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## AUDIT COMMITTEE 14-01-10

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**Present:** Councillor Gwilym Williams (Chairman);  
Councillor Huw Edwards (Vice-chairman).

**Councillors:** E. T. Dogan, Selwyn Griffiths, Dafydd Ll. Hughes, Brian Jones, Charles W. Jones, R. L. Jones, Eryl Jones-Williams, John P. Roberts, Ioan Thomas.

**Also present:** Dewi Morgan (Senior Audit and Risk Manager), Dafydd Edwards (Head of Finance Department), Morwenna Edwards (Head of Provider and Leisure Department), Alan Hughes (Chief Leisure Officer), Dave Wood (Facilities Manager), Annette Sellars (Arfon Tennis Centre Manager), Bethan Moore (Plas Ffrancon Leisure Centre Manager), Amanda Hughes (Local Manager - Wales Audit Office) and Gwyn Parry Williams (Committee Officer).

**Apologies:** Councillors Tom Ellis, Margaret Griffith, Gethin Williams.

### 1. **DECLARATION OF PERSONAL INTEREST**

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

### 2. **MINUTES**

The Chairman signed the minutes of the previous meeting of this committee held on 28 September 2009 as a true record.

Matter arising

Minute 3 – Final Accounts 2008/09

i) Statement of Accounts

The Head of Finance Department noted that a request had been made at the previous meeting for an update of the asset register system implementation plan. He apologised as no report had been submitted to this committee, however, he reassured members that a report would be submitted at the next meeting that would be held in March.

**RESOLVED to accept the information.**

### 3. **OUTPUT OF THE INTERNAL AUDIT SECTION**

#### **a) Report for consideration at the request of the Chairman and Vice-chairman – Leisure Centres**

The Senior Audit and Risk Manager reported that the Chairman and Vice-chairman of the Committee had requested for officers from the Provider and Leisure Department to be present in order to answer any questions that could arise as a result of the audit reports regarding the administration and management of Penllyn and Plas Ffrancon Leisure Centres, along with Arfon Tennis Centre.

This followed on from considering internal audit reports released during the period between 1 September and 30 November 2009. The officer noted that audit reports had been released regarding six leisure establishments during this period. Three of these centres had received opinion category B, however, opinion category C had been given to three other centres because of a lack of adherence to a comparatively high proportion of the expected internal controls, namely -

- a) Penllyn Leisure Centre – audit tests were carried out on 63 internal controls and the tests showed that good internal controls existed in 39 of these fields.
- b) Arfon Tennis Centre – audit tests were carried out on 58 internal controls and the tests showed that good internal controls existed in 31 of these fields.
- c) Plas Ffrancon Leisure Centre – audit tests were carried out on 58 internal controls and the tests showed that good internal controls existed in 35 of these fields.

He confirmed that the Leisure Service had updated its financial guidelines for the leisure centres in response to the reports and that they had prepared new guidelines for some other fields. This was in order to ensure that matters highlighted in the reports relating to internal controls would be dealt with. He noted that these guidelines included detailed documentation on how to deal with the following matters -

- Cash handling
- Ordering
- Imprest accounts
- Internal audits
- Direct debits
- VAT

It was expected that these guidelines would not only be distributed to all leisure centres, but they would also be implemented and adhered to in those cases where a lack of compliance had been seen during the audit.

A member asked why the guidelines had not been operational sooner, considering the fact that the leisure centres had been established for many years now.

In response to the above-mentioned points, the Head of Provider and Leisure Department informed members that the Leisure Service had an IMS information management scheme and she confirmed that the service, following this audit, would proceed to improve the guidelines. She noted that it was possible that other centres had been able to deal with the cases without the guidelines, however, in fairness the guidelines needed to be clear so that everyone followed them.

The Chief Leisure Officer referred to the fact that the service had been working with the Internal Audit Section for many years in order to develop guidelines for managers and the IMS scheme was a very important one as the Council's policies and implementation procedures were included in it. He noted that in 2003, Internal Audit had been looking at 19 various issues in leisure centres, however, by 2006, the figure had increased to 37 issues. Last year, the figure had increased again to 58 and 63 issues. Since the audit report had been released, meetings had been held with Internal Audit and additional guidelines had been included and updated in the IMS scheme.

