

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO: THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE**

**SUBJECT: AUDIT COMMITTEE – 1<sup>ST</sup> AUGUST, 2017**

**REPORT OF: BUSINESS SUPPORT OFFICER (DEMOCRATIC & CORPORATE SUPPORT)**

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**PRESENT: MR. PETER WILLIAMS (CHAIR)**

Councillors L. Elias (Vice-Chair)

M. Cross

G.A. Davies

G.L. Davies

P. Edwards

D. Hancock

M. Holland

W. Hodgins

H. McCarthy, B.A. (Hons)

L. Parsons

S.C. Thomas

H. Trollope

**WITH:** Head of Financial Services  
Head of Internal Audit  
Chief Accountant Corporate Services  
Audit Manager  
Information & Governance Officer

**AND: Wales Audit Office**  
Neill Hollis

## DECISIONS UNDER DELEGATED POWERS

ITEM	SUBJECT	ACTION
No. 1	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>The following apologies for absence were reported:</p> <p>Councillors G. Collier, S. Healy, M. Moore and Mr. Phil Pugh, Wales Audit Office.</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	
No. 4	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 19<sup>th</sup> June, 2017 were submitted.</p> <p>RESOLVED that the minutes be received as a true record of proceedings.</p>	
No. 5	<p><b><u>ACTION SHEET</u></b></p> <p>The action sheet arising from the meeting of the Audit Committee held on 19<sup>th</sup> June, 2017 was submitted.</p> <p>RESOLVED that the action sheet be noted.</p>	
No. 6	<p><b><u>SPECIAL AUDIT COMMITTEE</u></b></p> <p>The minutes of the Special Audit Committee held on 29<sup>th</sup> June, 2017 were submitted, whereupon:-</p> <p><i>P.19 Strategic Internal Audit Plan 2017-2022</i></p>	

	<p>A discussion ensued when a Member sought clarification on the resolution outlined in the minutes regarding the new post of Senior Auditor. He understood it was agreed that the post would be advertised internally on a 2 year fixed term basis in the first instance, and then advertised externally on a permanent basis, as the Officer had said it was unlikely that a 2 year fixed term post would generate sufficient interest.</p> <p>In response the Head of Financial Services confirmed that the post would be advertised internally in the first instance, on a 2 year fixed term basis, and in line with the Council's appointment process. If no suitably qualified applications were received then the post would be advertised externally on a 2 year fixed term basis. However, during the discussion the Officer had stated that a 2 year fixed term post may not attract a sufficient level of interest, and therefore the Committee agreed that if this was the case the post would then be advertised externally on a permanent basis, as reflected in the minutes.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<p><b>No. 7</b></p>	<p><b><u>ACTION SHEET</u></b></p> <p>The action sheet arising from the Special Audit Committee held on 29<sup>th</sup> June, 2017 was submitted, whereupon:-</p> <p><u>Aneurin Leisure</u></p> <p>The Information &amp; Governance Officer reported that having reviewed the contract, there was no obligation for the Trust to come before the Audit Committee, however, processes were in place for the Authority to monitor and review performance of the Trust, and for them to present Service Development Plans to Council. The Officer undertook to circulate contractual information to Members.</p> <p>RESOLVED, subject to the foregoing, that the action sheet be noted.</p>	<p><b>Information &amp; Governance Officer</b></p>

No. 8

**DRAFT STATEMENT OF ACCOUNTS**

Consideration was given to the report of the Chief Finance Officer.

The Chief Accountant Corporate Services presented the Draft Statement of Accounts for 2016/17, which had been prepared in accordance with the relevant regulations, and in compliance with Section 10(1) of the 2014 Regulations.

He confirmed that the draft Statement of Accounts were signed and dated by the Chief Finance Officer on 23<sup>rd</sup> June, 2017, and presented to the Wales Audit Office for audit.

A period of public inspection commenced on the 24<sup>th</sup> July and this would be ongoing until 18<sup>th</sup> August, 2017. The Auditor has given notice that the date on or after which electors may exercise their rights to objection was the 22<sup>nd</sup> August, 2017, and any matters arising from the inspection period would be reported separately later in the year. The Officer said it was hoped to complete the audit of Accounts and any amendments during August, and present the final statement to Audit Committee in September, after which it was hoped to receive a clear or unqualified Audit Opinion. Any amendments or issues would be reported to Audit Committee at that time.

Section 4 of the report outlined the draft financial position of the Authority and highlighted the most significant matters affecting the Accounts. The draft revenue expenditure and outturn was showing a favourable position of £0.071m compared to the revised budget for the year, and the overall position was showing a decrease in the Council Fund of £0.209m after the draw of £4.664m from earmarked reserved.

