

AUDIT COMMITTEE - THURSDAY, 13 DECEMBER 2018

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3 - CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 13 DECEMBER 2018 AT 14:00

Present

Councillor A Williams – Chairperson

CA Green
AJ Williams

JE Lewis
PA Davies

RM Granville
P Davies

LM Walters

Apologies for Absence

TH Beedle

Officers:

Mark Jones	Financial Audit Manager, Wales Audit Office
Mary Williams	Chief Accountant
Mark Galvin	Senior Democratic Services Officer - Committees
Gill Lewis	Interim Head of Finance and Section 151 Officer
Martin Bell	Group Manager ICT
Frances Mantle	Finance Manager - Governance and Exchequer
Joan Davies	Senior Group Auditor

Lay Member:

Mrs J Williams

93. DECLARATIONS OF INTEREST

None.

94. APPROVAL OF MINUTES

RESOLVED: That the Minutes of a meeting of the Audit Committee dated 15 November 2018, be approved as a true and accurate record.

95. ANNUAL AUDIT LETTER 2017-18

The Interim Head of Finance and Section 151 Officer submitted report the purpose of which, was to submit the Appointed Auditor's Annual Audit Letter 2017-18, attached as Appendix A to the report, for noting.

The Annual Audit Letter 2017-18 confirmed that the Appointed Auditor issued an unqualified audit opinion on the accounting statements, confirming that this presents a true and fair view of the Council's financial position and transactions.

The Financial Audit Manager, Wales Audit Office stated that the letter also confirmed that the Appointed Auditor was satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. He added that a certificate confirming that the audit of the accounts had been completed had also been issued.

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He added that the Annual Audit Letter also confirmed that work to date on certification on grant claims and returns has not identified significant issues that would impact on the annual accounts or key financial systems. In early 2019 the Auditor General (For Wales) would be issuing his grant report on the audit of the Council's 2017-18 grant claims and returns.

Finally, the financial audit for 2017-18 was currently expected to be in line with the agreed fee set out in the Annual Audit Plan. The final fee for the audit of the Council's 2017-18 grant claims and returns would be slightly less than was previously estimated he added.

RESOLVED: That the Audit Committee noted the Annual Audit Letter 2017-18 attached at Appendix A to the report.

96. AUDIT OF 2017-18 PERFORMANCE

The Interim Head of Finance and Section 151 Officer submitted a report, the purpose of which, was to submit the certificate from Wales Audit Office, (the Appointed Auditor), on the performance of the Council in 2017-18 attached at Appendix A to the report, for noting.

By way of background information, the Financial Audit Manager, Wales Audit Office advised Members that the Appointed Auditor has a statutory responsibility under the Local Government (Wales) Measure 2009, to annually publish an assessment which describes a local authority's performance.

In accordance with this legislation and under the Auditor's Code of Practice, the Appointed Auditor has issued a certificate confirming that the Council has discharged its duties under the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties (see Appendix A).

RESOLVED: That the Audit Committee noted the Certificate on the Audit of the Council's 2017-18 Performance, detailed at Appendix A to the report.

97. WALES AUDIT OFFICE DIGITAL RISK DIAGNOSTIC REPORT

The Interim Head of Finance and Section 151 Officer submitted a report, the purpose of which, was to submit the Digital Risk Diagnostic Report produced by Wales Audit Office (WAO), attached as Appendix A to the report for noting.

By way of background information, she explained that the above was a piece of work undertaken by the Wales Audit Office during last May/June/July, as part of the planning risk assessment.

The work carried out examined the key risks associated with Digital Risk and Transformation in the Council over a number of areas, the findings from which were fed back informally to Officers as a power point presentation attached to the report (ie as Appendix A). Officers would now work through the findings and produce an Action Plan to address the issues that were raised.

The Interim Head of Finance and Section 151 Officer referred Members to Slide 3 of the attachment to the report, which specified some key areas and the risks that were associated with/attached to these.

In terms of the Risk of Web site development – being better connected, she confirmed to Members that though the Council had a fairly poor rating for this in 2016, it had since refreshed and renewed some systems etc, and therefore improvements and developments had been made in this area since the above date. These included an on-line access for the public, known as Myaccount, to more easily connect to and access a number of key services.

On Slide 4 regarding Digital Strategy and Transformation, the Group Manager ICT, added that a considerable number of issues had been resolved and work further progressed, since the Digital Transformation Manager and been in-post.

In respect of Slide 10, the Interim Head of Finance and Section 151 Officer advised that Data Protection arrangements in respect of GDPR were still relatively new and onerous, with some further training required for employees.

She concluded her submission by advising that the Action Plan referred to in the report would hopefully be presented to Members at January's meeting of the Audit Committee.

