

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE COUNCIL

SUBJECT: AUDIT COMMITTEE – 25TH JUNE, 2019

REPORT OF: DEMOCRATIC SERVICES OFFICER

PRESENT: Mr. Peter Williams (CHAIR)

Councillors S. Healy
 G. Collier
 M. Cross
 G.L. Davies
 L. Elias
 D. Hancock
 J. Holt
 L. Parsons
 K. Rowson
 B. Summers
 S. Thomas
 H. Trollope
 J. Wilkins
 L. Winnett

WITH: Corporate Director of Social Services
 Head of Internal Audit
 Chief Accountant Corporate Services
 Communications, Marketing and Customer Access Manager
 Audit Manager
 Team Leader Performance & Scrutiny
 Solicitor

DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<u>SIMULTANEOUS TRANSLATION</u> It was noted that no requests had been received for the simultaneous translation service.	
No. 2	<u>APOLOGIES</u> An apology for absence was received from Councillor J. Hill	
No. 3	<u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u> No declarations of interest or dispensations were reported.	
No. 4	<u>APPOINTMENT OF CHAIR</u> Nominations were sought for the appointment of Chair of the Audit Committee for 2019/2020. A Member proposed that Mr. Peter Williams be appointed to the role, and this proposal was seconded. Upon a vote being taken it was RESOLVED that Mr. Peter Williams be appointed as Chair of the Audit Committee for 2019/2020.	
No. 5	<u>TIME OF FUTURE AUDIT COMMITTEE MEETINGS</u> RESOLVED that future meetings continue to be held at 9.30 a.m.	
No. 6	<u>AUDIT COMMITTEE</u> The minutes of the Audit Committee held on 9 th April, 2019 were submitted for accuracy points. RESOLVED that the minutes be accepted as a true record of proceedings.	

No. 7	<p><u>ACTION SHEET</u></p> <p>It was noted that there were no actions arising from the meeting of the Audit Committee held on 9th April, 2019.</p>	
No. 8	<p><u>WALES AUDIT OFFICE CERTIFICATE OF COMPLIANCE FOR THE AUDIT OF BLAENAU GWENT COUNTY BOROUGH COUNCIL'S ASSESSMENT OF 2017-18 PERFORMANCE</u></p> <p>Consideration was given to report of the Head of Governance & Partnerships.</p> <p>The Team Leader Performance & Scrutiny presented the Wales Audit Office Certificate of Compliance, following the audit of the Council's Assessment of 2017-18 Performance. Under the Local Government (Wales) Measure, the Council was required to annually publish an assessment before the 31st October in the financial year following that to which the information related.</p> <p>As a result of the audit, the WAO believed that the Council has discharged its duties under Section 15 of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.</p> <p>RESOLVED that the report be accepted and the Audit Committee note the compliance certificate dated November 2018.</p>	
No. 9	<p><u>DRAFT STATEMENT OF ACCOUNTS 2018/19</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Accountant Corporate Services presented the 2018/2019 Draft Statements of Accounts and the Authority's financial standing as at 31st March, 2019. The accounts were prepared by 31st May, 2019, which was in advance of the revised statutory deadline of 15th June, 2019.</p> <p>However, due to the ongoing investigation the Chief Officer</p>	

Resources was unable to certify the accounts at this stage, and therefore notice was required in compliance with Section 10(4) of the Accounts and Audit (Wales) Regulations 2014, as follows:

Based upon the information currently available regarding an ongoing police investigation, the Chief Officer Resources does not consider that the value of any potential financial implications would be material, and the 2018/2019 Draft Accounts as presented, represent a true and fair view of the Council's financial standing. However, given the Chief Officer's wider responsibilities in respect of financial governance and the uncertainty surrounding the issues under investigation, she has determined that she is not in a position to certify the Draft Accounts until these matters are resolved/concluded.

The Draft Accounts have been completed in compliance with the statutory deadline of 15th June, 2019 and will be subject to public inspection and external audit as required by the Accounts & Audit (Wales) Regulations and the Public Audit Wales Act. The Accounts will be presented to the Authority's Audit Committee in June 2019 for information and subsequently re-presented by 15th September, 2019 for consideration and approval.

