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## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held  
at Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th  
January, 2016 at 2.00 pm

**PRESENT:** P White (Chairman)  
County Councillor J. Higginson (Vice Chairman)

County Councillors: D. Batrouni, G. Down, A. Easson, D. Edwards,  
P. Murphy, P. Jordan, B. Strong and J. Prosser

### **OFFICERS IN ATTENDANCE:**

Nicola Perry	Democratic Services Officer
Joy Robson	Head of Finance/Section 151 Officer
Andrew Wathan	Chief Internal Auditor
Richard Cope	Passenger Transport Unit Manager
Matthew Gatehouse	
Roger Hoggins	Head of Operations
Hazel Ilett	Scrutiny Manager
Richard Jones	Improvement Support Officer

### **APOLOGIES:**

There were no apologies for absence.

#### **1. Declarations of Interest**

There were no declarations of interest made by Members.

#### **2. Public Open Forum**

There were no members of the public present.

#### **3. To confirm minutes of the previous meeting**

The minutes of the meeting of Audit Committee held on 3<sup>rd</sup> December 2015 were approved and signed by the Chairman. In doing so it was noted that County Councillor J. Prosser had given apologies for the meeting.

An update was requested regarding a question from a member of the public at a previous meeting relating to Chepstow School. We were advised this would be referred to in item 5 of the agenda.

#### **4. To note the Action List from the meeting held on 3rd December 2015**

We received the Action List from the meeting held on 3<sup>rd</sup> December. In doing so the following points were noted:

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The Head of People and Commercial Development had spoken to the Chair and had confirmed that information regarding the outstanding action had been received on the morning prior to the meeting. It was agreed to discuss at the next meeting.

With regards to the Monmouthshire County Council response to the query brought to Committee by a member of the public, the Chairman had been advised by officers that a response was imminent.

The update on Monmouthshire Enterprises would be brought to the following meeting.

The Committee were satisfied that the information received regarding the Inspire to Achieve programme.

#### **5. To receive an update from the Passenger Transport Unit Manager**

The Committee welcomed the Passenger Transport Unit Manager, who had been invited to present to the Committee, following concerns expressed by members regarding unsatisfactory audit opinion, relating to areas within the service.

The Committee were reassured that actions were being taken to address the unsatisfactory audit opinions within the Passenger Transport Unit. The Passenger Transport Unit Manager advised the Committee of the steps taken in each area. Members were invited to comment.

A Member questioned the procurement requirements and whether they were detrimental to the passenger transport operation. The PTU Manager explained that the process of purchasing a used vehicle could take a month or more. Another challenge was that the OJEU limit had been reduced from £172,000 to £162,000, meaning that most vehicles were over the OJEU limit and a 56 day notice would be need to be given in the interim, during which time vehicles would be sold. In response Members questioned if, due to the prejudicial process to the PTU department, there was any way of adapting the procurement process for the purchase of vehicles. The Head of Operations noted that there needed to be a clear and transparent process it was an ongoing debate with Internal Audit.

Members questioned if other Councils experienced the same problems and we heard that in general there was a difficulty to develop a framework for second hand vehicle procurement. Officers had considered purchasing new vehicles but there was a shortage of suppliers and a high end cost.

A Member raised a question regarding the collection of payments following invoicing. The PTU Manager explained that much of the aged debt had been identified and correctly allocated. There was an issue of payments being received without a remittance.

In response to a question we heard that there were now systems in place to record all orders and bookings.

The Chair suggested that it would be helpful for the Committee to receive a copy of the notes made by the PTU Manager (**Action – RC**).

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### **6. Annual Improvement Report and Corporate Assessment**

The Policy and Performance Manager introduced the published Annual Improvement Report 2014-15, incorporating the Corporate Assessment.

The headline finding of the report was "The Council demonstrates ambition in its vision, enthusiasm to deliver and commitment to working collaboratively, but this needs to be supported by a clearly joined-up strategic approach and effective delivery mechanisms." The plan contained a number of proposals for improvement. Wales Audit Office had been invited Audit Committee to present the findings.

