



## **AUDIT COMMITTEE**

### **MINUTES OF THE MEETING HELD AT PENALLTA HOUSE YSTRAD MYNACH ON TUESDAY 17TH SEPTEMBER 2013 AT 2.00 PM.**

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**PRESENT:**

Councillor D. Rees - Chairman  
Councillor D. Havard - Vice Chairman

**Councillors:**

Mrs. E.M. Aldworth, Mrs. K.R. Baker, D.G. Carter, J.E. Fussell, N. George, Mrs. G. D. Oliver,  
J.A. Pritchard

Lay Member - Mr. N. Yates

Cabinet Members: Councillors D.T Hardacre and K.V. Reynolds

**Together with:**

N. Scammell (Acting Director of Corporate Services), R.M. Harris (Manager Internal Audit),  
G. Williams (Monitoring Officer - Interim), G. Hardacre (Head of People Management and  
Development) C. Jones (Head of Performance and Property), L. Jones (Acting Head of ICT  
and Customer Services), C. Evans (Committee Services Officer)

**Also present:**

Lynn Pamment (PricewaterhouseCoopers)  
Jackie Joyce (Wales Audit Office)

#### **1. APOLOGIES**

Apologies for absence were received from Councillors N. Dix, D. Ellis, and S. Morgan.

The Chair welcomed the new Members to the Committee and asked Members to note Councillor Dix's apologies. Councillor Dix has expressed a difficulty in attending Audit Committees as a result in the change in the day of the meeting and may need to resign. Following a debate and show of hands, the majority voted for Audit Committees to be held on a Wednesday morning at 10am in order to accommodate all Members.

## **2. DECLARATIONS OF INTEREST**

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

## **3. MINUTES – 19TH JUNE 2013**

RESOLVED that the minutes of the meeting of the Audit Committee held on 19th June 2013 (minute nos. 1 - 15 on page nos. 1 - 8) be approved as a correct record and signed by the Chairman.

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

## **4. RISK MANAGEMENT STRATEGY AND GUIDANCE**

Risk Management has been identified as an area of Council Activity that needs to be strengthened to demonstrate that the processes are appropriately embedded in decision-making and that risks are actively managed. The report outlined the key areas for improvement in risk management in the Council. Following reports to CMT, work was undertaken to develop a Risk Strategy for the Council and associated guidance.

The report outlined a Risk Management Strategy, guidance and associated training. This also addressed one outstanding Proposal for Improvement in the Wales Audit Office Corporate Assessment relating to Risk.

The Audit Committee considered the report as part of its Governance and Assurance role. Members queried whether ward issues were to be considered on the Corporate Risk Register and noted the issues would be dealt with at operational level or escalated to the Register if it was deemed to be a risk for the Authority as a whole.

Members were informed that a Risk Register has been in place for a while but as a result of legislation change, there was less emphasis on the reporting of Risks through the Council's formal structure, however, this has now been identified as a gap.

Members were asked to note that Risk identification can be subjective and therefore training and workshops will be provided to ensure consistency in identifying Service Level Risks from Corporate Risks.

It was moved and seconded that the recommendations in the report be approved. By show of hands this was unanimously agreed.

RESOLVED that for the reasons outlined in the report:-

- (i) Recommend to Cabinet the adoption of the Draft Risk Management Strategy and Draft Guidance by the Executive at its earliest appropriate meeting.
- (ii) Include the receipt of regular updates of the Corporate Risk Register on Audit Committee's meeting agenda.
- (iii) Recommend to Cabinet the Scrutiny arrangements detailed above for monitoring Risk Management.

**5. PROPOSED REVISED TERMS OF REFERENCE**

Consideration was given to the report, which sought approval to revise the Terms of Reference of the Audit Committee, required following the implementation of the Local Government Measure 2011 and as a result of the Council's internal review of governance arrangements.

Members considered the proposed revisions to the terms of reference, as appended to the report, and were asked to note that two further revisions, as requested by Members in the previous meeting were inserted.

