
AUDIT COMMITTEE, 29.01.13

Present: Councillor Trevor Edwards (Chairman)
Councillor John Pughe Roberts (Vice-chairman)

Councillors: Edward Dogan, Huw Edwards, Thomas Ellis, Aled Evans, John Brynmor Hughes, Charles Wyn Jones, Sion Jones, Dafydd Meurig, Dilwyn Morgan, Michael Sol Owen and Gethin Glyn Williams; Councillor Peredur Jenkins (Cabinet Member for Resources).

Lay Member: Mr John Pollard

Officers: Dafydd Edwards (Head of Finance Department), Gwyn Morris Jones (Head of Highways and Municipal Department), Huw Williams (Head of Gwynedd Consultancy), Dafydd Williams (Chief Engineer – Transportation and Street Care), Dewi Morgan (Senior Manager Audit and Risk), William E.Jones (Senior Finance Manager), Amanda Hughes (Local Manager – Welsh Audit Office) and Eirian Roberts (Member Support and Scrutiny Officer).

Apologies: Councillors Anwen Davies, Chris Hughes, Angela Russell and Robert J.Wright: Councillor Gareth Roberts (Cabinet Member for the Environment).

1. CHAIR'S ANNOUNCEMENTS

The following were welcomed to the meeting:-

Councillor Huw Edwards following his recent illness;
Councillor Dafydd Meurig following his appointment to this committee to replace Councillor Dyfrig Jones;
Gwyn Morris Jones (Head of Highways and Municipal Department) for the discussion on the Waste budget;
Councillor Peredur Jenkins (Cabinet Member for Resources).

The Chairman explained, as the Cabinet Member for the Environment had had to apologise from the meeting that the Cabinet Member for Resources was present to explain the relevant action and to respond to the members' enquiries in relation to the Waste budgets, the Consultancy Unit and Parking.

2. DECLARATION OF PERSONAL INTEREST

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

3. MINUTES

The Chairman signed the minutes of the previous committee meeting held on 22 November 2012 as a true record.

It was suggested to number the pages of the minutes in the future.

4. 2012/13 BUDGET REVIEW – ACTION ON RECOMMENDATIONS REGARDING WASTE

Submitted:-

(a) the report of the Head of Finance Department:-

- setting out what was reported to this committee in November 2012 on the second quarter review of the Council's revenue budget for 2012/13;
- reminding the members, although it was the responsibility of the Cabinet and the relevant Cabinet Member to take action as necessary, in order to secure appropriate control over the Council's budgets, the Audit Committee should seek to ensure that the Council's financial management was adequate and support the statutory finance officer by scrutinising and challenging the Cabinet's decisions and their leadership in relation to the departments' financial arrangements.

(b) the report of the Cabinet Member for the Environment that was submitted to the Cabinet on 22 January 2013.

The Cabinet Member for Resources noted:-

- That the Cabinet had received the recommendations of the Cabinet Member for the Environment on the way forward in terms of overspend and under spend anticipated in the field of waste.
- That the Cabinet wished to obtain assurance by the head of department that the solution was genuine and viable and that a close eye would be kept on what would be taking place from now until the end of the year and in the year to come.

The Head of Highways and Municipal Department then provided details on the reasons for the overspend and the action to remedy the situation. He noted that it had not been an easy year in terms of ensuring that they kept within the budgets, especially in the field of waste, considering that the department had a high number of targets to reach in addition to the Savings Strategy. He explained that there were variations every year, especially under the waste headings as it was a field that was facing a significant transformation. This year, the movements in terms of the half year profile of measuring was slightly higher than usual with some waste headings under spending and others overspending. In terms of the situation in the future, the department was taking large steps and the members would also have to take large steps. The most difficult heading in terms of delivery was commercial waste as it took time to implement the changes, but it was hoped that this service would be in a situation to create income in the coming year.