Following the presentation Members were invited to comment.

A Member referred to the analysis on performance and accountability in governance and challenged that the report did not provide sufficient detail in order for Members to scrutinise effectively. It was noted that Internal Audited had been understaffed in recent years and how could we be reassured that the robustness of the data would be increased. Wales Audit Office referred to the improvement plan and the quality of the targets and actions taken, and how they would contribute to the delivery of the improvements. In terms of quantifying the impact, unless there were clear targets and expectations set out, then Members and senior managers would not be able to hold officers to account. It was noted that there had been concerns surrounding data quality, but this had been taken from a small sample. WAO would be undertaking further work to check on the robustness of actions.

The Policy and Performance Manager explained that, in terms of Internal Audit, in the 2017/18 audit plan there would be a change in emphasis away from the paperwork aspect, and more towards helping with scrutiny of systems, which would be in line with the work done by WAO. Audit Committee were advised that there were national and locally produced Performance indicators, both of which came with an internal control rating of good.

In terms of the Improvement Plan

The Chief Internal Auditor explained to Members that Internal Audit were involved with auditing performance indicators on an annual basis. The remit to date was to ensure that the position per each indicator was correct, and to ensure that the collator of the information adhered to the criteria set out in the performance indicator. Internal Audit worked closely with Policy and Performance team to ensure that the data was as robust as possible but could only work with a sample of data at any given time.

A Member raised concerns surrounding the recommendation to reconsider the Councils policy of not formally minuting Cabinet meetings, and it was considered important the meetings should be formally minuted. The Cabinet Member highlighted that Cabinet meetings were live streamed and the agendas and background information were readily available. We heard that Cabinets collective view was that the decision log would be published following the meeting and formal minutes were considered unnecessary. A Member expressed that the area of concern was not the decisions but rather announcements made which were not part of the agenda, which could be distributed widely through minutes.

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A Member referred to the Corporate Assessment proposal for improvement P8, '*Develop the Council's workforce planning arrangements by including accurate data and key management information around workforce issues and statistics, reporting regularly to Senior Leadership and Management Teams to enable effective monitoring of progress and management of these issues on an ongoing basis.* In response to a request of further clarification it was explained that there was no strategy for how the workforce, as a whole, would be taken forward. WAO would expect to see a clear picture of the workforce, profile of the organisations, alongside where the organisation was heading in order to identify future needs. We heard that this would be important in terms of redundancies, in order to identify the correct positions were removed. Without the workforce plan it would be difficult to identify the future needs of the organisation.

The Committee resolved to note the report.

#### **7. Internal Audit Quarter 3 Progress Report**

The Chief Internal Auditor presented the Internal Audit Quarter 3 Progress Report in order to allow Members to consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 31st December 2015.

Members of the Audit Committee were required to consider the performance of the Internal Audit Section over the first 9 months of the current financial year.

Following presentation of the report Members of the Audit Committee were invited to comment, during which time the following points were noted:

There were concerns surrounding the ongoing back log. It was appreciated that there had been staffing issues in recent years and that special investigations could take up a considerable amount of time. The Chief Internal Auditor explained that the team comprised of the part time Chief Internal Auditor, and 5 members of the audit team. There was a review of the audit plan each year, to create a strategic audit plan of what was aimed to be covered with the available resources. An operational audit plan was also in place which ensured the audit work was correctly prioritised. The risk profile may change from year to year and therefore, through a change in priorities, some low risk jobs would never be covered. Members were reassured that there were sufficient resources to complete the plan. However, with more resources there could be greater coverage across the authority and therefore give greater assurance.

The Committee resolved to note the report.

#### **8. Scrutiny Performance Report**

We received a report from the Scrutiny Manager to present the Scrutiny Service Plan 2015-2018 (updated for Quarter 2) in order for Members to monitor the performance of the function and assess the fitness of purpose of the Council's Scrutiny arrangements.