**6. ASSIGNMENT OF THE SENIOR INFORMATION RISK OWNER ROLES AND RESPONSIBILITIES**

The report outlined the proposals to formalise the assignment of the Senior Information Risk Owner (SIRO) responsibilities to a post at an appropriate management level within the Council. The report also included a proposal for a formal reporting process of the corporate information governance group activities to be Corporate Management Team and the Audit Committee.

It was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons outlined in the report:-

- (i) That the responsibilities and accountabilities of the SIRO be formally assigned and vested in the role that has sufficient seniority to deliver all elements of the SIRO function, that role being the Head of ICT and Customer Services with a formal reporting structure being put in place between the existing Information Governance Team and Corporate Management Team.
- (ii) Members agreed that the reports produced by the SIRO are presented periodically to the Audit Committee and incorporated within the Audit Committee forward work programme

**7. WALES AUDIT OFFICE PROPOSALS - UPDATE PROGRESS REPORT**

The report, along with accompanying Action Plan, as attached with the report, updated members on the progress against the proposals made by the Wales Audit Office (WAO) since the Corporate Assessment in 2010, and subsequent Improvement proposals set out in 2011 and 2012 Annual Improvement Report (AIRs).

The Action Plan detailed how the Council is progressing against the outstanding proposals. A good number of which have now been addressed either on an individual basis or as part of the 2012/13 Performance Report. Those still outstanding are in the main, being addressed as part of the wider Council Improving Governance programme, which will be presented to Cabinet on 18th September 2013 and will be a standing item on the Audit Committee Agenda for the future.

Members sought clarification on the number of outstanding actions, and their time on the action plan. Members were asked to note that a number of actions would be removed at the end of the Calendar year when an updated publication is produced. A number of the actions have not been straight forward to action, therefore have taken more time to address and some discussion with WAO has taken place with reference to terminology when demonstrating that the Authority are satisfying the requirements.

Members noted the contents of the Report and accompanying action plan.

## **8. AUDIT OF FINANCIAL STATEMENT**

Lynn Pamment of PricewaterhouseCoopers(PWC) presented the draft Report of the Audit of Financial Statement. Members were asked to note that the report is still in draft format and was not brought to their attention at an earlier date, to enable a more up to date position in respect of progress to be reported.

The report outlined PWC progress to date in respect of the Audit of the draft Financial Statements for the year ended 31st March 2013. There were some areas in which audit work is ongoing and the report outlined more significant issues arising from the audit, which the PWC believe must be considered prior to approval of the financial statements.

A full discussion of the report then ensued, with Members debating the findings and impact on public confidence. Members queried the dates of unlawful activity, noting that they were conducted in the financial year 2012/13.

Members noted that there were some adjustments identified by the Auditor in the accounts in reference to value of assets, 21st Century School funding and the Icelandic Banks impairment levels, which were explained and are to be amended where appropriate.

Members were informed that the report is not confidential and is in draft format as a result of works still ongoing in areas of the accounts, however a final Financial Statement of Accounts will be presented to Members at Council.

Lynn Pamment agreed to issue the report without the "draft" status following the meeting.

## **9. INTERNAL AUDIT SERVICES - ANNUAL OUTTURN REPORT 2012/13**

Consideration was given to the report, which outlined the requirement of both the Chartered Institute of Public Finance and Accountancy's Code and the Council's own Financial Regulations that an audit plan should be prepared to ensure that there is effective and efficient use of audit resources. In addition to the audit plan, the Manager for Internal Audit Procedures is required to produce an annual report on work carried out by Internal Audit Services during the financial year.

Members considered the processes and attached appendix outlining the works conducted and queried the impact part time staffing has had on the team. Members were reassured that all aspects were considered when agreeing the part time employment, including budgetary impacts and workloads, and that the deadlines outlined in the report are of the setting of Internal Audit Services. Members were informed that sickness has a much more significant impact on workloads and that Internal Audit had low sickness absence figures.