RESOLVED: That the Audit Committee noted the WAO Digital Risk Diagnostic Report (Appendix A), and looked forward to seeing issues of concern raised with regard to key risks being addressed in the Action Plan to be presented to Members as part of a follow-up report at its next or a future meeting.

98. **COMMUNITY ACTION FUND 2018-19 UPDATE**

The Monitoring Officer presented a report on behalf of the Chief Executive, the purpose of which, was to provide an update in respect of the use of the Community Action Fund (CAF) approved by Cabinet on 5 September 2017.

She advised that the 2017-2021 Medium Term Financial Strategy approved by Council on 1 March 2017, included a new budget of £285k for the creation of a Community Action Fund. The broad aims of this were to create opportunities for localised intervention by Members within their own ward to the benefit of the community.

Following Cabinet approval of the CAF Scheme as stated above, training sessions were provided in October 2017, in order to ensure that all elected Members were brought up to speed on elements of the scheme, prior to them submitting their funding requests. The funding of £285k provided for an allocation of £5k for each Member to allocate to their Ward, as well as £15k towards administration costs. The Monitoring Officer added that due to the delay in the implementation of the scheme, unused funding in 2017-18 was rolled over into the 2018-19 financial year for use by the end of October 2018. In June 2018 a report was also considered by the Audit Committee, who recommended that a full review of the CAF would be undertaken following the end of the current phase of funding.

She proceeded by confirming that during the period of the scheme, a total of £231,667.24 (85.8%) of the available £270k was provided from the CAF budget to fund 156 projects across the County Borough.

Elected Members used their funding for a variety of projects exemplified in paragraph 4.1.4 of the report. A full list of projects, Elected Members, Wards and values, were shown in Appendix 1 of the report.

The Monitoring Officer advised that at the present time, all Members of the Council (other than one) had utilised the funding they were so entitled to receive.

The next section of the report outlined feedback from the CAF from both Members and the Officers who administered the scheme, followed by a review carried out in respect of the scheme by Internal Audit. More administrative support had been committed to the scheme and some associated added support work that had not been envisaged when the scheme was approved.

She concluded her submission, by advising that there had been mixed reviews by Members on their experience of the scheme, with some positive outcomes on the community benefit of the scheme and some negative outcomes in respect of the process, scheme criteria and limited interest in the scheme from eligible organisations in the area.

The Chairperson advised that he had been in contact with certain Members who were not members of the Audit Committee, and he had also found their feedback on the scheme to be mixed.

A Member agreed with a further provision of the report, namely that this level of funding in the future, would be more useful being committed and used more strategically as part of a larger budget benefiting all residents of the County Borough, by rechannelling the £285k into the MTFs so as to alleviate other reductions in key services provided to communities.

Certain Members of the Committee then gave their views on the success or otherwise of the CAF scheme, in their respective Wards.

- RESOLVED:**
- (1) That Members noted the report.
 - (2) That the Committee recommended to Cabinet the cessation of the Community Action Fund for the transfer of the £285k funding back into the Medium Term Financial Strategy for consideration when setting the budget for 2019-20 to 2022-23.

99. **RISK MANAGEMENT**

The Group Manager – Chief Accountant submitted a report, the purpose of which, was to provide the Committee with an update on changes being made to the Council's Risk Management Policy, the Corporate Risk Assessment 2018-19 and the Incident and Near Miss Reporting Procedure.

By way of background information, she confirmed that the Audit Committee's Terms of Reference required the Committee to review, scrutinise and issue reports and recommendations, on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.

The 2018-19 Corporate Risk Assessment was reported to Audit Committee on 18 January 2018. This report identified that a further review of the Council's risks would be undertaken, to assess whether all the identified risks remained relevant to the Council; whether the Council should seek to focus on a smaller set of risks, how the text could be condensed further and whether the risk reduction measures mitigated all the impacts.

She explained that a further review had been undertaken by Corporate Management Board (CMB) and the Senior Management Team. Rather than reviewing the previous risks, a new reduced number of risk measures were currently being finalised, so that they could capture more discernibly the key risks facing the Council. The Healthy

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Organisation review identified that the same risk matrix should be utilised consistently throughout the Council. CMB had agreed that a 5 x 5 risk matrix will be adopted which will replace the current 6 x 4 risk matrix. The new risks will be scored however, using the 5 x 5 risk matrix. A further report regarding the risks would then be presented to the Audit Committee in January as a suite of documents, in the form of an updated Risk Management Policy, Corporate Risk Assessment and Incident and Near Miss Reporting Procedure.

RESOLVED: That the Audit Committee noted the report, and that a full suite of risk management documents be presented to the Committee in January 2019.

