. K.R. Baker, N. Dix, J.A. Pritchard, R. Saralis

Cabinet Member - D.T. Hardacre

Lay Member - Mr. Nigel Yates

Together with:

N. Barnett (Director of Corporate Services), N. Scammell (Head of Corporate Finance),
R.M. Harris (Manager Internal Audit), C. Jones (Head of Performance and Property),
G. Williams (Principal Solicitor), H. Morgan (Senior Committee Services Officer)

Also present:

Ian Davies and Sarah-Jane Byrne (PricewaterhouseCoopers)
Non Jenkins and Jackie Joyce (Wales Audit Office)

1. WELCOME

The Chairman welcomed the representatives from PricewaterhouseCoopers and the Wales Audit Office to the meeting.

2. APOLOGIES

Apologies for absence were received from Councillors Mrs. E.M. Aldworth, D.G. Carter, Mrs. D. Ellis, Mrs. P. Griffiths, Ms. J.G. Jones, Mrs. G. D. Oliver and K.V. Reynolds and Lynn Hine (PricewaterhouseCoopers).

3. DECLARATIONS OF INTEREST

There were no declarations of interest made at the beginning or during the course of the meeting.

4. MINUTES - 19TH SEPTEMBER 2012

RESOLVED that the minutes of the meeting of the Audit Committee held on 19th September 2012 (minute nos. 1 - 12 on page nos. 1 - 5) be approved as a correct record and signed by the Chairman.

REPORTS OF OFFICERS

Consideration was given to the following reports.

5. ANNUAL GOVERNANCE STATEMENT

Members received a presentation on the Annual Governance Statement and the background to its introduction in replacing the Statement of Internal Control and its link to accounting regimes and deadlines was explained. It was noted that whilst it was operational in Wales from 2007/08, it became mandatory for 2010/11. Reference was made to the annual governance statement framework flowchart and to the number of policies, systems, procedures and structures that together determine and control the way in which the Council manages its business, determines its strategies and objectives and sets about delivering its services to meet those objectives that are interlinked.

Members were reminded that the Code of Corporate Governance is an integral part of the review process and facilitates the compilation of the statement and the assignment of responsibilities for its production. They were advised that a Corporate Panel has been established to undertake corporate reviews, a checklist is available to assist with such reviews and an action planning process is in place to address any issues subsequently identified. It is intended that such a review will be a continual process to ensure the delivery of good governance, along with a series of key measures to support and facilitate its delivery.

It was noted that the finalised Statement is signed off by the Chief Executive and Leader of Council following its approval by Council. It is then published with the financial statements with any material governance issues identified and lists agreed actions which set out to address any issues that have been identified (which the Corporate Panel ensure are followed). During the course of the review Heads of Service are required to undertake area reviews against pre-agreed criteria (checklist) to enable the Panel to give an overview of the checklists alongside an assessment of corporate issues. The Directors are then required to sign off the assurance statements.

It was noted that during the 2010/11 review there were three issues identified - the development and implementation of the asset management plan, the revision and update of contract management procedures (especially in relation to asbestos) and further development of business continuity arrangements. All of these have subsequently been actioned. During 2011/12 there were two issues identified, the formulation and implementation of a suitable system of control and governance in relation to the collaborative arrangements that are currently being developed and further development of the Council's business continuity arrangements. These are both being progressed.

Members thanked Mr. Harris for his informative presentation and for responding to questions and issues raised during the course of the debate and particularly as to how the annual statement relates to the decision making process. They were pleased to note that the review will be a continual process to ensure the delivery of good governance and that key measures will be identified to support and facilitate its delivery.

6. CORPORATE ASSESSMENT BY WALES AUDIT OFFICE

Mr. C. Jones advised that Wales Audit Office carry out an 'Improvement Assessment' every year stating whether they believe the Council will comply with its duties in regard to improvement planning and referred to the receipt of the letter which concludes that 'the Council has discharged its improvement planning duties under the Measure and has acted in accordance with the Welsh Government guidance'. As the Council has met its statutory requirements there are no statutory recommendations for improvement although there are four proposals for improvements (consultation, service improvement planning, implementing proposals for improvement, human resources review) as set in the appendix to the letter.

Mr. Jones explained the processes already in place to take these proposals forward, including the preparation of an action plan with timescales and advised that reports will be presented to Members on their progress. A report on the future of governance arrangements would be presented to the Policy and Resources Scrutiny Committee early the new year.

7. IMPLEMENTATION OF NEW CAERPHILLY COUNTY BOROUGH COUNCIL COMPLAINTS POLICY

Consideration was given to the report which sought comments on the implementation of the new complaints policy prior to its presentation to Cabinet. Mrs. Williams explained that the current complaints policy has been reviewed in order to ensure that it reflects the model policy introduced by the Welsh Government which will ensure that complaints are dealt with in a consistent manner across Wales and, in referring to the proposals contained therein, advised that the most significant change is the reduction of the number of stages in the process from three to two.