He also drew attention to the fact that some of the other leisure centres had been given category B, with the same guidelines.

A member asked whether or not the managers attended courses. In response, the Head of Provider and Leisure Department informed members that the IMS scheme noted what staff needed to do, including attending courses.

In relation to Arfon Tennis Centre, the Chief Leisure Officer noted that every Leisure Centre should have posters displayed in the fitness room, showing health and safety guidelines.

A member asked whether or not the managers of these centres, across Gwynedd, received any follow-up to the training. In response, the Chief Leisure Officer informed members that the monthly managers' meetings discussed this, however, should any major changes occur then special meetings would be held with the managers. It was also noted that the Council had committed to a management and leadership course.

Another member asked whether or not there were differences in the staffing levels of the centres in question. In response, the officer informed members that two of the three centres that had received category B were large centres, namely Glaslyn Leisure Centre, Porthmadog and Dwyfor Leisure Centre, Pwllheli and naturally as a result of that, there was a need for more staff at those centres.

A member noted that he had visited Glaslyn Leisure Centre recently when he had realised that the disabled group that was meeting there had been located in a room on the first floor and that another group, which was not disabled, had been located in a room on the ground floor. This was not acceptable, and he had wished to make a complaint regarding the situation at the time. Unfortunately, there were no purposeful forms for doing so available at the time. The Head of Provider and Leisure Department promised to address this matter.

In relation to the application forms to become a member of the leisure centres, a member drew attention to the fact that the form should include information for parents to sign stating that they understood that nobody was entitled to take photographs at the centre without making a specific request by filling in the appropriate form. It was agreed that the views of the Monitoring Officer should be sought on the matter.

**RESOLVED to receive a summary of the internal audit reports and support the recommendations submitted already to the managers of the Provider and Leisure Department for implementation.**

**b) Work of the Internal Audit Section for the period up to 30 November 2009**

Submitted – the report of the Senior Audit and Risk Manager, outlining the work of the Internal Audit Section for the period between 1 September and 30 November 2009. When presenting the information regarding the work completed during the period, the officer referred to -

- 19 formal reports regarding audits from the annual audit plan with the relevant opinion category being shown.

- Five audits where memoranda had been produced, rather than a full report
- Seven follow-up audits
- One responsive audit

It was reported upon further work in progress by Internal Audit. This included eleven draft reports that had been released and 27 audits that were in progress.

Consideration was given to the reports individually and during the discussion, reference was made to the following issues -

### **Bro Dysynni Leisure Centre**

A member referred to the fact that the Council intended to introduce a parking prohibition order on a specific street in Tywyn and for residents of that street to receive an offer to pay for parking in the above-mentioned leisure centre car park for £50 a year. After investigating the issue, it was realised that no permission had been granted to implement this. In response, the Chief Leisure Officer informed members that a meeting had been held with Internal Audit to discuss the situation and that this would not be implemented.

The relevant officers were thanked for taking urgent action regarding the issue.

### **Plas Maesincla Home for the Elderly, Caernarfon**

A member asked whether or not the relevant staff of these homes, who had to deal with money, received the necessary training. In response, the Senior Audit and Risk Manager informed members that he and the relevant Team Leader had met the Head of Provider and Leisure Department and relevant officers to discuss the draft audit report when it had been agreed that the managers of the homes would receive training regarding financial matters. Such a training session was being held on the morning of the committee meeting.

### **Configuration Management**

The Senior Audit and Risk Manager informed members that this audit had received opinion category C. He noted that following the audit and releasing the draft report, the Information Technology Unit had undertaken substantial work and significant progress had been made. April 2010 had been determined as the date for the completion of this work and subsequently, a follow-up audit would be undertaken in order to ensure that this had been done.