The report recommended:

- That the Audit Committee considers the robustness of the Scrutiny Service Plan 2015-2016 together with 'Key Scrutiny Milestones 2014-2015' in ensuring continuous improvement in the scrutiny function.

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- That the Audit Committee considers the Council's recent response to the recommendations made to all Welsh Authorities following the WAO Scrutiny Study 2013-2014.
- That the Audit Committee considers the views of the WAO on scrutiny in Monmouthshire during the Council's Annual Improvement Corporate Assessment Report 2014-2015, making recommendations (if appropriate), to address any areas of Member concern.

Following the presentation Members were invited to comment.

A Members raised a question regarding the Council's reduction of attendance on Select Committees, and if the effectiveness of scrutiny was being watered down. The number of special meetings was also queried. The Scrutiny Manager agreed that the membership of scrutiny committees had reduced but felt that the scrutiny process had become far more effective over recent years. It was not thought that there was an overall reduction of members actually attending meetings and therefore reducing the membership had helped the situation. In terms of special meetings, we heard that the reason for the increase in the number of special meetings was due to the amount of work taking place, and the fact there was no longer task and finish groups. Also, in order to scrutinise effectively in a dynamic council environment, Members focused on pre-decision scrutiny and the scrutiny of proposals ahead of Cabinet decisions as opposed to long in-depth investigations. The workload of the Children and Young People Committee had increased due to the Estyn inspection.

A Member suggested that it would be more helpful if the evaluation form, as well as highlighting areas of success, showed areas of weaknesses and failures to provide a more balanced view. In response the Scrutiny Manager confirmed that the weaknesses were areas for continued focus, which were contained within the report. However, the report was due to be updated and the information would be provided as requested.

Further clarification was sought regarding the highly successful engagement on budget scrutiny. We were informed that the Council engaged heavily with the public on the budget proposals ahead of them being considered. Many consultation events were held, along with communication via social media. Views were heavily influenced by members of the public. Members heard that not all councils enabled the public to speak at scrutiny meetings and that MCC enabled public participation through the Public Open Forum of its' ordinary meetings. The Committee was advised that the opportunity for the public to speak as part of the Call-in process is a unique feature offered by scrutiny at Monmouthshire County council.

A Member asked the Scrutiny Manager if there was confidence that the information received was robust, as without robust data the scrutiny process may be flawed. IT was noted that there had been issues with the robustness of data, particularly for the Children and Young People Select Committee, but the Scrutiny Manager felt that the concerns had been addressed by working with the EAS and officers in the CYP department to improve the quality of data coming forward to Members.

A Member, as Scrutiny Champion for MCC, commended the Scrutiny Manager for her continued hard work, and agreed that there had been a gradual improvement in scrutiny.

A question was raised if, with the plethora of meetings over the last 6 months, we were scrutinising the right portfolios. In response, we were informed that the four select committees were set up appropriately in order to scrutinise cross-cutting issues and that the key benefit of having bespoke scrutiny arrangements that are not directorate-focussed is that the Select Committees can perform more outward-focussed scrutiny, for example, engaging with the business activity on increasing and sustaining economic growth. The expectations of scrutiny to

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engage with external partners and stakeholders are highlighted through the Local Government Measure (Wales) 2011 and as such, the Scrutiny Manager advised that she felt that the scrutiny arrangements are fit for purpose and that MCC operates a streamlined scrutiny process that supports and develops Members to scrutinise the right thing at the right time. The Committee were satisfied with the report and agreed to await a future update towards the end of the year.

#### **9. Forward Work Programme**

The Committee noted the future work programme.

#### **10. To confirm the date and time of next meeting as Thursday 3rd March 2016 at 2.00pm**

We noted the date and time of the next meeting as Thursday 3<sup>rd</sup> March 2016 at 2.00pm.

**The meeting ended at 3.35 pm**