Mrs. Williams advised that to coincide with the implementation of the new policy on 1st April 2013, a Listening and Learning Group, consisting of Complaints Officers from across the Council and a representative from the Performance Management Unit would be established. Detailed statistics and reports will be presented on a regular basis to the Group and six monthly reports will be presented to the Audit Committee.

During the course of the debate reference was made to the process for dealing with vexatious complaints and it was agreed that subject to the position regarding such complaints being monitored following the implementation of the policy (and if necessary a Vexatious Complainants Policy be implemented) it be recommended to Cabinet that the document be adopted.

8. ANNUAL AUDIT LETTER - DRAFT - WALES AUDIT OFFICE

Mr. I. Davies (PricewaterhouseCoopers) presented the letter and advised that it is produced each year and summarises the key messages arising from statutory responsibilities under the Public Audit (Wales) Act 2004 and reporting responsibilities under the Code of Audit Practice. He advised that consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on audit work undertaken on the accounts as well as work completed on the improvement assessment.

Whilst the Appointed Auditor has concluded that the Council has complied with its responsibilities relating to financial reporting and use of resources Mr. Davies advised that there have been opportunities for improvement identified (valuation of fixed assets, equal pay, Icelandic banks, uncorrected misstatements) as set out within the letter.

Mrs. Scammell advised that with regards to the valuation of fixed assets, Officers had provided the information required but unfortunately in view of the complexity of collating the data it had been it had not been possible to provide all of the information in time to conclude

the audit process. With regards to equal pay, Members were reminded that as previously discussed the Authority's Pension Administrators (Torfaen County Borough Council), have confirmed that they will not be seeking further payment in respect of local government pension scheme contributions, above those required in the recent 2010 Actuarial Valuation and as such the Financial Accounts have not been adjusted in respect of this potential increased liability.

9. REVIEW OF FINANCIAL REGULATIONS

Consideration was given to the report which sought views on the proposed update of the financial regulations and advised of the consultation process prior to the report, and the feedback from that process, being presented to Cabinet and Council. Mrs. Scammell advised of the requirement to consult Members as part of the consultation process which is required to update the Authority's Financial Regulations and gave an overview of the proposed changes as appended to the report.

Members noted the current financial regulations and the proposed revisions (as appended to the report) and approved its content for consultation.

10. REGULATORY PROGRAMME FOR PERFORMANCE AUDIT 2012-13

Non Jenkins advised that the Wales Audit Office provides a regulatory programme to the Authority each year, which details the planned audit work for the year ahead (2012/2013). The plan also includes what fees will be charged as a result of this work. The report that she presented provided a summary of that work and subsequent fees for the 2012/2013 Regulatory Programme.

It was noted that the Auditor General for Wales must carry out an annual improvement assessment every year to determine whether the Council is likely to comply with the requirements of the local government measure. Ms Jenkins explained the process that is required to be undertaken and referred to the three key reports that the Auditor General is required to produce (corporate assessment, performance assessment letter and the annual inspection report) and highlighted the links between each and how they are taken forward at the different stages.

Ms. Jenkins referred to the requirement to review the Council's arrangements to secure continuous improvement and advised that this year the Audit Office will not be undertaking a full assessment of the Council, but instead following up proposals for improvement set out in the previous assessments. She highlighted the key areas for the proposed improvement studies and the audits of the Improvement Plan and the Assessment of Performance (for ease of reference a complete list of the Wales Audit Office performance work planned for 2012/13 was appended to the report).

Members thanked Ms Jenkins for presenting the report and for responding to questions and issues raised during the course of the debate, particularly in relation to service improvement plans and the budgetary implications and as to how the WAO work with other statutory regulators and were pleased to note that the fee is a reduction from last year's fees by 6%.

Members noted the contents of the report and, in order to ensure they are aware of ongoing audit activity and progress of the scheduled work, it was agreed that progress against the audit work schedule be monitored and periodic reports of their outcomes be presented to the Committee.

11. REGULATION OF INVESTIGATORY POWERS ACT 2000 - AMENDMENTS

Consideration was given to the report which advised of the amendments made by Section 37 and Section 38 of the Protections of Freedoms Act 2012 and the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 [SI 2012/1500] which requires the Regulation of Investigatory Powers Act 2000 Policy and Procedure Notes to be amended.

It was noted that the Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of the exercise of their statutory functions. From November 2012 local authorities will only be able to authorise the use of directed surveillance under RIPA to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or an offence under certain acts.

It was noted that the Home Office has now published guidance to local authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance and that the Authority has a corporate policy which provides guidance on how surveillance should be used by relevant officers which has been amended to reflect the changes introduced by the legislation.

12. REGULATION OF INVESTIGATORY POWERS ACT 2000 - INVESTIGATIONS

The report advised Members of the number of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000, which sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. The appendix to the report detailed the operations undertaken for the period February 2012 to October 2012.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 6th March 2013 they were signed by the Chairman.

The meeting closed at 3.40p.m.

CHAIRMAN