

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3,
CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 16 APRIL 2015 AT
2.00 PM

Present

Councillor E Dodd – Chairperson

G Davies
JR McCarthy
DK Edwards

GW Davies MBE
M Reeves

CA Green
C Westwood

JE Lewis
HM Williams

Officers:

Darren Gilbert

Steve Barry

John Herninan

Mark Galvin

Sarah Daniel

Randal Hemingway

Emma Samways

KPMG

Wales Audit Office

Wales Audit Office

Senior Democratic Services Officer

Democratic Services Officer

Head of Finance & ICT

Principal Auditor

172. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Member and Officer for the reasons so stated

Councillor RC Jones – Holiday

Helen Smith – Chief Internal Auditor – Unwell

173. DECLARATIONS OF INTEREST

None

174. APPROVAL OF MINUTES

RESOLVED:

That the minutes of a meeting of the Audit Committee held on the 15 January 2015 were approved as a true and accurate record of the meeting, subject to adding to the list of attendees Councillor JE Lewis

175. EXTERNAL AUDIT PLAN 2014-15

A representative from the Wales Audit Office presented a report to Committee on the External Auditors Annual Audit Plan 2014-15 and asked the Committee to note the Plan. He highlighted the key elements of the audit engagement of the Appointed Auditor in the attached appendix attached to the report

The key elements of the audit engagement of the Appointed Auditor are outlined in Appendix A of the report. The Appointed Auditor is required to:

- examine and certify whether our financial statements are ‘true and fair’;
- assess whether we have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;

AUDIT COMMITTEE - THURSDAY, 16 APRIL 2015

- audit and assess whether we have discharged duties and met requirements of the Measure; and
- undertake studies to enable him to make recommendations for improving economy, efficiency and effectiveness.

He confirmed that the plan included details of both financial audit and performance Audit and set out a number of risks both agreed and addressed including timeframes and work in respect of Grant Certification.

A main element of the Performance Audit shown in paragraph 27 of the plan would be the undertaking of a Corporate Assessment so that the Audit could look to deliver continuous improvement

A Member asked if there would be a follow- up report on the Porthcawl Harbour Authority undertakings. The representative advised that legislation requires the Harbour Authorities to produce and show receipt of their annual accounts, and once these have been completed they would be detailed in a future audit report.

RESOLVED: That the Committee noted the content of the External Auditors Annual Audit Plan 2014-15

176. CERTIFICATION OF GRANTS AND RETURNS 2013-14

A representative from KPMG presented the Council's External Auditor's report on the grant work undertaken for 2013-14. He highlighted in the report the certification results as follows:

- 100% of the non-WEFO grant claims were submitted in accordance with the awarding body's deadline (this was consistent with 2012-13), but there were delays due to information being unavailable at the agreed audit date on the two WEFO grants;
- 22 non-WEFO certificates were unqualified with no adjustments, but qualifications were necessary for 2 grants, one qualification related to issues reported in a previous year and another to issues outside of the Authority's control;
- 4 grants were unqualified but required minor adjustments which increased the amount of funds payable to the Authority by £481

The relevant fees charged for the certification of various grants and returns were shown on page 16 of the appendix attached to the report

RESOLVED: That Members noted the content of the External Auditor's report on the grant work undertaken for 2013-14 attached as an appendix to the report

177. COMPLETED AUDITS

The Principal Auditor presented to the Committee the findings of the audits recently completed by the Internal Audit Shared Service. She drew attention to the recently completed audits that were summarised in Appendix A to the report, in particular the DBS Follow up Audit which had been previously given a Limited Assurance. She advised the Committee that a new system had been brought in so that the DBS checks could be processed through a secure online system. Subsequently the Audit had been given a rating of Reasonable Assurance.

Since 3rd November 2014 applications for both standard and enhanced DBS checks are processed through a secure online system called 'E-Bulk' which makes the system paperless. 'E Bulk' is a connection between a registered body and the DBS, where there's access to the E Bulk system meaning the applicant can complete the application at home rather than in the office, possibly freeing up administrators time.

RESOLVED: That Committee noted and gave consideration to the completed audits report so as to ensure that all aspects of their core functions were being adequately reported

178. **INTERNAL AUDIT SHARED SERVICE SELF ASSESSMENT AGAINST THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS 2014 - 2015**

The Principal Auditor presented a report regarding the above matter.

She explained to Committee that the report reflected compliance with the relevant standards. The one area that the IASS was not compliant related to external assessment. She also informed Members that the IASS would need to be subject to an external assessment by the end March 2018 and that it was currently looking into options on how this should be undertaken and who should complete it; for example a neighbouring Authority or External Auditors.

Appendix A to the report gave a summary of the self -assessment while appendix B contained more detail regarding self-assessment questions.

