

# Public Document Pack

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held  
at The Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st  
April, 2016 at 2.00 pm

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

County Councillors: D. Batrouni, P. Clarke, A. Easson, B. Hayward,  
P. Murphy, J. Prosser and B. Strong

### **OFFICERS IN ATTENDANCE:**

Joy Robson	Head of Finance/Section 151 Officer
Mark Howcroft	Assistant Head of Finance
Andrew Wathan	Chief Internal Auditor
Peter Davies	Head of Commercial & People Development
Sarah McGuinness	Chief Officer, Children & Young People
Nikki Wellington	Finance Manager
Richard Williams	Democratic Services Officer

### **APOLOGIES:**

Councillors D. Edwards and P. Jordan

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

County Councillor D. Batrouni declared a personal and prejudicial interest in respect of minute 14 – Issue raised by a member of the public regarding Chepstow School due to his knowledge of one of the members of staff at the school. He left the meeting taking no part in the discussion or voting thereon.

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

There were no issues raised by the public.

#### **3. Confirmation of minutes**

The minutes of the Audit Committee Meeting dated 3<sup>rd</sup> March 2016 were confirmed and signed by the Chairman.

#### **4. Action list from the previous meeting**

We received the Action List from the meeting held on 3<sup>rd</sup> March 2016. In doing so, the following points were noted:

- A report on budget mandate targets was being presented to Cabinet and respective scrutiny committees.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Audit Committee held at The Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st April, 2016 at 2.00 pm

- Treasury Advisors retender – The Cabinet Member responsible for this had taken a Single Member Decision on 21<sup>st</sup> March 2016. Details were available on the County Council's website.

#### **5. Draft Annual Governance Statement 2015/16**

We received an early draft of the Council's Annual Governance Statement (AGS) prior to inclusion into the Statement of Accounts 2015/16. An updated version will be available for the next Audit Committee in May 2016.

Having received the draft report, the following points were noted:

- In response to a Member's question regarding the 'Buy for Wales' contracts and the Joint Procurement Unit, it was noted that this process was the standard system operated via the public sector. It was designed to be consistent and easier for authorities to go through the procurement process. There are rules in place that provides protection for officers, members and public monies.
- In response to a Member's question regarding the Council's Strategic Risk Assessment which contains 11 distinct risks. In particular, reference was made to the risk in which the Authority is unable to deliver its political priorities in the future because it does not yet have clarity on its future business model or longer term financial plan. The question was asked whether it was the failure at the previous year that the risk remained. The Chief Internal Audit Officer stated that he would investigate the matter and report back to the next meeting.
- The figures relating to the provision of high quality services needed to be updated.
- Paragraph 64 of the report did not refer to the Democratic Services Committee. The Chief Internal Audit Officer stated that he would refer this matter back.
- Paragraph 72 of the report referred to the number of Freedom of Information (FOI) requests. In 2015/16, 23 FOI requests had not been responded to within 20 days. The Chief Internal Audit Officer stated that he would investigate this matter and report back.

We resolved to endorse the report.

#### **6. Internal Audit Section - Draft Operational Plan 2016/17**

We received the early draft Internal Audit Operational Audit Plan for 2016/17. In doing so, the following points were noted:

- The garden waste audit – Ensures that a proper audit process is in place and is being run properly.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Audit Committee held at The Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st April, 2016 at 2.00 pm

- Chepstow School – Some work has been undertaken in 2015/16 in which an unsatisfactory audit opinion had been identified. Internal Audit are duty bound to follow up this matter within a 12 month period, which is being undertaken.
- Areas of slippage from the 2015/16 Operational Plan – How slippage is covered depends on the actual job itself. Internal Audit undertakes an assessment at the beginning of the year to identify if the work is still necessary in the following year.
- In response to a Member's question regarding the Internal Audit Team, it was noted that a full team was anticipated for the year. However, some sickness and annual leave is accounted for and these are removed from the figures.

We resolved to note that a more detailed Operational Plan for 2016/17 would be received by the end of the first quarter.

#### **7. Internal Audit Section - Progress report on Unsatisfactory / Unsound Audit Opinions**

We received a report on the progress of unsatisfactory / unsound audit opinions issued since 2012/13 by the Internal Audit Team.

Having received the report, the following points were noted:

- Paragraph 4.10 g. Markets – Investigations were on going regarding workforce planning arrangements. An investigation has been instigated in line with staff policies and inappropriate overtime payments have been stopped. A new Markets supervisor has been appointed and it is anticipated that these matters will be addressed. An update on progress will be presented to the Committee in due course.
- In response to a Member's question, the Chief Internal Audit Officer stated that if unsound audits were identified, these matters would be presented to the Audit Committee following an investigation.

