

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE**  
**HELD IN MEETING ROOM 1, GUILDHALL ON THURSDAY, 15 JUNE 2017**

**MEMBERS**

Councillor	Andrew Atkinson	Councillor	Paul Jones
“	Trevor Bates	“	John McCusker
“	Sonia Benbow-Jones	“	* Paul Roberts
“	Dana Davies	“	Rondo Roberts
“	D J Griffiths	“	Robert Walsh
“	Marc Jones	“	* Nigel Williams

Independent Lay Member Jerry O’Keeffe

\*Absent

**1 APPOINTMENT OF CHAIR**

**RESOLVED – That Jerry O’Keeffe (Independent Lay Member) be appointed Chair of the Audit Committee for the forthcoming year.**

**2 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Paul Roberts and Nigel Williams.

**3 APPOINTMENT OF VICE-CHAIR**

**RESOLVED – That Councillor Dana Davies be appointed Vice- Chair of the Audit Committee for the remainder of the Municipal Year.**

**4 WELCOME**

The Chair welcomed Matthew Edwards (Financial Audit Manager), Sharon Jeffries (Financial Team Leader) and Paul Goodlad (Performance Audit Lead) Wales Audit Office, to the meeting.

**5 DECLARATIONS OF PERSONAL INTEREST, IF ANY**

There were no declarations of personal interest.

**6 CONFIRMATION OF MINUTES**

The Minutes of the meeting held on 23 March 2017 were submitted.

Matter Arising:

The Chair updated Members in respect of the Topic Request Form referred to in Item 56 of the Minutes “Additional Item of Business – Environment Enforcement Services in Wrexham”. A Topic Request Form had now been submitted and would

be considered at the end of the month. The Audit Committee would be updated once a decision had been made.

**RESOLVED – That the Minutes of the Meeting held on 23 March 2017 be signed as a correct record.**

**7 AUDIT COMMITTEE WORK PROGRAMME**

The Head of Finance reminded the Committee that items could be added or deleted from the Work Programme as and when required.

**RESOLVED - That the Work Programme be noted.**

**8 STATEMENT OF ACCOUNTS 2016/17**

The Head of Finance submitted a report (HF/44/17) to enable Members to consider the Statement of Accounts for the financial year 2016/2017. A copy of the Statement of Accounts was attached at Appendix 1 the report and a copy of the 2016/17 Revenue Outturn report previously sent to all Members as an information report, was attached at Appendix 2 to the report.

In introducing the report, the Service Manager, Accountancy, commented that the Statement of Accounts had been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code). The format had been amended slightly and now requires the service analysis within the Comprehensive Income and Expenditure Statement to be presented based on the Council's own management structure.

The Service Manager then presented the Statement of Accounts section by section and asked that they be noted on the basis that Members had achieved a broad understanding of the content of the accounts, were satisfied that they were consistent with other financial information received, and have received satisfactory answers to the questions asked. The Statement of Accounts would be audited by the Wales Audit Office and placed on public inspection. Any changes required by the Auditor would be reported to the 27 July 2017 meeting of this Committee for approval. To assist Members further, she suggested that an informal training session on understanding the Statement of Accounts be held prior to the July meeting of the Audit Committee.

During consideration of the Statement of Accounts 2016/17 and the Outturn Report Members raised the following matters in particular:

- With reference to the Outturn report, a Member expressed concern on the increased use of Vacancy Management to provide departmental savings, particularly within the Environment and Planning Department,. This could result in permanent further reductions in staff levels above those identified during the setting of the Revenue Budget process.
- In response, the Head of Finance commented that the Council had well-established and robust financial procedures in place to monitor budgets and

mitigate any forecast overspending. The first monitoring report of the financial year to Members highlighted a potential overspend in the Environment and Planning Department primarily due to pressures on the Waste Management Contract. All Department Heads were requested to make additional savings, including the use of vacancy management.

**RESOLVED –**

- (i) That the draft Statement of Accounts for the financial year 2016/17 be noted.**
- (ii) That an informal training session on understanding the Statement of Accounts be arranged prior to the 27 July 2017 meeting of the Audit Committee.**

**9 ANNUAL GOVERNANCE STATEMENT 2016/17**

The Head of Finance submitted a report (HF/47/17) which sought the Committee's approval of the Annual Governance Statement (AGS) for the year ending 31 March 2017.