### **Responsive Audit – Ysgol Uwchradd Tywyn**

The Senior Audit and Risk Manager reported that this responsive audit of Ysgol Uwchradd Tywyn had been held during the summer term 2009, at the request of the Head of Finance Department. This had been done as allegations had been received that the school had not taken timely action as a result of the financial projections published in October 2008. This had led to a situation that appeared to be critical by May 2009. The school's projections

from 2009 to 2012 had been audited, along with the school's latest plan and the steps in place for August 2009, August 2010 and August 2011 in order to deal with the financial position. The main findings of the report were noted, namely that it had been seen that the financial savings of August 2009 had been identified and implemented, however, further work was necessary in order to identify the savings of August 2010 and August 2011.

**RESOLVED to accept the reports on the work of the Internal Audit Section for the period from 1 September to 30 November 2009 and to support the recommendations submitted already to the managers of the relevant services for implementation.**

#### **4. INTERNAL AUDIT PLAN 2009/10**

Submitted – the report of the Senior Audit and Risk Manager, providing an update of the current situation in terms of completing the 2009/10 internal audit plan.

He provided details of the situation as on 31 December 2009, along with the time spent on every audit thus far. Attention was drawn to the following table which showed the current status of the work in the operational plan -

<b>Audit Status</b>	<b>Number</b>
Planned	34
Staff booked	2
Working papers created	6
Field work started	20
Field work ended	3
Draft report issued	13
Final report issued	27
<b>Total</b>	<b>105</b>
Cancelled	2

He informed members that the performance target of 2008/09 was 95%. At the end of the third quarter of the year on 31 December 2009, 68% of the audits in the plan had either been completed or they were in progress. The remaining tasks to be completed in the plan had been allocated to individual auditors. Despite the fact that it was not possible to anticipate with any certainty any demands for responsive audits during the remainder of 2009/10, the majority of responsive audits that had been undertaken during the year had been completed now, with the objective of ensuring that auditors were able to focus on completing the plan in the final quarter.

In relation to amendments to the plan, the officer informed members that one amendment had been done since the last meeting of the committee. The original plan of 2009/10 included a ten day audit of Business Support Loans, however, as the existence of such funds was being reviewed at the moment, it would not be timely to hold a full audit at present. Better use would be made of internal audit resources in terms of holding this audit if or when a new fund would be established.

In relation to Student Grants and Loans, the officer informed members that a ten day audit of administration arrangements had been included in the original

audit plan. After establishing the scope of the report (including considering the Assembly's requirements), it had become apparent that ten days would not be sufficient in order to undertake all necessary tests, therefore, the ten days that had been earmarked originally for the audit of Business Support Loans had been transferred to the Administration of Student Grants and Loans audit, in order to increase the number of days of this audit to twenty days.

**RESOLVED to note the content of the report as an update of progress against the 2009/10 audit plan.**

**5. 2008/09 FINAL ACCOUNTS**

**Objection to the 2006/07 Statement of Accounts**

The Local Manager – Wales Audit Office submitted the letter of the Appointed Auditor following a request made at the previous committee meeting for information regarding the costs of the enquiries following a formal objection made by an elector to the Council's accounts in 2006/07.

She informed members that a registered elector was entitled under Section 31 of the Public Audit (Wales) Act 2004 to object to the accounts. The auditor had to come to a decision regarding the objection and the cost of such work would be shouldered by the local authority. The objector had asked him to consider whether or not specific items of the expenditure were illegal, and whether or not members were guilty of wilful misconduct and to issue a Public Interest Report on the matter. She explained that work had been carried out in order to gather and evaluate the evidence available and to form an opinion regarding the objection. Following the fieldwork, the provisional findings and views had been issued and it had been decided not to uphold the objection. Nevertheless, statutory recommendations had been made to the Council in the context of some issues that had become apparent as a result of the enquiries. She noted that £4,950 had been the cost of completing all the work. Nevertheless, this would not result in additional fees to the Council as a small element was built into the annual audit fee each year in order to allow for matters raised by the public in any one year to be dealt with.

**RESOLVED to accept the information.**

The meeting commenced at 10.00am and concluded at 11.10am.