



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY 8TH JUNE 2016 AT 10.00 AM

PRESENT:

Councillor D. Rees - Chair
Mr N. Yates - Vice Chair

Councillors:

Ms. L. Ackerman, Mrs K. Baker, D. Carter, N. Dix, C. Hawker, Ms. J. Jones, Mrs J.A. Pritchard and J. Simmonds.

Together with:

L. Hallez (Grant Thornton), G. Hawkins (Grant Thornton), B. Morris (Grant Thornton) and S.J. Byrne (Wales Audit Office).

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), R. Harris (Internal Audit Manager), L. Donovan (Acting Head of Human Resources and Organisational Development), R. Roberts (Performance Manager), C. Jones (Head of Performance and Property Services) and C. Evans (Committee Services Officer).

1. TO APPOINT THE CHAIR AND VICE-CHAIR FOR THE ENSUING YEAR.

It was moved and seconded that Councillor D. Rees be appointed as Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Councillor D. Rees be appointed Chair of the Audit Committee for the ensuing year.

It was moved and seconded that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year.

2. APOLOGIES

No apologies of absence were received.

3. DECLARATIONS OF INTEREST

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

4. MINUTES – 9TH MARCH 2016

RESOLVED that the minutes of the meeting of the Audit Committee held on 9th March 2016 (minute nos. 1 - 4) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

5. 2016 AUDIT PLAN – CAERPHILLY COUNTY BOROUGH COUNCIL

Mr B. Morris (Grant Thornton) presented the financial aspects of the 2016 Audit Plan and Ms S.J. Byrne (Wales Audit Office) presented the performance aspects of the Plan.

The Committee noted the objectives of the Audit Plan and the duties of the Auditor General in respect of his duties under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice. The purpose of the Audit was to examine and certify whether your financial statements are “true and fair”; assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources; Audit and assess whether you have discharged duties and met requirements of the Measure; and undertake studies in order to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

The Audit Committee noted the extensive work that would be undertaken during the Audit in order to determine any areas of material misstatements, the fees associated with the task, as well as the findings following the Audit and the certificate that would be issued following its satisfactory completion.

The Audit Committee invited Ms Byrne to present the report on the Performance Audit.

The Committee noted the report and the detailed components of the performance audit work, which were outlined in Exhibit 3 of the report and were designed to help deliver the high-level objectives set out in to 2013-2016 Corporate Strategy.

Having considered the document, members raised a query in relation to the identified Financial Audit Risks as outlined within the report. It was explained that the risks were identified as presumed risks, are common across similar organisations and the work of the Auditors is based on an assumption that Management manipulate revenue, therefore, the financial accounts are thoroughly examined, checking formulas and valuations in order to ensure that the financial accounts have been accurately recorded and correct assumptions made.

Members discussed the Performance Audit and in noting the recent cuts made to the Wales Audit Office Grants, sought further information on the impact these cuts would have on the service provided to the Local Authority. Members were asked to note that a review of the Audit approach was conducted and as a result, three thematic reviews would be conducted over the course of the year, considering Financial Resilience, Governance and Transformation, a local and national report would be provided to each local authority, outlining the findings following each review. It was agreed that the Audit Committee would be provided with a copy of the letter sent to the local authority, highlighting the key elements of the reviews.

The Committee noted that there is still a Programme of work underway from last year in relation to a review on Leisure Services and Financial Resilience, which would be presented back to Cabinet in July, which would be presented to Audit Committee in the autumn for information.

Finally, Members noted that there is a greater emphasis on partnership working and collaborations across all local authorities and key requirements for transformation to take place in order to work more collaboratively for effective service delivery.

The Audit Committee thanked the Officers for the report and noted its contents.

6. DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2015/16

The report provided Members with an opportunity to review the draft Annual Governance Statement (AGS) for 2015/16 and make any changes required and justifiable.

The Committee noted that during 2015/16 the work undertaken by the Improving Corporate Governance Board came to a successful conclusion. The Corporate Governance Panel will continue to meet to ensure that the governance agenda remains a key priority. This is now back to business as usual.