David Stewart, Audit Lead, introduced the report and commented that the purpose of the AGS was to provide assurance concerning the Council's governance arrangements and the extent to which the Council has complied with its Governance Code. A copy of the AGS for year ended 31 March 2017, which had been reviewed by the Council's Senior Management Team (SMT) and signed by the Leader and the Chief Executive, as required, was attached at Appendix A to the report.

During discussion, Members raised the following matters in particular:

- Committee Report Preparation: Should the standard format for preparing reports to Committee be reviewed to contain a section on the potential impact the decision would have on the six planning principles the Council have defined to help plan and provide the most fair, effective and sustainable services within available resources. The Head of Finance commented that this may be an opportune time to consider any changes to the Committee reporting format and he would raise this through the Performance Team and the Council's Monitoring Officer.
- With reference to the Action Plan from the 2016 AGS, further information was requested on the progress being made on the procurement and implementation of a specialist asset management system. In response, the Head of Finance commented that the Council were still awaiting the outcome of the application rationalisation project being undertaken by Castlerigg Consultancy. This matter had been carried over into the 2017/18 Action Plan.

**RESOLVED – That the Annual Governance Statement be approved.**

**10 INTERNAL AUDIT INTERIM REPORT FEBRUARY - MARCH 2017**

The Head of Finance submitted a report (HF/46/17) which enabled consideration to be given to the Service Manager, Audit and Technical's Interim Report for February

to March 2017.

The Service Manager, Audit and Technical introduced the report and commented that 34 audits, split between planned / unplanned work, had been completed during the reporting period. The level of support from Heads of Departments continued to be strong and no resistance has been encountered from staff in relation to the audits undertaken or recommendations made. One new audit had been given a 'Red' level of assurance during this period and two audits given Red/Amber levels. Also, the 2nd Follow up audit of Fleet Management (2016/717) still had a Red/Amber level of assurance. The Executive Summaries from these audits were shown in Appendix 2 to the report. The Annual Internal Audit Report (next Agenda Item) would provide information in respect of the final position of the 2016/17 Audit Plan.

With reference to the 2<sup>nd</sup> Follow Up audit of Fleet Management and in accordance with the Internal Audit Charter, the Chair of the Audit Committee had requested that the Head of Environment and Planning attend the meeting to explain to Members the reasons for the recommendations not being implemented.

The Head of Environment and Planning reported that a number of audits had been undertaken by Internal Audit following the merger of the two departments and this had had an impact on officer time and resources. He acknowledged that he had attended the Audit Committee twice previously to explain to Members the reasons for Red or Red/Amber recommendations not being implemented.

He explained that the two high priority recommendations following the Fleet Management 1<sup>st</sup> Follow up audit had been satisfactorily implemented, however, a further risk regarding the training of Reversing Assistants had been identified. He gave an assurance that the audit recommendation would be implemented prior to the next report to Committee in September.

Members asked how many Red or Red/Amber assurance follow-up audits required another follow-up audit. The Service Manager, Audit and Technical advised that he did not have the exact numbers to hand but the numbers had decreased over the past few years.

**RESOLVED – That the report be noted.**

## **11 INTERNAL AUDIT ANNUAL REPORT 2016/17**

The Head of Finance submitted a report (HF/45/17) to enable consideration to be given to the Service Manager, Audit and Technical's Annual Internal Audit Report 2016/17 on the overall adequacy of the Council's internal control environment.

The Service Manager, Audit and Technical introduced the report and commented that the Annual Report submitted at Appendix 1 to the report, was presented in accordance with the Council's Procedure Rules and Wrexham Internal Audit Services (WIAS) Internal Audit Charter 2016/17. The report gave a brief description of the role of WIAS, the control environment within which Internal Audit operated and provided a summary of the audit work completed by WIAS during 2016/17. On the basis of internal audit work undertaken in 2016/17 and taking into account all

available evidence, it was his opinion that the Council's control environment is generally effective in achieving the organisation's objectives. This was subject to a number of qualifications which were detailed in the Annual Internal Audit Report.

**RESOLVED – That the Service Manager – Audit and Technical's Annual Internal Audit Report be noted.**

**12 WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT**

The Head of Finance submitted a report (HF/49/17) which enabled consideration to be given to the "Annual Improvement Report of the Auditor General for Wales". The final version of the Annual Improvement Report had been published on 13 June 2017, copies of which had been circulated to Members prior to the meeting.