We resolved to note the improvements that have been made by service areas following the unsatisfactory / unsound audit opinions issued.

#### **8. 2016 Audit Plan**

We received the Wales Audit Office 2016 Audit Plan for Monmouthshire County Council. In doing so, the following points were noted:

- A joint progress report would be presented to Audit Committee when submitting accounts in respect of the following issues:
  - Torfaen Pension Fund in respect of the Capita Gwent Pension liability.
  - Correcting the Innovation House asset life.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Audit Committee held at The Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st April, 2016 at 2.00 pm

- Recalculating certain asset values (those based on depreciated replacement cost).
- Transferring legal title to Osbaston School.
- The City Deal Fees were not anticipated to be increased.
- It was noted that the Leader of the Council had signed the City Deal along with the other Leaders of Authorities within the Cardiff Capital Region.

We resolved to receive the report and noted its content.

#### **9. Early Departures & vacant posts**

We received supplementary information on the early departures and vacant posts in response to queries previously raised by the Committee.

Having received the report, the following points were noted:

- In response to a Member's question, it was noted that vacant posts data for the entire work force had been presented to the Committee previously. The information presented today is additional to that received earlier.
- There have been vacancy freezes in operation which have been the result of the Authority managing overspend pressures. There will be budgetary discussions taken in future to determine whether these posts should be removed.
- Information regarding the Senior Leadership Team (SLT) restructure has been supplied in 2014/15. We are currently a year on and the Audit Committee will be furnished with an annual report in respect of vacant posts in due course.
- The SLT vacancy freezes have allowed the Chief Executive to bring restructure proposals to Cabinet in May 2016.
- In response to a Member's question regarding potential savings being made as a result of departmental re-organisations, it was noted that vacant posts data will change due to the turnover of staff. Vacancy freezes are not universal across the Authority. They are determined by management and senior leadership.
- The figures in the report are based on head count. We are seeing reductions year on year.
- A People Services Annual Report will be presented to Cabinet which will include information relating to early departures. The Audit Committee should receive this report for scrutiny purposes.

We resolved:

- (i) to receive the report and note its content;

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Audit Committee held at The Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 21st April, 2016 at 2.00 pm

- (ii) that the People Services Annual Report would be presented to Audit Committee for future meetings.

#### **10. Response to Unsatisfactory Audit Opinion of Passenger Transport Unit from Audit Committee Meeting on 22nd October 2015**

We received a report by the Passenger Transport Unit Manager in which Members received information on the steps that had been taken to address the Unsatisfactory Audit opinion of the Passenger Transport Unit following a verbal response at the Audit Committee Meeting held on 14<sup>th</sup> January 2016.

It was noted that the report had indicated that the Head of Finance and the Chief Internal Auditor had been consulted and this was noted in the report. However, this had not been the case.

We resolved to receive the report and noted its content.

#### **11. Audit Committee Annual Report 2015/16, Annual report 2014/15**

We received the Audit Committee's annual report for 2015/16 and 2014/15. In doing so, the following points were noted:

- The report will be presented to Full Council and the Chairman had indicated that he would be prepared to present the report.
- The chair agreed to include a reference to the Committee continuing to look for ways to improve its effectiveness.

We resolved that the recommendation to Full Council should be as follows:

On behalf of the Audit Committee the Chairman submits this combined annual report 2015/16 and 2014/15 for consideration by Full Council. He believes that it shows over this period that the Committee has fulfilled its role as defined in the terms of reference. The report shows that the workings of the Committee have been both valuable and productive and it provides assurance to the Council regarding the Committee's activities in the effective governance of financial affairs and other matters by the authority.

#### **12. Work Programme**

We received the Audit Committee Work Programme. In doing so, it was noted that the Audit Committee meeting for October 2016 will be held on 13<sup>th</sup> October and not the 6<sup>th</sup> October, as indicated in the Work Programme.

We resolved to receive the work programme and noted its content.

## **MONMOUTHSHIRE COUNTY COUNCIL**

**Minutes of the meeting of Audit Committee held  
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April, 2016 at 2.00 pm**

**13. Exclusion of the press and public**

We resolved to exclude the press and public during consideration of the following item of business in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

**14. Issue raised by a member of the public regarding Chepstow School**

We received a report establishing proposals to inform a response to questions posed by a member of the public during the public Open Forum item of Monmouthshire County Council's Audit Committee held in July 2015.

Having considered the content of the report, we resolved that the Chairman, in consultation with officers, prepares a response to the questions raised by the member of the public. The letter would be emailed to all Audit Committee Members allowing them to submit comments. The letter would then be sent to the member of the public.

**The meeting ended at 4.22 pm**