Councillor Rees took the opportunity to remind Members that planning is underway to organise a workshop for the Audit Committee and officers to look at the work and priorities of Internal Audit, develop a greater understanding of the work and consider a work programme.

## **10. REGULATION OF INVESTIGATORY POWERS ACT 2000**

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 3rd June to Mid August 2013.

Members noted that three RIPA operations had been undertaken during this period. Members were reminded that since the changes into the legislation last year judicial approval is required in order to conduct any covert surveillance operations under RIPA. All of the applications submitted by the Authority have received judicial approval. Members queried whether the Youth Forum were still involved in the Investigations into sale of alcohol to minors. Members were assured that clarification would be obtained.

Members noted the recommendations.

#### **11. UPDATE ON THE IMPLEMENTATION OF THE COUNCIL'S NEW CORPORATE COMPLAINTS POLICY**

Members were provided with an update on the implementation of the new Corporate Complaints Policy and the numbers of complaints received since the implementation of the new Policy in April to date.

It was noted that the report outlines the number of corporate complaints only; consequently the numbers of corporate complaints for both Social Services and Education are lower than other Directorates.

Officers outlined the discussions at the Learning from Complaints Group, to date it had not been possible to identify specific trends, however, officers confirmed that they will monitor the number of matters that are referred as complaints to Housing regarding the works being conducted to upgrade the housing stock to WHQS standard. It would appear that some of these matters should be referred to Insurance and not dealt with under the Complaints process.

Members were asked to note that the proposal to amend the internal officer guidance to extend the complaint response time by agreement with the complainant for an additional ten days. This would only be applied to complaints that were complex or were cross directorate.

As per the recommendations, Members noted the report.

#### **12. REGISTER - GIFTS AND HOSPITALITY**

The report outlined the process in place within the Authority to register the receipt of gifts and hospitality offered to employees and to explain improvement work being undertaken to enable corporate review of the register, which aims to improve our governance arrangements. The Code of Conduct for Employees sets out guidance as to how offers of gifts and hospitality are to be dealt with. The Code is applicable to all employees of the Council other than Teachers who are covered by the General Teaching Council for Wales's (GTCW) Professional Code for Teachers.

The Code has been operational since July 2004 and was reviewed in 2006 and again in 2012. There is currently a review of the code, taking place at an All Wales level that is likely to introduce a common code. The code is designed to ensure that individual members of staff do not, or do not appear to, benefit from decisions taken by the Council in which they are involved, and that they do not benefit or be seen as benefiting, a relation or a friend, by involved in taking the decision which would create that benefit. The Code provides guidelines as to what is considered to be an acceptable limit should employees be offered and accept a gift or hospitality.

Heads of Service are responsible for assessing declarations of receipt of gifts or hospitality made by employees, whether it is appropriate for the offers to be accepted or declined and any action necessary to prevent a conflict of interest. The appropriate Director signs a declaration by a Head of Service, the Chief Executive signs a declaration by a Director and a declaration by the Chief Executive is signed by the Monitoring Officer.

It was moved and seconded that the recommendations in the report be approved. By show of hands this was unanimously agreed.

RESOLVED that for the reasons outlined in the report:-

- (i) Audit Committee noted the current position with regard to the Council's Code of Conduct and the Register of Employee Interests.
- (ii) Audit Committee approved a programme of quarterly reporting from the Head of Workforce and Organisational Development in relation to gifts and hospitality.

### **13. FORWARD WORK PROGRAMME**

Details of the items to be considered at future meetings as identified in the forward work programme were noted. The forward work programme will be presented to each meeting in order that Members are aware of the items that are scheduled to be discussed. Those currently detailed under date to be determined will be incorporated within the programme.

It was noted that it had been agreed that future meetings would be held on a Wednesday morning and as such the timetable would be amended accordingly.

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

The meeting closed at 4.12 p.m.

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CHAIRMAN