RESOLVED: Members noted compliance with the PSIAS

179. **ANNUAL OPINION REPORT OF THE HEAD OF INTERNAL AUDIT FOR THE PERIOD APRIL 2014 TO MARCH 2015**

RESOLVED: Following advice from the Principal Auditor, the Committee agreed to defer the above item to the next meeting of the Committee due to the absence of the Chief Internal Auditor,

180. **AUDIT COMMITTEE TERMS OF REFERENCE**

The Principal Auditor presented a report advising the Committee of proposed the amendment to the Audit Committees Terms of Reference.

The change was shown in appendix A to the report where the words "and approve" were deemed required in the 9th bullet point, after the words 'To review'.

A Member asked if the Committee are to start receiving reports from External Regulators such as Estyn if they could they be provided with training in this and other specific areas to ensure they thoroughly understand the subject matter. A representative of the WAO advised Members that they would support a training rollout to Committee in certain areas where required under their training programme.

The Head of Finance and ICT added that he would also look into the issue of any training initiatives for Members of the Audit Committee if/where required

RESOLVED: That Committee noted that the amended Terms of Reference be presented to Council for approval.

181. INTERNAL AUDIT SHARED SERVICE CHARTER 2015/16

The Principal Auditor presented Members with the Councils Internal Audit Shared Service Charter for 2015/16.

She advised that the Public Sector Internal Audit Standards requires the Head of Audit to review the charter periodically but final approval resides with the Audit Committee. She added that there were no changes to the Charter of 2014/15. The Charter for 2015/16 attached to appendix A of the report had been reviewed to ensure that it continued to reflect the requirements of the PSIAS.

RESOLVED: That Committee approved the Internal Audit Shared Service Charter for 2015/16

182. DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2015 TO MARCH 2016

The Principal Auditor presented the Committee with the Council's draft Internal Audit Strategy and draft Annual Risk Based Plan for the year April 2015 to March 2016.

She highlighted that the Plan provided for 1,296 productive days being delivered during 2015/16 which equates to approximately 7 full time equivalent employees which is 47% of the shared services overall resources split between Bridgend and the Vale of Glamorgan Council's. The proposed plan for this year (attached at Appendix 1 to the report), was compiled following discussion with Directorate Management Teams and following consideration of the Council's Risk Register, the Corporate Plan and Directorates Business Plans, and includes the significant risks facing the Authority. The document had also taken account of feedback from inspections of Council services undertaken by Regulators such as the CSSIW and Estyn. The draft plan had been shared with the Corporate Management Board (CMB) for comment. The Principal Auditor also informed Members that if risks changed throughout the year the Auditors had Contingency time so that they were able to undertake work in particular areas should emerging risk arise.

.. She

A member asked if there are currently any vacant posts in the Internal Audit team. The Principal Auditor explained that there were 3 which were currently being recruited for. Interviews and assessments were expected to take place shortly. She said that the Committee would be kept informed of the outcome of the interviews.

A member asked if the ICT systems audit related to the Children's Service. The Principal Auditor advised that the audit days being referred to did relate to the Children's Directorate and that they would be looking at the IT systems that support the schools. There are other days in the plan for a review of the ICT systems in other areas of the Authority.

RESOLVED: That Committee approved the draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for 2015/16

183. FORWARD WORK PROGRAMME - 2014-15

AUDIT COMMITTEE - THURSDAY, 16 APRIL 2015

The Principal Auditor presented Members with the 2014-15 Forward Work Programme, shown at Appendix A to the report.

RESOLVED: That Members gave due consideration to the updated 2014-15 Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

184. PROPOSED FORWARD WORK PROGRAMME - 2015-16

The Principal Auditor presented a report for the approval of the proposed Forward Work Programme for 2015-16.

The Committee asked if they could revisit the Forward Work Programme when the Annual Opinion Report of the Head of Internal Audit for the period April 2014-March 2015 (deferred item) had been presented to the Committee and Officers agreed to this course of action being pursued at the appropriate time.

RESOLVED: That Members gave due consideration and approved to the proposed 2015-16 Forward Work Programme and schedule of agenda items shown at appendix A to the report, to ensure that all aspects of their core functions are being adequately reported.

185. URGENT ITEMS

There were no Urgent Items reported.

186. 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 were excluded from the meeting during consideration of the following item of business as it contained exempt information as defined in Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the said Act.

The Legal Officer explained the public interest test, and following this, Members resolved that pursuant to the provisions of the Act referred to above, to consider the undermentioned item in private with the public being excluded from the meeting as it would involve the disclosure of exempt information as stated above:-

187. APPROVAL OF EXEMPT MINUTES

RESOLVED: That the exempt minutes of a meeting of the Audit Committee dated 15th January 2015 be approved as a true and accurate record

The meeting closed at 2.35 pm