

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD IN MEETING ROOM 1, GUILDHALL ON THURSDAY, 13 DECEMBER 2018**

MEMBERS

Independent Lay Member Jerry O'Keeffe, Chair
Councillor Dana Davies, Vice-Chair

Councillor	Trevor Bates	Councillor	Ronnie Prince
"	Sonia Benbow-Jones	"	Paul Roberts
"	D J Griffiths	"	* Rondo Roberts
"	Frank Hemmings	"	* J R Skelland
"	* Marc Jones	"	* Nigel Williams
"	John McCusker		

*Absent

28 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Marc Jones and Nigel Williams.

29 WELCOME

The Chair welcomed Richard Harris and Michelle Phoenix, Wales Audit Office, to the meeting.

30 DECLARATIONS OF PERSONAL INTERESTS, IF ANY

There were no declarations of personal interest.

31 CONFIRMATION OF MINUTES

The Minutes of the meeting of the Audit Committee held on 13 December 2018 were submitted.

Corrections to Minutes:

- Councillors John McCusker and Paul Roberts had been marked as absent but had been present at the meeting.
- Councillor Ronnie Prince had been marked as present but had been absent from the meeting.
- Michelle Richards should read Michelle Phoenix.
- Item 26: 5th bullet point Corporate and Customer Services: 'Welsh Government Funding' should read 'UK Government Funding'.

RESOLVED: That, subject to the above, the Minutes of the meeting of the Audit Committee held on 27September 2018 be signed as a correct record.

Matter Arising

Item 27 Additional Item of Business: Environmental Enforcement Services in Wrexham: Clarification was sought on whether the Audit and Scrutiny Protocol allowed for the Audit Committee to request an update report from the Chair of the Homes and Environment Scrutiny Committee on the outcome of its deliberations on the Council's environmental enforcement duties. The Topic Selection Form had been requested by Jerry O'Keeffe in his capacity as Chair of the Audit Committee.

It was agreed that, the Head of Finance further investigates this matter and as an initial measure, a copy of the original Topic Request Form submitted to the HESC be circulated to all Members of the Audit Committee.

32 WORK PROGRAMME

The Head of Finance submitted an updated Work Programme.

Michelle Phoenix, Wales Audit Office, advised that several WAO national performance reports would be available for submission to the Audit Committee in the near future

RESOLVED – That the Work Programme be noted.

33 INTERNAL AUDIT INTERIM REPORT APRIL - NOVEMBER 2018

The Head of Finance submitted a report (HF/129/18) which enabled consideration to be given to the Service Manager – Audit and Technical's Interim Report for April 2018 – November 2018.

The Audit Lead introduced the report and drew attention to the main findings of the audit work undertaken during this period. Fourteen planned audits had been completed during the reporting period, two of which had been given 'Red/Amber' levels of assurance. The Executive Summaries from these audits were shown in Appendix A2 to the report. The report also included the counter-fraud work undertaken by Wrexham Internal Audit Services during the reporting period.

During discussion of the report Members raised the following matters in particular:

- It was noted that there continued to be good support from Heads of Departments and, to date, there has been little resistance to audits or recommendations.
- The Service Manager - Audit and Technical confirmed that no unplanned audits had been carried out during the reporting period. The audit of Environmental Improvement Schemes requested by the Head of Housing and Economy will commence soon. During discussion of this item, further information was sought on the type of scheme that could be put forward for consideration under this scheme. The Head of Finance commented that a guidance note was available and that he would circulate a copy to all Members of the Committee.
- A Member referred to the forthcoming proposed changes to the Senior Management Structure and queried whether appropriate governance arrangements would be in place. The Head of Finance commented that the

restructure would be limited to the third tier management level and above by the creation of seven Chief Officer roles with some changes to existing portfolios. The governance arrangements for individual sections / teams within departments should not be affected.