In introducing the report Paul Goodlad, Wales Audit Office, commented that the Report's conclusion was based on, and limited to, the work carried out by WAO and relevant regulators, during the year. The Council was meeting its statutory requirements in relation to continuous improvement and was likely to comply with the requirements of the Local Government Measure (2009) during 2017/18.

Members welcomed the report.

**RESOLVED – That the Annual Improvement Report be noted.**

**13 WALES AUDIT OFFICE CORPORATE ASSESSMENT - FOLLOW UP**

The Head of Finance submitted a report (HF/48/17) which provided Members with an update on the action plan which addresses issues arising out of the Wales Audit Office Corporate Assessment. A copy of the "Corporate Assessment Follow-up – Wrexham County Borough Council" was attached to the report.

Paul Goodlad, Wales Audit Office, introduced the report and commented that the Council had made good progress in implementing the majority of proposals for improvement identified in the Corporate Assessment published in February 2016. There were no additional proposals for improvement resulting from the follow-up audit but they would expect the Council to continue to make progress against the original proposals.

During consideration of the report, Members raised the following matters in particular:

- Assurance was sought on the robustness of the procedures implemented with regard to staff leaving the authority, in particular external access to their e-mail accounts and the information contained within automatic e-mail replies on who has taken over their role.
- Compliance with performance reporting arrangements for staff absenteeism within schools.

The Service Manager, Audit and Technical confirmed that both matters would be included within the scope of 2017/18 audits and would be reported to the Audit

Committee in due course.

**RESOLVED – That the progress made against the previous proposals for improvement be noted.**

**14 WALES AUDIT OFFICE GOOD GOVERNANCE WHEN DETERMINING SIGNIFICANT SERVICE CHANGES.**

The Head of Finance submitted a report (HF/50/17) which enabled consideration to be given to the Wales Audit Office (WAO) report on good governance when determining significant changes, along with the Council's proposed response. A copy of the Good Governance when Determining Significant Services Changes – Wrexham County Borough Council was attached to the report.

Paul Goodlad, WAO, introduced the report and commented that in general the Council had effective and inclusive governance arrangements for determining service change. The report did recommend that the Council's governance arrangements could be strengthened by explicitly defining the role that Scrutiny should have in reviewing the impact of individual service changes, and where appropriate, incorporating this into Forward Work Programmes.

During consideration of the report several Members referred to the 'challenge role' performed by Scrutiny Committees in the Council's decision making progress, including reviewing the impact of individual service changes. It was noted, however, that Scrutiny Committees were responsible for setting their own Work Programme and could focus upon any topic within their remit for either 'pre' and 'post' decision scrutiny.

**RESOLVED – That the report be noted and the findings of the Auditor General for Wales report be submitted to the Scrutiny Co-ordinating Group.**

**15 RESPONSE TO WALES AUDIT OFFICE NATIONAL REPORTS**

The Head of Finance submitted a report (HF/43/17) which updated Members on national performance reports published by the Wales Audit Office. The report also included information on how the findings of the national reports had been considered by the Council in local action plans.

**RESOLVED – That the national reports published by the Wales Audit Office and the responses made by the Council as set out in report HF/43/17 be noted.**

**16 AUDIT COMMITTEE TRAINING**

The Head of Finance tabled a proposed schedule of training sessions up to March 2018. He suggested that the training sessions be held immediately prior to the Audit Committee meeting, include a questions and answer session, and that all Members of the Council be invited to attend.

In response to a question, the Service Manager, Audit and Technical, confirmed that Members' responses arising from the Audit Committee – Evaluation of

Effectiveness survey 2017 had been taken into consideration when compiling the list of potential topics for the training sessions.

**RESOLVED – That the tabled Audit Committee Training Schedule (with dates amended as appropriate and to include the informal training session on Understanding the Statement of Accounts) be approved.**

17

**CONSULTATION UNDER THE LOCAL GOVERNMENT (WALES) MEASURE 2011 - DATES AND TIMES OF MEETINGS**

In accordance with the Local Government (Wales) Measure 2011 and the decision taken by Annual Council on 24 May 2017, Members were requested to review the proposed dates and timings of Safeguarding Communities and Wellbeing Scrutiny Committee meetings with a view to reporting back to Council in September any adjustments they wished to make to the draft timetable.

**AGREED – That the timetable of meetings be accepted without amendment.**

Independent Lay Member Jerry O'Keeffe  
Chair