100. AUDIT REPORT - HEALTHY ORGANISATION REVIEW - ACTION PLAN UPDATE

The Chief Executive submitted a report, so as to update Members on progress against the Action Plan that was produced in response to the Healthy Organisation Review presented to the Audit Committee in June 2018.

The review was conducted by South West Audit Partnership on behalf of the Internal Audit Shared Service (IASS). Members were notified by the Interim Head of Finance and Section 151 Officer that the Council's Corporate Management Board (CMB) would focus on the high risk areas of the review and that these would be incorporated into an Action Plan. This was presented to the Audit Committee in September, and has continued to be monitored since by Members.

The Interim Head of Finance and Section 151 Officer, advised that the previous update highlighted that many of the recommendations had been acted upon. Some recommendations however, included actions with a longer time scale and in a small number of cases, the management response was to not take action at all, as there was no necessity to do so.

The recommendations referred to above, were in relation to the following themes:-

- Governance – Effective Working Relationships
- Governance – Transparency
- Governance – Communication/Stakeholder Consultation
- Risk Management – Appetite/Transparency
- Commissioning and Procurement – Strategy and Commissioning Intentions
- Commissioning and Procurement – Supplier Management

Members asked if Freedom of Information (FOI) Requests and their responses were regularly published on the Council's website, and if they were not, was this a contravention of the Welsh Language standards.

The Monitoring Officer advised that if the Council published FOI Requests on its web site, then it then also had to translate them. Therefore, this would result in a considerable cost implication for the Authority. She added that not publishing FOI Requests was not a contravention of the Welsh Language Standards, though at the request of the Committee, she would approach the Welsh Language Commissioner in order to ascertain what best practice was in this regard. She added that she would also find out if other neighbouring authorities published FOI Requests on their websites (including bilingually).

RESOLVED: That Members noted the update on the Healthy Organisation Report Action Plan.

101. AUDIT REPORT - INFORMATION MANAGEMENT FOLLOW-UP

The Interim Head of Finance and Section 151 Officer submitted a report which updated Members on progress against the Action Plan that was produced in response to the Healthy Organisation Review presented to the Audit Committee in June 2018.

The Group Manager, ICT, reminded Members that the outcome of the above Review had been presented to the Committee at its meeting in June 2018, with such Review having been conducted by the South West Audit Partnership on behalf of the Internal Audit Shared Service (IASS). Members were also notified by the Interim Head of Finance that the Council's Corporate Management Board (CMB) would focus on the high risk areas of the review and that these would be incorporated into an Action Plan. This Plan was subsequently presented to the Committee at its September meeting, and has since been monitored by CMB.

He further advised, that the previous update had highlighted that many of the recommendations had been acted upon. He added that some recommendations included actions with a longer time scale and progress against these were detailed in paragraphs 4.2 to 4.7 of the report. In a small number of cases, the management response was to not take action, and these were also revisited in this section of the report. In each case the narrative was organised by the headings identified in the original audit report and resultant action plan.

The Group Manager, ICT, then referred Members to Appendix A of the report, giving a resume of progress with regards to the Areas for Attention and work completed in respect of these Themes, insofar as they related to ICT work areas.

Members asked a number of questions in respect of the report, that were responded to by the Group Manager, ICT.

A Member felt that future such reports of this nature should contain more of a narrative and explanation in terms of updates on the Outcomes taken on each theme detailed therein, as opposed to saying 'Completed,' 'Actioned as part of the Update' etc, so that Members have more assurance of details of work undertaken that result in improvements being made or proposed to be made, with regards to controls put in place in relation to Information Management processes and protocols within the Authority.

RESOLVED: That Members of the Committee gave due consideration to the content of the Healthy Organisation Follow-Up Review, and the actions taken to address those areas that required attention.

102. UPDATED FORWARD WORK PROGRAMME 2018/19

The Chief Internal Auditor submitted a report, the purpose of which, was to present the Audit Committee with an updated Forward Work Programme (FWP) for 2018/19.

The above FWP was attached to the report at Appendix A.

A Member advised that two further items needed to be added to the FWP, namely reports on the subject of an updated Risk Policy and Incident Management Policy.

RESOLVED: That Members considered and noted the updated Forward Work Programme for 2018/19.

103. URGENT ITEMS

None.

104. EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, the public be excluded from the meeting during consideration of the following item of business as it contains exempt information as defined in Paragraph 12 of Part 4 and Paragraph 12, 13 and 18 of Part 5 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

Following the application of the public interest test in consideration of this item, it was resolved that pursuant to the Act referred to above, it be considered in private, with the public being excluded from the meeting as it would involve the disclosure of exempt information of the nature as stated above.

105. APPROVAL OF EXEMPT MINUTES

RESOLVED: That the exempt Minutes of a meeting of the Audit Committee dated 15 November 2018, be approved as a true and accurate record.

The meeting closed at 15:43