
AUDIT COMMITTEE 6/5/14

Present: Councillor John Pughe Roberts (Chairman)
Councillor Robert J. Wright (Vice-chairman)

Councillors: Anwen Davies, Eddie Dogan, Huw Edwards, Tom Ellis, Aled Ll. Evans, John B. Hughes, Dilwyn Morgan, Michael Sol Owen, Angela Russell and Peredur Jenkins (Cabinet Member - Resources)

Lay Member: Mr John Pollard

Also Present: Dafydd Edwards (Head of the Finance Department), William E. Jones (Senior Finance Manager), Dewi Morgan (Senior Audit and Risk Manager), Amanda Hughes (Local Manager - Wales Audit Office), Dilys Phillips (Monitoring Officer – for agenda items 12 and 13), Iwan Evans (Deputy Monitoring Officer – for agenda item 13) and Bethan Adams (Member Support and Scrutiny Officer).

Apologies: Councillors Trevor Edwards, Charles W. Jones, Dafydd Meurig and Gethin Glyn Williams.

1. CHAIR

RESOLVED to elect Councillor John Pughe Roberts as Chairman of the Committee for 2014/15.

2. VICE-CHAIR

RESOLVED to elect Councillor Robert J. Wright as Vice-chairman for the year 2014/15.

3. DECLARATION OF PERSONAL INTEREST

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

4. MINUTES

The Chairman signed the minutes of the meeting of this committee held on 20 February 2014, as a true record.

5. ANNUAL FINANCIAL AUDIT OUTLINE 2013/14 OF GWYNEDD COUNCIL

Submitted - the report of the Local Manager - Wales Audit Office.

The main audit risks were outlined, noting that a number of the risks were relevant to all Local Authorities, with some being specific to Gwynedd Council.

It was reported that there was an overall reduction of 2.9% in the financial audit fee.

In response to an observation on the difficulties that could arise in the future due to the financial climate, the Local Manager - Wales Audit Office noted that there were a number of barriers/challenges for the future, with the possibility that deadlines for the reporting of accounts could be brought forward, resulting in greater pressure.

The Head of the Finance Department noted that he welcomed the reduction in the fee and that a number of the risks highlighted were not specific to this Council, but were general risks in the Welsh context.

RESOLVED to accept the report.

6. ANNUAL FINANCIAL AUDIT OUTLINE 2013/14 OF THE GWYNEDD PENSIONS FUND

Submitted – the report of the External Auditor outlining the annual financial audit of the Council as the administrating authority of the Pension Fund.

The main audit risks were highlighted and it was noted that they were risks common to all pension funds. It was noted that the Fund was dependent upon employers to ensure the accuracy of data. It was noted that the auditors would contact the external investment managers to confirm the accuracy of their evaluation of the value, and that their management environment was sound.

RESOLVED to accept the report.

7. REPORT OF THE CONTROLS IMPROVEMENT WORKING GROUP

Submitted – the report of the former Chairman of the Audit Committee on the meeting of the above working group held on 4 April 2014 to consider five audits that had received a category C opinion during the period between 1 November 2013 and 31 January 2014, namely -

- a) Bryn Blodau, Llan Ffestiniog
- b) Use of Cetus / CALMS
- c) Data Protection - Clauses in Job Descriptions
- ch) Country Parks
- d) Laptop Security

Senior Managers had been invited to attend the meeting to discuss the matters arising from the audits and the work completed since the audit reports had been published in order to strengthen the internal controls in question.

It was noted that assurance had been received at the Working Group that the issues highlighted by the Internal Audit Unit were receiving due attention and that steps were being taken.

In response to an observation regarding the audit on Bryn Blodau, Llan Ffestiniog, the Senior Audit and Risk Manager noted that the audit had been undertaken at the request of the Senior Executive Manager - Healthy Living, and that there were no concerns regarding the safety of residents as only administrative weaknesses had been identified. It was added that an audit of the Overnight Arrangements in the Council's Homes had received a category "C" opinion and that it would be considered by the Working Group at its next meeting.

In the context of the Laptop Security audit, a member noted that it would be useful to receive information on how much money the Council had saved by buying members an iPad tablet.

A member asked whether it would be possible for members to buy the tablet provided to them once their term as Councillor ended. The Head of the Finance Department noted that he would make enquiries.

RESOLVED to accept the report.

