

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY
HALL, LLANDRINDOD WELLS ON FRIDAY 17 JANUARY 2014**

Present: County Councillor A W Davies (Chair)
County Councillors J Brunt, Mrs S C Davies, Mrs E R Davies, L R E Davies, E A Jones, Mrs F Jump, R H Mills, J G Morris, W D Powell, Mrs J Shearer, D Thomas, R G Thomas, Col T J Van Rees, and Mr J Brautigam (Independent Member)

In attendance: County Councillors Miss M Alexander and G Brown

Officers: D Powell, Strategic Director, Resources, I Halstead, Internal Audit Manager, D Bradley, Construction, Procurement and Premises Manager, Ms C Cheeseman, Principal Accountant, Mrs R Davies, Principal Policy Officer, I Fraser, Head of Housing and Commissioning, P Jones, Programme Office Manager, W Jones, Principal Emergency Planning Officer, Mrs A Owen, Treasury Manager and W Richards, Scrutiny Manager

1.	APOLOGIES	A1– 2014
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Apologies for absence were received from County Councillors C Davies, L Fitzpatrick, H Lewis, M J Jones and G P Vaughan and Mr M Jones of the Wales Audit Office. County Councillors D Mayor and W J T Powell had recently been appointed to the Cabinet and were no longer eligible to be Members of Audit Committee

2.	DECLARATIONS OF INTEREST	A2– 2014
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There were no declarations of interest.

3	DECLARATION OF PARTY WHIPS	A3 – 2014
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There were no declarations of party whips.

Items 7 and 10 were considered first on the agenda. The Portfolio Holders and Strategic Director left the meeting after discussion of these items.

4.	MINUTES	A4– 2014
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The Chair was authorised to sign the Minutes of the last meeting held on 11 October 2013 as a correct record.

5.	JOINT CHAIRS STEERING GROUP	A5 – 2014
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Documents Considered:

- Notes of meetings held on 7 and 25 October and 29 November 2013

Outcomes:

- Noted

6.	WAO IMPROVEMENT ASSESSMENT LETTER	A6 – 2014
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Document Considered:

- Improvement Assessment Letter

Issues:

- No formal recommendations
- Three areas where further improvements could be made
- Structural change and affect on priorities

Responses:

- The Authority is thought to be too dependent on output measures and anecdotal evidence. More formal feedback with clients is needed.
- There are challenges in the timing of the democratic process leading` into the reporting framework
- There is no evidence that structural change within the Authority is hindering delivery of priorities. Managerial focus has been retained in the new structure.
- ICT is fundamental to delivery of all services
- Numerical values should be provided as often as possible, and data must be monitored over the years. Stats Wales do not update figures until October, by which time the Annual Improvement Report has been submitted
- The Tracker of Regulatory Actions has been completed and will be considered by Management Team. It will be included on future agendas of the Committee

7.	AFTER SCHOOL CLUBS/VOLUNTARY FUNDS	A7 – 2014
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Documents considered:

- Letter from Chair to Interim Head of Schools
- Response by Senior Manager, Central Support Services

Issues:

- Internal Audit had identified a lack of governance in the running of peripheral activities in schools, which in one instance, had resulted in fraud
- Lack of guidance or accountability
- Potential liability to VAT if partial exemption rules are breached
- Compliance with other regulatory agencies, including CSSIW, Health and Safety
- The Authority must be aware of all funds held by a school (other than PTA funds)
- Schools need to be challenged and provided with good practice and guidance
- Acknowledged that a number of clubs are run on the basis of goodwill and support from families and the community
- Secondary schools are audited on a three year cycle, primary schools on a five year cycle
- Risk must be managed by training

Outcomes:

- The Strategic Director, Resources, to inform schools and Governing Bodies immediately of the issues. This letter to be signed by both the Portfolio Holder and Chair of Audit and copied to all Members of County Council, many of whom are LEA Governors
- A further written response to be submitted to Audit Committee and senior officers to be present at the next meeting

8.	COMPARATIVE COSTS – SCHOOL BUILD	A8 – 2014
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Documents considered:

- Report of the Senior Manager, Regeneration and Corporate Property
- Assessing Business Cases ‘A Short Plain English Guide’
- Cost Model for New Primary Schools
- 21 Century Schools Programme Guidance Table

Issues:

- Change in relationship with Welsh Government and authorities
- Process changed significantly in recent months

Responses:

- All authorities are now required to use the 5 case model
- More rigorous process
- Move to build more economically both in terms of space and cost
- New process for each stage of design and procurement which will be assessed externally
- More standardized design leading to reduced costs
- A full breakdown of the proposed new school in Newtown will be submitted to 21 Century Schools team for evaluation

Outcomes:

- The Committee to be updated with developments as appropriate

9.	BUSINESS CONTINUITY	A9 – 2014
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Document considered:

- Report of the Principal Emergency Planning Officer

Issues:

- Weakness in Business Continuity in many areas identified by Internal Audit
- Legal requirement (Civil Contingencies Act 2004)
- Corporate Business Continuity Plan has not been updated in the last 12 months in breach of requirements

Responses:

- Future ways of working are being investigated, including collaboration
- Service to be reassessed following significant managerial and organisational change

- Leisure Centres are currently designated emergency rest centres. Although the future of leisure centres is under review, the Council can designate any building as an emergency rest centre
- Lack of business case to justify not replacing the Risk and Insurance Manager who was responsible for Business Continuity
- Business continuity may be in place for practical purposes in some cases, but there is a lack of documentary evidence

Outcomes:

- A letter be sent to the Leader, Chief Executive, Solicitor to the Council and Section 151 Officer raising the Committee's concern
- The Strategic Director, Resources to report suggested solutions to the next meeting

10.	HOUSING REPAIRS AND MAINTENANCE	A10 – 2014
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Documents considered:

- Report of the Head of Housing and Commissioning

Issues:

- Internal Audit Working Group had not been satisfied with the response to issues arising from an Action Plan implemented following Internal Audit - ICT, managing reform and value for money
- Zipporah system not functioning adequately for the needs of the service
- Interface between IT and service areas
- Report not SMART
- Lack of KPIs

Responses:

- Zipporah works reasonably well other than in delivering reports. A new system will be implemented by the summer of 2014 which is comprehensive and highly configurable. An additional system can be purchased to deal with scheduling but this is unlikely to be in place as early as the summer of 2014. Work is continuing with the Zipporah interface with the new system and the Head of Service has been informed that the two systems are compatible.
- Other service areas have also experienced difficulties with the Zipporah system. Whilst it is recognised that corporate systems may be more cost effective and compromises may be required it is difficult to assess to whom the benefits of this particular system have accrued. Tenants Service Monitors have concerns that Zipporah limits delivery of the service.
- Actions have been completed with two exceptions. Work is in progress with new items raised by the Working Group. Every service area is considering its management structure and how to deliver future services. A new Internal Audit is scheduled to take place in the autumn.
- The service uses a suite of measures rather than KPIs as Zipporah does not deliver the appropriate reports. The service had been subject to a systems thinking review. It was thought that a 360 degree suite of measures was more effective than KPIs. Members thought it was essential that controls were in place to ensure effective management of remote staff. The Committee also required measures to ensure the service was assessed properly.

Outcomes:

- Joint Chairs Steering Group be asked to schedule a scrutiny review of ICT systems
- The Leader to be informed of IT difficulties and with a request that the appropriate portfolio holder assesses the efficacy of the Zipporah system
- The Head of Service to produce a suggested list of KPIs
- A letter be sent to the Tenant Service Monitors congratulating them on their work

11	CODE OF PRACTICE	A11 – 2014
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Documents considered:

- Report of the Portfolio Holder for Finance

Issues:

- Public Sector Internal Audit Standards introduced but implementation has been slow

Responses:

- A self assessment has been completed and the Authority is compliant with the Code
- Charter to be implemented by April
- Role of Internal Audit was redefined by WAO in 2012 – responsibilities to include information security, KPIs and Value for Money

Outcomes:

- KPIs to be included in future Internal Audit Reports
- Work Programme to be updated to reflect Action Plan

12.	TREASURY MANAGEMENT QUARTERLY REPORT	A12 – 2014
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Documents Considered:

- Report of the Portfolio Holder for Finance
- Credit Rating List (Confidential)

Issues:

- Capital budget – assurance that budget will be spent by year end, but little evidence to support this
- Borrowing is recommencing
- Favourable interest rates are no longer available

Outcomes:

- Noted

13.	CHARACTERISTICS OF GOOD SCRUTINY	A13 – 2014
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Documents Considered:

- National Welsh Scrutiny Officers Network – Outcomes and Characteristics for effective local government scrutiny

Responses:

- An action plan is being developed to move scrutiny forward
- Public engagement needs further development
- Good practice in Powys is being recognised
- Scrutiny has no authority

Members congratulated the Scrutiny Manager on his election to Chair of the National Scrutiny Officers Network

14.	WORKING GROUPS	A14 – 2014
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14.1 Finance and Performance**Document:**

- Scrutiny Summary Report

Issues:

- Lack of reliable data – widely available data is not consistent and often out of date
- Budgets set against unreliable data will result in poor outcomes

14.2 Internal Audit**Document:**

- Scrutiny Summary Report

Issues:

- It was noted that under the new Cabinet Portfolios, Workshops had been included under Property rather than Regeneration where it was thought to be more appropriate

Outcome:

- The Leader to be asked to reconsider the decision to include Workshops within the Property Portfolio

15.	WORK PROGRAMME	A15 – 2014
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Document:

- Work Programme

Outcome:

- Noted

A W DAVIES
CHAIR