Members were given an opportunity to ask questions and the Head of Highways and Municipal Department responded appropriately to those questions.

The Head of Finance Department noted that he had been convinced that there were changes in the pipeline on the two main issues, namely Disposal Sites and Commercial Waste Collections, and that managerial attention was being given to improving the situation of those by the mid term.

RESOLVED to accept the action to overcome the overspend.

5. 2012/13 BUDGET REVIEW – ACTION ON RECOMMENDATIONS REGARDING CONSULTANCY

Submitted:-

- (a) the report of the Head of Finance Department:-
- setting out what was reported to this committee in November 2012 on the second quarter review of the Council's revenue budget for 2012/13;
 - reminding the members, although it was the responsibility of the Cabinet and the relevant Cabinet Member to take action, as necessary, in order to secure appropriate control over the Council's budgets, the Audit Committee should seek to ensure that the Council's financial management was adequate and support the statutory finance officer by scrutinising and challenging the Cabinet's decisions and their leadership in relation to the departments' financial arrangements.
- (b) the report of the Cabinet Member for the Environment that was submitted to the Cabinet on 22 January 2013.

The Cabinet Member for Resources noted that the Cabinet had decided:-

- (a) To commission work from the Head of Finance Department to research the arrangements for financial management in Gwynedd Consultancy, whilst at the same time, establishing, in conjunction with the Head of Consultancy Department, the evidence behind what had exactly happened in 2012/13 and the likely position for 2013/14.
- (b) To ask the Head of Finance Department to ensure that his report was available by the end of this financial year or early in the new financial year in order to ensure that Gwynedd Consultancy started 2013/14 on a sound footing.
- (c) In the light of this research's conclusions, that the Cabinet Member for the Environment led a second piece of work to establish a new sustainable model which was responsive to the economic situation.

The Head of Gwynedd Consultancy then provided details on the reasons for the overspend and the action to remedy the situation. He outlined the usual procedure for commissioning work and explained that the Consultancy had been caught out this year as the work shortage had happened earlier than had been anticipated after April last year. YGC had won flood work from Flintshire and although this had brought some success to the Consultancy, it did not bring the full income in as the work had to be completed on a more competitive scale. Usually, the work would begin to come in around August, but this year this did not happen until very recently and by then the Consultancy had more work than people to complete that work. If this was going to be a pattern for the future, there was a need to profile income differently and restructure the Consultancy, and the work commissioned by the Head of Finance Department would address this.

Members were given an opportunity to ask questions and the Head of Gwynedd Consultancy and the Senior Finance Manager responded appropriately to those questions.

Concern was expressed that clients' programmes were causing plans to slip and that the money was not coming in for plans that needed to be achieved in Gwynedd.

The Cabinet Member for Resources emphasised that the report that had been commissioned by the Cabinet had to look in detail on the Consultancy's business procedure, because although the Head of Department had reported that a lot of work had come in towards the end of the year, what would be the forecasts for the next two to three years? The Welsh Government would have to cut down on its budgets as a result of receiving less funding from the Central Government. Therefore, the situation was not prosperous and there was a need to be very careful when running this business and not to be overconfident that there was a sufficient amount of work available.

The Head of Finance Department noted that the first report that had been commissioned by the Cabinet would be available to be discussed on a level for officers and relevant cabinet members by around the end of March and he suggested that the Chairman could be trusted to decide whether or not the report that would be submitted to the Cabinet at that time would be called in by this committee for a discussion.

RESOLVED to accept the action to overcome the overspend.

6. 2012/13 BUDGET REVIEW – ACTION ON RECOMMENDATIONS REGARDING PARKING

Submitted:-

(a) the report of the Head of Finance Department:-

- setting out what was reported to this committee in November 2012 on the second quarter review of the Council's revenue budget for 2012/13;
- reminding the members, although it was the responsibility of the Cabinet and the relevant Cabinet Member was to take action, as necessary, in order to secure appropriate control over the Council's budgets, the Audit Committee should seek to ensure that the Council's financial management was adequate and support the statutory finance officer by scrutinising and challenging the Cabinet's decisions and their leadership in relation to the departments' financial arrangements.