8. OUTPUT OF THE INTERNAL AUDIT SECTION

The work of the Internal Audit Section for the period up to 31 March 2014

Submitted – the report of the Senior Audit and Risk Manager outlining the Internal Audit Section's work in the period between 1 February and 31 March 2014. In submitting the information on the work completed during the period, the officer referred to -

- 30 reports on audits of the operational plan with the relevant opinion category shown
- 3 other report (memoranda etc.)
- 2 grant reviews
- 2 follow-up audits

Details of further work that Internal Audit had in the pipeline was reported upon.

It was noted that 7 audits had received a category "C" opinion and it was suggested that due to the number, two meetings of the Controls Improvement Working Group should be held to consider them.

Consideration was given to each individual report and during the discussion reference was made to the following matters –

Health and Safety Risk Assessments in Schools

One member asked, following recent events in schools outside Gwynedd, whether the health and safety arrangements in schools needed to be strengthened. In response, the Audit and Risk Senior Manager noted that the audit stated that the overall arrangements were good with the Council having specific health and safety officers for schools and that although extraordinary incidents did occur, that an individual incident should not affect the context and the risk assessment. It was added that the recommendations were being sent to each school.

The member noted that the report should be referred to the Working Group for further information although it had received a category "B" opinion.

School Statistics and Censuses

A member noted that the accuracy of numbers were crucial as they formed the basis for school budgets. In response, the Senior Audit and Risk Manager noted that there were no major inconsistencies in the numbers and that more information would be given at the Working Group as the audit had received a category "C" opinion.

eProcurement System

The Head of the Finance Department noted that maximising the use of the eProcurement system was an objective to improve the internal efficiency of the Council, but as a number of local suppliers did not operate electronically, and as the Council was also eager to 'Keep the Benefit Local', there was an element of conflict and that it would be a continuous challenge to encourage more use of the eProcurement system.

Arrangements for Registering Births, Deaths and Marriages

In response to an observation from a member, the Senior Audit and Risk Manager noted that recent changes in the General Registrar's arrangements had enabled the unit to transfer to an electronic system.

Follow-up Report – *Siopau Gwynedd*

The Senior Audit and Risk Manager referred to the follow-up audit of *Siopau Gwynedd* which had received an 'Unsatisfactory' follow-up opinion, noting that officers could be invited to the Working Group if it was so wished.

RESOLVED to accept the reports on the Internal Audit Section's work for the period between 1 February and 31 March 2014 and to support the recommendations already submitted to the managers of the relevant services for implementation.

RESOLVED to convene two meetings of the working group, with the following members to serve on the working group in accordance with the details below:

- (i) **The Chairman and Vice-chairman of the Audit Committee and Councillors Huw Edwards, Michael Sol Owen and Angela Russell to consider the following audits:**
- **Health and Safety Risk Assessments in Schools**
 - **School Effectiveness Grant and the Pupil Deprivation Grant**
 - **School Statistics and Censuses**
 - **Verification of Performance Measures**
- (ii) **The Chairman and Vice-chairman of the Committee and Councillors Aled Evans, Dafydd Meurig and Huw Edwards to consider the following audits:**
- **Control Over Ordering and Payment for Property Repairs and Maintenance**
 - **Arrangements for Registering Births, Deaths and Marriages**
 - **Overnight Arrangements at Council Homes**
 - **Overtime Claims Procedures**
 - **Siopau Gwynedd Follow-up**

9. THE ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2013/14

Submitted - the annual report for 2013/14 by the Senior Audit and Risk Manager.

On the basis of the work that had been completed during 2013/14, it was noted that he was satisfied that Gwynedd Council had a sound framework of internal control in accordance with Internal Audit Standards in the Public Sector.

He noted that establishing the Control Improvement Working Group during 2013/14 had been an important step forward in strengthening the Council's arrangements for responding to internal audit reports.

It was reported that 99 out of 105 audits in the final amended internal audit plan had been completed by 31 March 2014, which corresponded to 94.29% of the plan, against a performance target of 95% for 2013/14.

The officer noted that discussions had been held with the relevant officers following submission of the draft internal audit plan for 2014/15 at the last meeting on 20 February, and that the final plan had been included at Appendix 3 of the report.

RESOLVED to accept the report as the formal annual report of the Senior Audit and Risk Manager in accordance with the requirements of the Public Sector Internal Audit Standards for the 2013/14 financial year and to congratulate the Internal Audit Section for its work.

10. SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS

Submitted - the report of the Senior Audit and Risk Manager.

It was noted that the Governance Arrangements Assessment Group's recommendation was that "good governance" should be defined as arrangements that placed providing for the people of Gwynedd at their centre.

