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## AUDIT COMMITTEE 14/7/16

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**Present:** Councillor Trevor Edwards (Chair)  
Councillor Angela Russell (Vice-chair)

**Councillors:** Anwen J. Davies, Tom Ellis, E. Selwyn Griffiths, John B. Hughes, Charles Wyn Jones, Sion Wyn Jones, Michael Sol Owen and W. Tudor Owen.

**Lay Member:** John Pollard

**Also in Attendance:** Dafydd Edwards (Head of Finance Department), William E. Jones (Senior Finance Manager), Dewi Morgan (Senior Revenue and Risk Manager), Ffion Madog Evans (Finance Manager - Resources and Corporate), Luned Fôn Jones (Audit Manager), Caroline Lesley Roberts (Investment Manager) and Bethan Adams (Member Support Officer).

**Apologies:** Councillors Aled Ll. Evans, Dilwyn Morgan, John Pughe Roberts, Gethin Glyn Williams and John Wyn Williams.

### 1. ANNOUNCEMENT

The Chair took the opportunity to thank the Senior Finance Manager, who was attending his last meeting of this Committee, for his work over the years and he was wished a happy retirement.

### 2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present.

### 3. MINUTES

The Chair signed the minutes of the meeting of this committee held on 23 June 2016, as a true record.

### 4. 2015/16 STATEMENT OF ACCOUNTS

The Senior Finance Manager set out the background and context of the report. Attention was drawn to the fact that unaudited draft accounts were being submitted here for information, with the final version to be submitted for the Committee's approval at the meeting on 29 September 2016. Their content was expanded upon and responses were given to the members' general enquiries. It was reported that the 2013/14 accounts had received approximately 800 visits on the website and the number of visits regarding the 2014/15 accounts had increased to approximately 900.

In response to a question from a member on the forecast regarding grants following the UK's decision to leave the European Union as a result of the referendum held on 23 June, the Head of Finance Department noted that the Head of the Economy and Community Department was examining the matter regarding European grants and that she was holding discussions with the Welsh Government. He added that it was impossible to forecast what would happen as a consequence of the decision to leave the European Union and that a number of factors impacted on the economy.

In response to an observation by a member, the Senior Finance Manager noted that the team from Deloitte, who was undertaking the audit on behalf of the Auditor General for Wales, was collaborating well with the Finance officers.

All Council staff involved with preparing the Council's accounts were thanked for their hard and detailed work.

**RESOLVED to accept and note the 2015/16 Statement of the Council's Accounts (subject to an audit).**

## **5. 2015/16 TREASURY MANAGEMENT**

The background and context of the report was set out on the true results of the Council's Treasury Management during 2015/16 by the Investment Manager against the strategy established for that financial year. Details were provided on the economic background, the borrowing requirements and debt management, investment activity and compliance with prudential indicators.

Attention was drawn to the fact that there was a need to correct the first paragraph of the report in the Welsh version to note that the total interest received on investments was less than the original estimated figure in the budget.

It was reported that the Council had recovered 98% of its investments in Heritable Bank and it was anticipated that further distributions would be received. It was noted that, consistently with what had been reported since 2008, the full amount should be recovered but the timing had not been confirmed as it was dependent on the settlement of the ongoing court case.

The Investment Manager confirmed that the borrowing activity of the Council remained within the constraints originally set.

In response to a question regarding interest on historical borrowings, the Head of Finance Department noted that the situation regarding historical borrowings was being continually assessed. He explained that the redemption premium (penalty) could be more than the benefit gained from their termination and the older borrowings with higher interest were gradually coming to an end. The Investment Manager drew attention to the fact that at present the Council's average interest rate was 5.4% on borrowings as some of the historical borrowings had been repaid.

A member asked whether interest had been received on the money in the Heritable Bank or only on the money invested. In response, the Investment Manager noted that a claim had been made for the relevant interest up to the due period prior to the bank becoming insolvent.

**RESOLVED to accept the report for information.**

## **6. OUTPUT OF THE INTERNAL AUDIT SECTION 1/4/16 - 30/6/16**

The report of the Audit Manager was submitted, outlining the Internal Audit's work for the period. It was noted that 14 reports on audits from the operational plan had been completed and also one audit from the 2015/16 audit plan and 4 follow-up audits.

Consideration was given to all the reports individually.

A member referred to information governance audits in primary schools and noted that there were four similar bullet points for the schools and that he assumed that this was true for all schools in Gwynedd. He expressed his disappointment that steps had not already been taken by the Education Department.

In response to a member's observation that schools should use a shredder rather than use data destroying sacks, the Audit Manager noted that it was a matter for the individual schools to decide on the way forward and that it may be better to use a shredder.

**RESOLVED To accept the report on the work of the Internal Audit for the period 1 April 2016 to 30 June 2016 and to support the recommendations that had already been submitted to the managers of the relevant services for implementation.**

**7. INTERNAL AUDIT PLAN FOR 2016/17**

The report of the Audit Manager was submitted, providing an update on the current situation in terms of completing the 2016/17 internal audit plan.

It was reported that the Internal Audit Unit had exceeded the target for quarter 1 with 14 final reports released, namely 17.5% audits of the plan compared with a target of 8%.

In response to a member's enquiry, the Audit Manager noted that an audit would be conducted on the arrangements of the Animal Health Unit within the Public Protection Service at the request of the Head of Regulatory Department to examine whether the service provided at present could be maintained following a reduction in the budget. The Senior Revenue and Risk Manager emphasised that Internal Audit would be conducting an audit of the arrangements within the Regulatory Department and would not be undertaking animal health tests.

**RESOLVED to note the contents of the report as an update of progress against the 2016/17 audit plan.**

The meeting commenced at 10.30am and concluded at 11.40am.

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**CHAIR**