In response to a question raised by a Member, the Officer explained the method used to show credits and deficits within the accounts, and said this approach was consistent through the whole document. The Member then referred to school budgets (page 121) and said he would like to see a breakdown of the position of individual schools, and undertook to discuss this with the Officer outside of the meeting.

Another Member suggested that a training session be held for Members of the Audit Committee. The Head of Internal Audit confirmed that it was intended to hold a training session in September, in conjunction with WAO.

Members expressed concern that the order of the agenda items online differed to the paper version.

A discussion ensued when Members said there were also issues with the page numbering on the online/paper versions of

	<p>agendas. A Member said the issues had been reported to Democratic Services some time ago but problems were still ongoing. The Chair asked that this matter be raised with the Democratic Officer.</p> <p>RESOLVED that the report be accepted and the Audit Committee receive the Draft 2018/2019 Statement of Accounts for information, prior to the requirement to consider for approval in September.</p>	
No. 10	<p><u>AUDIT PLAN OUTTURN 2018-19</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Head of Internal Audit presented the report which provided an update on the overall outturn position of the Audit Plan for the financial year 2018-19.</p> <p>The results of the audits undertaken during the year have shown an increase in full assurance gradings and in limited assurance gradings, and there were no 'no assurance' gradings issued for 2018/19. In addition to the 45 graded audits issued, two follow-up audits and one investigation have also been conducted.</p> <p>The Internal Audit Service completed 70.45% of the audit plan against a target of 80%, and this was due to staff absences during the period, but was a slight improvement on 2017/18.</p> <p>In response to a question raised by a Member regarding the iTrent project, the Officer explained that the deferral was in relation to the audit of the iTrent system, and not deferral of the project.</p> <p>Another Member then referred to the investigation at the Household Waste Recycling Centre and the Officer explained that an investigation was undertaken, and recommendations made, however, she would not expect to bring a report to Committee on this matter.</p> <p>A brief discussion ensued when a Member asked whether</p>	

	<p>significant issues would be reported to the relevant Scrutiny Committee. In response the Officer explained that the current arrangement was that relevant Officers would attend the Audit Committee to answer questions. However, the Officer said if this was something Members would like to see in the future legal advice would be sought on whether this was appropriate.</p> <p>RESOLVED that the report be accepted and the Audit Committee note the levels of audit coverage in each service area, the plan outturn for the financial year 2018/19.</p>	
No. 11	<p><u>ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2018/19</u></p> <p>Consideration was given to report of the Head of Internal Audit.</p> <p>The Head of Internal Audit presented the report which provided the Head of Internal Audit's objective review of the Authority's system of internal control during the financial year 2018/19 and the annual audit opinion.</p> <p>She said it was her opinion as the Head of Internal Audit that the Council's system of internal control during the financial year operated to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control.</p> <p>In response to a question raised by a Member the Chief Accountant Corporate Services said the ongoing Police investigation would have no impact on the Council's Revenue Support Grant.</p> <p>A Member referred to section 2.2.5 of the report and said he was unable to support the statement that the Service Review Programme had been reported to Members on a regular basis. He said a number of the service reviews had by-passed the Scrutiny process and were reported directly to Council. He said he had raised this issue previously at Council and also discussed it with WAO.</p> <p>In response the Officer said it was her understanding that FEP's and the Service Review Programme formed part of the Joint</p>	

	<p>Finance and Performance report submitted to Scrutiny on a quarterly basis.</p> <p>At this juncture the WAO Officer referred to section 2.1.5. of the report which stated that WAO would provide its own report on the effectiveness of Internal Audit and adequacy of the Council's control environment. He pointed out that this practice was no longer undertaken.</p> <p>A discussion ensued when a Member referred to his previous comments and said he was unable to support the report in its current form. He proposed that the report be deferred.</p> <p>The proposal was seconded, and</p> <p>Upon a vote being taken it was</p> <p>RESOLVED that the report be <u>DEFERRED</u>.</p>	
No. 12	<p><u>ANNUAL GOVERNANCE STATEMENT</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Head of Internal Audit presented the draft Annual Governance Statement for 2018/19 which provided an assessment of the effectiveness of the Authority's governance arrangements.</p> <p>RESOLVED that the report be accepted and the Audit Committee approve and adopt the Annual Governance Statement (Option 1).</p>	