The Senior Audit and Risk Manager explained that the Group had identified key elements in the Council's governance arrangements. The Group had noted an impact score for each of the elements, to reflect how relatively large an effect each of them had in adding public value, in addition to an effectiveness score on how well the individual elements were currently working in order to assist the Council in delivering for the people of Gwynedd.

It was noted that an impact / effectiveness score matrix had been included as an appendix to the report.

It was reported that the Corporate Management Team at its meeting on 30 April had considered the report and had made the following observations:

- 'Arrangements for Safeguarding Children and Adults' should be added to the list of key elements in the Council's governance arrangements;
- 'Integrated Public Services' should replace 'Single Integrated Plan' on the list of key elements;
- an impact score of 7 should not be given to 'Complaints Process' and that it should be moved from red to amber;
- an effectiveness score of 4 should be given to 'Engagement' and that it should be placed under red;
- the effectiveness score for 'Financial Strategy' should be reduced to 8 as a number of matters which were currently unknown could arise in the future.

It was noted that if agreement was reached on the above suggestions, that the following elements would require attention as a matter of high priority, in order to improve the effectiveness of the delivery for the people of Gwynedd:

- The Council's Values
- Integrated Public Services
- The 'Cyflawni' arrangements
- Evaluation and talent development arrangements
- Engagement

Reference was made to the suggested timetable for preparing the Governance Statement and it was noted that there was an addition, with the Corporate Management Team to challenge the draft Governance Statement at its meeting on 11 June. It was noted that the draft Governance Statement would be submitted to the Committee for approval at its next meeting on 10 July.

A member expressed the opinion that Equality should be added to the list of the Council's values.

RESOLVED:

- (i) To accept that the definition of "good governance" should be arrangements that place providing for the people of Gwynedd at their centre;**
- (ii) To agree that the Governance Arrangements Assessment Group should continue with its current direction in developing arrangements for the self assessment of the effectiveness of the Council's governance arrangements.**

11. REVIEWING THE COUNCIL'S CONSTITUTION

The report was presented by Councillor Michael Sol Owen, Chair of the Working Group to Review the Council's Constitution.

The Monitoring Officer further expanded on the contents of the report, noting that the Working Group had undertaken thorough work by consulting with Committees and other bodies. She noted that there were 4 elements upon which the Working Group wished to hear the opinion of this Committee, namely:

1. The duration of the Full Council meetings to be restricted to 4 hours, with discretion to the Chairman to allow more time.
2. Set out a framework to manage the relationship between the Cabinet and Full Council (Section 15);
3. Role of the Employment Appeals Committee;
4. Procedure for the final decision on schools reorganisation.

In response to an observation from a member regarding the procedure for making a final decision on schools reorganisation, the Deputy Monitoring Officer noted that it was possible for either the Cabinet or the Full Council to undertake the duty. He added, in evaluating both options, that the Working Group was of the opinion that due to the strict statutory timetable, that the Cabinet was better placed to decide, taking account of the number of Full Council meetings held annually.

A member was of the view that the Full Council should be responsible for the decision as members wished to be able to voice their opinions. In response, the Monitoring Officer noted that the schools reorganisation process was lengthy, with consultations held throughout the process, thereby giving members an opportunity to voice their opinions.

It was explained that a statutory public notice would be published in the press, and that a decision would only be required when objections were received. It was added that the arguments would have to be evaluated and reasons for the decision given only if objections were received.

The Chair of the Working Group noted that the Working Group's main considerations in deciding upon the Cabinet was the fact that the Cabinet started the process and undertook the consultation, so it should also shoulder the burden of the final responsibility.

A number of members felt that the Full Council should be responsible for this decision.

In response to a question from a member, the Monitoring Officer noted that it was constitutionally possible for the Cabinet to consult with the Full Council prior to making the decision. She emphasised that proposals could only be brought forward when objections to the statutory notice were received, and that the statutory notice was the final step in the reorganisation process.

The Deputy Monitoring Officer noted that there was a need to look at which process could work practically within the statutory requirements and the timescales.

He suggested that a report could be submitted to the Full Council summarising the information, and taking into consideration this Committee's wish that the Cabinet should submit a recommendation to the Full Council for a final decision in the schools reorganisation process.

RESOLVED:

- (i) To recommend that a report be submitted to the Full Council summarising the information, taking into consideration this Committee's wish that the Cabinet submits a recommendation to the Full Council on a final decision in the schools reorganisation process;**
- (ii) Subject to the above, to approve the Working Group's recommendation regarding the changes to the Constitution;**
- (iii) To recommend the new Constitution to the Full Council on 17 July.**

The meeting commenced at 10.30am and concluded at 12.40pm.