- Reference was made to the new reporting structures that will be created by the amalgamation of the existing Children and Adult Social Care Services.
- Para 2.1 – Table 1 - Summary of Completed Audits: A Member commented that combining the number of audits given a Green or Green / Amber level of assurance in the table did not give a true reflection and was an anomaly. During discussion, it was noted that questions could be asked of any audit completed during the reporting period, however, the tendency has been to focus on those audits where Red or Red/Amber levels of assurance have been given as these could cause greatest concern.
- It was further suggested that 'Levels of Assurance' in audit reports could be included as a topic for a Member training session.
- Audit Ref. 2018 -007 Out of County Placements : Assurances were sought that the gaps in the process did not undermine the safety and security of vulnerable children.
- Audit Ref 2018 – 051 Facilities Management: The Audit Lead provided further information on this audit.
- Audit Ref 2018 - 009 Elected Members: The Audit Lead provided further information on this audit which had been given a Green/Amber level of assurance.
- Ref 2017 - 030 Occupational Road Risk Policy (ORRP): Concern was expressed on the delay between the audit findings being published (Sept 2017) and undertaking the follow-up audit. The Audit Lead commented that the follow-up audit had been deferred to allow time for the new ORRP to be applied. The findings of the 1st Follow up audit would be reported to the February 2019 Audit Committee.
- The Service Manager – Audit and Technical clarified that the six High Priority recommendations referred to in the report consisted of four in this report and two that had been previously reported to the Audit Committee in September.
- With reference to the counter- fraud work undertaken during the reporting period, the Service Manger – Audit and Technical confirmed that all eight new allegations of fraud related to internal employees.

RESOLVED – That the report be noted and that in future reports the number of Green and Green/Amber audits be shown separately within the table.

34 RISK MANAGEMENT ARRANGEMENTS

The Head of Finance submitted a report (HF/130/18) which enabled the Committee to consider the effectiveness of the Council's corporate risk management arrangements.

In introducing the report, the Audit Lead reminded Members that this report concerned the processes for managing risk, not on specific risks or the contents of risk and control registers. The latter were reported to the Audit Committee through the Risk Management Highlights Report twice a year. Based on the contents of the

Risk Management Arrangements Update Report reasonable assurance could be given to the Audit Committee that the Risk Management arrangements were effective.

During consideration of the report the following matters were raised:

- The Audit Lead confirmed that 'reasonable assurance' was the highest level of assurance that could be given as an 'absolute assurance' was not possible.
- Members referred to the use of Member and Officer training sessions, the Friday Bulletin and other social-media outlets to increase Member /officer awareness of the Council's Risk Management Policy.
- Update information was sought on the number of schools within Wrexham that keep up-to-date risk registers.
- Members were advised that schools were encouraged to maintain risk and control registers and a model register was provided on the Schools Intranet. However, this was not a mandatory requirement and some School Governing Bodies may have alternative arrangements for managing risk. More schools may adopt risk and control registers following the relaunch of the Model register in the new year, the development of which is being supported by the Head of Education.
- Members welcomed the risk management procedures introduced as part of the Project Management arrangements to ensure that all proposed non-capital projects had been risk assessed.

RESOLVED - That the Risk Management Arrangements Update Arrangements Report, attached at Appendix A to report HF/130/18 be noted and used to inform the Audit Committee's other work where necessary.

35 WALES AUDIT OFFICE ANNUAL AUDIT LETTER

The Head of Finance submitted a report (HF/131/18) which enabled representative of the Council's external auditors (Wales Audit Office) to report directly to Members on their 2016/17 audit and inspection work.

Richard Harris, Wales Audit Office (WAO) commented upon the details of the Annual Audit letter dated 4 December 2018 issued by the Auditor General for Wales to the Leader of the Council and the Chief Executive, a copy of which was attached to the report. He informed the Committee that the Appointed Auditor had concluded that the Council had:

- complied with its responsibilities relating to financial reporting and use of resources;
- has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- that work to date on certification of grant claims and returns had not identified significant issues that would impact on the 2018/19 accounts or key financial systems;
- has a track record of managing its finances but the financial challenge will continue over the medium term.

- The financial audit fee for 2017/18 was currently expected to be in line with the agreed fee as set out in the Annual Audit Plan.

Members welcomed the positive outcomes contained within the letter.

RESOLVED – That the Wales Audit Office Annual Audit letter 2017/18, be noted.

Independent Lay Member Jerry O'Keeffe
Chair