Members noted that the previous year's AGS identified one new area for improvement in respect of the effectiveness of the Scrutiny arrangements, as a result, a review was undertaken and reported to Council in October 2015. The Council are now implementing all of the changes. Based on the progress made to date it is recommended that this area for improvement be removed from the AGS.

During the 2015/16 review, it was noted that one area for improvement was identified in respect of the Authority working to ensure that the requirements of the Well-Being of Future Generations (Wales) Act 2015 are progressed to ensure compliance prior to regulator reviews.

The Audit Committee thanked the Officer for the report and suggested that, as the documents were similar, for any amendments to be highlighted more clearly.

Members discussed the Well-Being of Future Generations (Wales) Act 2015 and it was noted that the Corporate Plan has aimed to deal with a number of the requirements of the Act. In addition, as this is a transition year, implementation has already begun in terms of the Corporate Plan, which was presented and approved by Cabinet.

Member discussed Engagement in respect of key aspects of the Corporate Plan, with particular reference to the elements that had an impact on the public and it was agreed that the wording within the Governance Statement would be amended in order to clarify the Engagement process and consider wider engagement with partners in future reports.

The Audit Committee noted the report.

7. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

The report provided the Audit Committee with an update on the progress against the proposals made by all regulators since the last Audit Committee (Dec 2015).

It was noted that since December 2015 there has been 1 proposal addressed and no new proposals onto the register. Two new reviews have been received from the Wales Audit Office, Financial Resilience (local) Report (May 2016) and the Leisure Review that are coming on to the Cabinet Programme and will be included in future updates.

In addition, there have been no reviews, proposals or recommendations reported from Estyn and the Care and Social Services Inspectorate of Wales at this time. Currently there are 14 proposals outstanding. Of the 14, 1 is recommended for closure and 2 are recommended to be merged. This will leave 11 outstanding in total.

Members thanked the Officer for the report and it was noted that the font on the appendix was too small to be easily readable.

The Committee discussed the recommendations and confirmed that they were happy with the recommendation to close 1 proposal and merge 2, which would leave 11 proposals going forward.

Members discussed the Asset Management Strategy and further discussion ensued into estates, criteria for the closing of buildings and the Asset stock, value, state and rental income were applicable. Following detailed discussion, it was noted that there is a detailed record kept of the building assets and their general condition and a Member Seminar could be arranged in order to provide Members with details on the current list and criteria in place for closure.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officers report and as outlined at the meeting: -

- (i) the proposals be closed and merged, as noted within the appendix;
- (ii) a Member Seminar be arranged in order to provide further information on the Council's current building Assets.

8. REGISTER OF EMPLOYEES' INTERESTS FORMS DURING 2015/16

Councillor J.A. Pritchard called the information item forward for discussion at the meeting.

The report advised Members of the Audit Committee of the Register of Employees' Interests Forms completed by officers and agency workers for the 12 month period 1st April 2015 to 31st March 2016 and to provide a comparison with the same information for the previous 2 financial years.

Members noted that enclosed in the appendices were summaries of the declarations received by Directorate, Service Area, Type and Relationship for the 12 month period 1st April 2015 to 31st March 2016 and to provide a comparison with the same information for the previous 2 financial years.

The Audit Committee thanked the Officer for the report and discussion ensued.

A Member raised concerns about the significant number of declarations made in 2013/14 in comparison to later years. Officers highlighted that this was due to the re-issuing of the Code of Conduct to all employees in 2013, which provided for the increased number of declarations.

Further clarification was sought on the frequency of which Employees are required to complete their declarations of Interest. It was noted that Employees are required to provide an update on any interests as and when it would be appropriate, however it was noted that all Councillors are required to complete an annual update on any Declarations of Interest.

Members discussed the accuracy of the figures, with particular reference to the ability to compare data. The Officer assured Members that the data can be used for comparison purposes and the number of declarations often fluctuate, however the Employee declarations roll onto the next year, unless there is any change.

The Audit Committee thanked the Officer for the report and noted its contents.

9. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Forward Work Programme up to December 2016 was presented for Member consideration.

Having fully considered its detail the Audit Committee noted its content.

10. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (1) Regulation of Investigatory Powers Act 2000.
- (2) Officers Declaration of Gifts and Hospitality.

The meeting closed at 11.38am.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 15th September 2016, they were signed by the Chair.

CHAIR