

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO: THE CHAIR AND MEMBERS OF THE COUNCIL**

**SUBJECT: AUDIT COMMITTEE – 23<sup>RD</sup> JULY, 2019**

**REPORT OF: DEMOCRATIC SUPPORT OFFICER**

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**PRESENT:** Mr. Peter Williams (CHAIR)

Councillors S. Healy  
G. Collier  
D. Hancock  
B. Summers  
H. Trollope

**WITH:** Chief Officer Resources  
Chief Officer Commercial  
Head of Internal Audit  
Audit Manager  
Head of Governance & Partnerships  
Head of Community Services  
Service Manager Development Services  
Data Protection & Governance Officer  
Team Leader, Thriving Communities  
Enterprise Facilitation Officer  
Solicitor

**DECISIONS UNDER DELEGATED POWERS**

<b><u>ITEM</u></b>	<b><u>SUBJECT</u></b>	<b><u>ACTION</u></b>
<b>No. 1</b>	<b><u>SIMULTANEOUS TRANSLATION</u></b>  It was noted that no requests had been received for the simultaneous translation service.	
<b>No. 2</b>	<b><u>APOLOGIES</u></b>	

	<p>Apologies for absence were received for Councillors M. Cross, L. Elias, J. Hill, L. Parsons, K. Rowson, S. Thomas and L. Winnett.</p>	
<b>No. 3</b>	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	
<b>No. 4</b>	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 25<sup>th</sup> June, 2019 were submitted for accuracy points.</p> <p>It was reported that the date on the agenda coversheet should be amended to read 25<sup>th</sup> June, 2019.</p> <p>A Member referred to Item No. 11 Annual Report of the Head of Internal Audit 2018/19 and said he had proposed that the report be deferred to reconsider the wording.</p> <p>Another Member asked whether the voting undertaken at the meeting was in accordance with the Constitution.</p> <p>The Solicitor confirmed that the voting was undertaken in accordance with the Local Government Act 1972, and the Council's Constitution which stated that the Chair has the casting vote. The Monitoring Officer had confirmed that the voting procedures followed at the meeting were correct.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<b>No. 5</b>	<p><b><u>ACTION SHEET</u></b></p> <p>It was noted that there were no actions arising from the meeting of the Audit Committee held on 25<sup>th</sup> June, 2019.</p>	
<b>No. 6</b>	<p><b><u>ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2018/19</u></b></p> <p>Consideration was given to the report of the Head of Internal</p>	

Audit.

The Head of Internal Audit presented the report which provided an objective review of the Authority's system of internal control during the financial year 2018/19 and the HIA's annual audit opinion. Based on the findings of the audit work undertaken during the 2018/19 financial year, and continued improvement of the governance framework, it was the Officer's opinion that the Council's system of internal control operated to a level that gave reasonable assurance.

A Member referred to section 2.2.5 of the report and stated that in the previous meeting where this item was considered, he had made the point that the majority of the service reviews were not reported to Scrutiny. For this reason he was unable to support the recommendation, unless the wording was changed, and proposed that the first sentence of paragraph 2.2.5 be amended to read:

'A range of Financial Efficiency Projects and a Service Review Programme was developed and progress against each Financial Efficiency Project was reported to both CLT and Executive Members on a regular basis via the Quarterly Revenue Budget Report.'

In response the Head of Internal Audit said the report was accurate and it was her opinion that the Service Review Programme was reported to the quarterly Revenue Budget Report, and also reported to Council.

A discussion ensued when the Head of Governance & Partnerships concurred with the Officer that the wording was accurate, and FEP's were reported through the democratic process as part of the budget monitoring reporting. She said the comments in relation to Scrutiny had been raised in various Scrutiny Committees and these would be responded to.

The proposed amendment was not seconded, and

Upon a vote being taken it was

RESOLVED that the report be accepted and the Audit

	<p>Committee receive the annual audit opinion of the Head of Internal Audit as detailed in paragraphs 1.1 and 3.3.</p>	
<b>No. 7</b>	<p><b><u>INTERNAL AUDIT CHARTER</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Head of Internal Audit presented the revised Internal Audit Charter for 2019/20. The report also provided the basis for production of the Internal Audit Charter, incorporating amendments to reflect changes since the last update.</p> <p>RESOLVED that the report be accepted and the Audit Committee approve the Audit Charter in line with good practice and the requirements of the Public Sector Internal Audit Standards (Option 1).</p>	
<b>No. 8</b>	<p><b><u>INTERNAL AUDIT PLAN 2019-2024</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Head of Internal Audit presented the report which provided the strategic five-year Internal Audit Plan, including the rationale for implementing a one-year operational plan.</p> <p>The audit plan was produced following a risk assessment exercise whereby each potential audit area was scored using a matrix against a set of criteria relating to the audit risks, the Authority's objectives, and the views of the Heads of Services, and an example of the scoring matrix was attached at Appendix B. This exercise produced a score for each audit area, and was then put into a rank order to prioritise each audit within the audit plan. Audit areas would then be selected for audit based on the highest scoring audits taking priority in each service area. Available audit days have been apportioned across directorates rather than allocated to specific audits.</p> <p>A discussion ensued when the Officer clarified points raised by Members.</p>	

	<p>RESOLVED that the report be accepted and the Audit Committee approve the audit plan attached at Appendix A, deeming it to provide sufficient coverage upon which the HIA can provide an annual audit opinion, enable the Audit Committee to fulfil its assurance role (Option 1).</p>	
<p><b>No. 9</b></p>	<p><b><u>AUDIT PLAN PROGRESS REPORT – JANUARY TO MARCH 2019 AND APRIL TO JUNE 2019</u></b></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Audit Manager presented the report which provided an update on the progress against the Internal Audit Plan for quarter 4 of the 2018/19 financial year and quarter 1 of the 2019/20 financial year.</p> <p>Activities during the period January to March 2019 and April to June 2019 were set out in Appendices A1 and A2 respectively. Appendix A1 also provided details of work concluded after the 31<sup>st</sup> March, 2019 which related to the 2018/19 Audit Plan. The remaining work has been carried forward and was detailed in Appendix A2.</p> <p>The format showed a summary of findings from audit reports produced in the periods, including a formal audit opinion where appropriate. Where individual audits are graded as Limited Assurance or No Assurance, an Internal Audit Summary Report was presented at Appendixes B1-6. The follow-up audits completed during the period where weaknesses have not been implemented are shown at Appendix C. Performance data for the Section for the period April to June 2019 was presented at Appendix D, and the grading's issued during the period was shown in Appendix E.</p> <p>A discussion ensued when the Officer clarified points raised by Members.</p> <p>In response to concerns raised by a Member regarding the 'No Assurance' grading for ICT User Access, the Officer confirmed that a summary of the findings and the weaknesses identified was attached at Appendix B3. The scope of the audit was to</p>	

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determine the effectiveness of the internal controls within the administration of ICT user access requests, and granting access levels, and the production of user access reports. The Manager has agreed appropriate actions to mitigate the weaknesses.

In relation to the Member's concerns regarding ICT, the Chief Officer Commercial said she was aware of the difficulties but assured that work was ongoing to hopefully address the issues. She said user access would be a priority moving forward, particularly internal access and the leaver and starter user processes.

RESOLVED that the report be accepted and the Audit Committee note the findings within the attached Appendices, and the progress on activities for the period January to March 2019 and April to June 2019.

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