The Officer reported that in total the Council's usable reserves dropped by £4.397m in 2016/17. The Council agreed to set a Council Fund target level of 4%, and as at 31<sup>st</sup> March, 2016 the Council Fund balance of £6.072m equated to 4.55% of net revenue expenditure. This has reduced to £5.863m of net revenue expenditure as at 31<sup>st</sup> March, 2017 which continued to be above the target level. However, given the planned used of reserves during 2017/18 it was forecast that the Council Fund

	<p>balance would fall below the 4% target and consideration should therefore be given to an action plan to restore the Council Fund to the agreed level.</p> <p>A brief discussion ensued when the Head of Financial Services clarified points raised by a Member, and it was</p> <p>RESOLVED that the report be accepted and:-</p> <ol style="list-style-type: none"> <li>i. The Audit Committee approve the report and the Draft 2016/17 Statement of Accounts; and</li> <li>ii. In monitoring budgets for 2017/2018, setting a Revenue Budget for 2018/2019 and in developing future medium term spending plans, the Council takes into consideration the financial standing of the Authority, as reported within the attached Draft Statement of Accounts for 2016/2017.</li> </ol>	
<p><b>No. 9</b></p>	<p><b><u>ANNUAL GOVERNANCE STATEMENT</u></b></p> <p>Consideration was given to the report of the Head of Internal Audit.</p> <p>The Head of Internal Audit presented the draft Annual Governance Statement for 2016/17 which set out the intended governance framework for the Authority and its performance against the core principles, and also recommendations for development and an action plan moving forward.</p> <p>A brief discussion ensued when the Officer clarified points raised by a Member.</p> <p>A Member referred to the Corporate Risk Register on Page 254 of the document, and enquired as to the potential financial sanctions as a result of non-compliance with the Welsh Language Act.</p> <p>In response the Head of Financial Services said the full details were not yet known and undertook to report back further on this issue. However, she confirmed that should the Council be found to be non-compliant on any of the Welsh Language Standards, there would be a financial penalty for each and</p>	<p>Head of Financial Services</p>

	<p>every occasion of non-compliance. Whilst the Council had not incurred any financial penalties, it was a potential risk moving forward.</p> <p>RESOLVED that the report be accepted and the Audit Committee acknowledge the contents of the Annual Governance Statement, thus ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.</p>	
<p><b>No. 10</b></p>	<p><b><u>AUDIT PLAN PROGRESS REPORT APRIL TO JUNE 2017</u></b></p> <p>Consideration was given to the report of the Audit Manager.</p> <p>The Audit Manager presented the report which provided an update on progress against the Internal Audit Plan for the period 1<sup>st</sup> April, 2017 to 31<sup>st</sup> June, 2017.</p> <p>The Officer confirmed that activities during the period were set out in Appendix A, and the format showed a summary of findings from audit reports produced in the period, including the Formal Audit Opinion where appropriate. Where audits are graded Limited or No Assurance, an internal audit summary report would be presented to the Committee. However, there was no Internal Audit Summary Reports for this period. The Follow-Up audits completed during the period where weaknesses have not been implemented are shown at Appendix B.</p> <p>In terms of performance, the target set for achievement of the Audit Plan for 2017/18 was 83%, which was consistent with achievement for 2016/17 and comparable to the Welsh average percentage of 85% (2015/16).</p> <p>The Officer confirmed that the Section had completed 19.76% of the Audit Plan against a target of 20.75%, and was also pleased to report that during the period there was no sickness absence.</p> <p>A Member asked whether any progress had been made on the possibility of allocating additional audit days to Environment, which had been raised in the previous meeting.</p>	

	<p>In response the Officer confirmed that a meeting had been arranged for the following week to discuss progress, and plot additional audits in that area to satisfy the Audit Plan, and further details should be available for the next meeting.</p> <p>Another Member referred to Appendix A at P.271 and enquired as to the special investigation in Technical Services. The Head of Internal Audit said she was unable to provide any details as the investigation was still ongoing.</p> <p>RESOLVED that the report be accepted and the Audit Committee accept the report and the appendices, and note progress on activities from the 2017/18 Audit Plan.</p>	
<p><b>No. 11</b></p>	<p><b><u>INTERNAL AUDIT CHARTER</u></b></p> <p>Consideration was given to the report of the Head of Internal Audit.</p> <p>The Head of Internal Audit presented the revised Internal Audit Charter for 2017/18. The Public Sector Internal Audit Standards require the Authority to have an Internal Audit Charter setting out the Service’s purpose, authority and responsibility. The Charter was reviewed on an annual basis by both the Corporate Leadership Team and the Audit Committee.</p> <p>The Officer went through the report and highlighted points contained therein.</p> <p>RESOLVED that the report be accepted and the Audit Committee approves the report and attached Internal Audit Charter, in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).</p>	