(b) the report of the Head of the Regulatory Department informing the committee of the latest situation in relation to the parking review.

The Head of Finance Department explained that the Head of the Regulatory Department and the Cabinet Member for the Environment had arranged a strategic day on 14 March to look in detail on the parking strategy.

The Cabinet Member for Resources noted that the Cabinet had discussed this matter on a number of occasions and had come to the conclusion that a broader discussion was needed as to what was the role of the Council's car parks.

The Chief Engineer – Transportation and Street Care provided details on the reasons for the deficiency and the action to remedy the situation. He noted that the original target income had already been reduced but that a deficiency of approximately £300k was foreseen for the year 2012/13, when disregarding back-payments for previous years. Rent arrears of £170,000 had been obtained in respect of the Dean Street, Bangor car park and this had meant that the deficiency for 2012/13 was approximately £100k. The department had drawn up a number of options in relation to parking control and it was intended to introduce them in the

first instance during the strategic day in March. In addition to this, the target income of £1m was being reviewed for 2013/14 as the department had failed to reach this target during 2012/13 and in recent previous years.

Members were given an opportunity to ask questions and the Chief Engineer – Transportation and Street Care responded appropriately to those questions.

It was noted that it was trusted that there would be an opportunity for the members to provide their input into the discussion on 14 March. In addition, calls were made to arrange an early meeting of all the councillors so that they could prepare questions for the officers in advance. In response, the Cabinet Member for Resources suggested that it would be useful to consult widely on the parking strategy before submitting it for a decision. He also suggested that the members send a list of their ideas, concerns etc regarding parking to the Cabinet Member for the Environment, or the cabinet member in their area, before the Cabinet discussed the matter.

It was suggested that the parking strategy was an appropriate matter to be submitted to one of the scrutiny committees after the Cabinet had discussed it as there were many aspects that they should address.

In reference to the current procedure of scrutinising items after the Cabinet had made a decision on them, it was suggested that it would be better if the scrutiny would take place first. In response, the Head of Finance Department explained that this was the new national procedure that had been placed on the Council. However, it was claimed that other counties operated differently on this and the Chairman agreed to raise the matter in the Scrutiny Chair and Vice-chairs Forum the following day.

RESOLVED to accept the report and the explanation.

7. OUTPUT OF THE INTERNAL AUDIT SECTION

Submitted – the report of the Senior Manager Audit and Risk outlining the work of the Internal Audit Section for the period between 1 October and 31 December 2012.

In the context of investigations that received a C opinion, it was suggested that the relevant officers should be called before the Audit Committee at an appropriate time to report on the progress of their efforts to solve internal management weaknesses.

In reference to the investigation of the arrangements involving correspondence, it was noted that the departments did not always note the correspondent's reference when responding to a letter. The Senior Manager Audit and Risk agreed to follow this up.

RESOLVED to accept the report and support the recommendations that have already been submitted to the managers of the relevant services for implementation.

8. INTERNAL AUDIT PLAN 2012/13

Submitted – the report of the Senior Manager Audit and Risk on the progress of the Internal Audit Plan 2012/13.

RESOLVED to note the contents of the report as an update on progress against the 2012/13 audit plan.

9. GWYNEDD COUNCIL'S ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY AND RESPONSE PLAN

Submitted – the report of the Senior Manager Audit and Risk asking the committee to approve and adopt Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2013-2016 and Response Plan.

RESOLVED

- (a) To approve the Anti-fraud and Anti-Corruption Strategy and the Fraud and Corruption Response Plan and formally adopt them.**
- (b) To express support to the documents and to support Council Members and officers in their implementation.**

The meeting commenced at 1.00pm and concluded at 2.50pm.