

**AUDIT COMMITTEE**  
**12 JUNE 2017**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Monday, 12 June 2017

**PRESENT:**

Councillors: Glyn Banks, Helen Brown, Jean Davies, Chris Dolphin, Andy Dunbobbin, Paul Johnson and Arnold Woolley  
Co-opted member: Sally Ellis

**ALSO PRESENT:** Leader and Deputy Leader of the Council, and Councillors: Patrick Heesom and Carolyn Thomas

**IN ATTENDANCE:**

Chief Executive; Chief Officer (Governance); Interim Internal Audit Manager; and Committee Officer

Matthew Edwards (Financial Audit Manager) and Mike Whiteley (Financial Audit Team Leader) of Wales Audit Office

Chief Officer (Organisational Change) - for minute number 5

Corporate Business & Communications Executive Officer - for minute numbers 6-8

**1. APPOINTMENT OF CHAIR**

Councillor Banks proposed that Councillor Brown be appointed Chair of the Committee. This was duly seconded and on being put to the vote, was carried.

In providing clarification on a point raised by Councillor Woolley, the Chief Officer (Governance) explained the eligibility criteria for the appointment of Chair, as set out in the Constitution. No further nominations were received.

**RESOLVED:**

That Councillor Helen Brown be appointed Chair of the Committee.

(From this point, Councillor Brown chaired the remainder of the meeting)

**2. APPOINTMENT OF VICE-CHAIR**

Councillor Banks' nomination for Sally Ellis as Vice-Chair of the Committee was seconded and on being put to the vote, was carried. No further nominations were received.

**RESOLVED:**

That Sally Ellis be appointed Vice-Chair of the Committee.

3. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

None were received.

4. **MINUTES**

The minutes of the meeting held on 15 March 2017 were submitted.

**RESOLVED:**

That the minutes be approved as a correct record and signed by the Chair.

5. **ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2016/17**

The Chief Officer (Organisational Change) presented a report on capital receipts generated from the disposal of assets in 2016/17 in comparison with the previous two years. He set out the approach taken to dealing with capital receipts which contributed to the Capital Programme and explained that the amount of funding generated was largely influenced by the economic situation at the time.

In response to queries from Councillor Banks, clarification was given on the process for disposals such as agricultural estates as opposed to Housing Revenue Account (HRA) properties which were ringfenced. He was advised that further details of the generalised information appended to the report could be provided on request outside the meeting.

Councillor Dolphin referred to the former Agricultural Panel and was informed that disposals were now dealt with by the Assets Programme Board which met monthly and that local Member consultation was part of the process on all disposals.

Sally Ellis asked if the criteria was subject to regular review to maximise opportunities for capital receipts. The Chief Officer (Organisational Change) said that the process was robust but had not been reviewed for some time. The Chief Executive gave examples of different types of assets which had been disposed as part of specific service/area reviews but felt that the process for general property assets could benefit from a review.

**RESOLVED:**

That the report be noted.

6. **ANNUAL GOVERNANCE STATEMENT 2016/17**

The Chief Executive introduced the draft Annual Government Statement (AGS) for 2016/17 for consideration and recommendation to County Council to accompany the Statement of Accounts. He gave a reminder of the annual requirement to produce the AGS following a thorough review and corporate governance self-assessment where rigorous challenge had been applied. Whilst setting out the approach to preparing the AGS, attention was drawn to the actions taken on governance and service specific strategic issues from 2015/16.

In response to comments from Sally Ellis on weaknesses mentioned in other reports, the Chief Executive explained that the strategic issues related to Improvement Plan areas. Whilst issues such as Section 106 Agreements were important as an ongoing risk, the Interim Internal Audit Manager advised that these were not at a significant level for inclusion in the AGS and would be addressed through action tracking.

Matthew Edwards of Wales Audit Office (WAO) gave a reminder that consideration of the content and format of the AGS would form part of WAO work on the audit of financial statements and would be prioritised.

**RESOLVED:**

That the Committee recommends to the Council the Annual Governance Statement 2016/17 to be attached to the Statement of Accounts.

**7. EXTERNAL REGULATION ASSURANCE**

The Chief Executive provided the summary report to give assurance that reports from external regulators and inspectors in 2016/17 had been subject to consideration by the relevant committees and actions taken in response to recommendations.

The Committee was reminded of the internal protocol in place for all local final reports involving a Cabinet response, challenge by Overview & Scrutiny and giving assurance to the Audit Committee. The overview of reports in 2016/17 showed a Green status throughout and included some generic recommendations on national reports which applied to all 22 Welsh councils.

**RESOLVED:**

That the Committee notes how reports by external auditors, other regulators and inspectors have been dealt with during 2016/17.

**8. ANNUAL REVIEW OF STRATEGIC RISKS**

The Chief Executive presented a position statement on the strategic risks contained within the Council's 2016/17 Improvement Plan. A report on the final outturn was due to be considered by Cabinet. The role of the Audit Committee was to ensure the robustness of the approach to managing risks whilst Overview & Scrutiny provided challenge on quarterly progress reports.

The Corporate Business & Communications Executive Officer provided clarification on the summary table in the report which identified the status of risks from initial assessment to the end of year position. She advised that the major (red) risks would feature in the Annual Governance Statement for 2017/18.

Councillor Dolphin commented that Overview & Scrutiny did not receive information on all risk areas. In response, the Chief Executive said that Cabinet had referred matters of risk to Overview & Scrutiny and that Members of those

Committees were able to request specific topics for inclusion on the Forward Work Programmes.

The Chief Executive reported that work was on track with the draft Improvement Plan 2017/18 to be reported to Cabinet in July 2017.

**RESOLVED:**

That the Committee notes the status for the 2016/17 end of year summary of the strategic risks of the Improvement priorities of the Council; endorsing the successful management of the risks.

**9. INTERNAL AUDIT ANNUAL REPORT**

The Interim Internal Audit Manager presented the report which summarised the outcome of all audit work undertaken during 2016/17 and included the audit opinion that the Council had an adequate and effective framework of governance, risk management and control.

Whilst giving an overview of the scope and basis in forming the audit opinion, reference was made to the reduction in 'red' assurance level audits during the period and good overall levels of control on audit assignments.

In response to a query by Sally Ellis, the Interim Internal Audit Manager spoke about the development of a different way of approaching audits with an increase in advisory work. She also referred to joint working and shadowing within the team to help improve knowledge of service areas and help with succession planning. This would enable the rotation of key system work between Auditors.

**RESOLVED:**

That the report be noted and the internal audit annual opinion be received.

**10. INTERNAL AUDIT PROGRESS REPORT**

The Interim Internal Audit Manager presented the update on progress of the Internal Audit department including changes to the audit plan, action tracking, performance indicators and investigations. On actions with revised due dates six months beyond the original date, she confirmed that the reasons given by service managers were satisfactory and these were set out in the report.

On final reports issued, Councillor Dunbobbin asked why no opinion had been given on the level of assurance for the Alternative Delivery Model (ADM) - Facility Services. The Interim Internal Audit Manager explained that this was due to the advisory nature of the audit in working alongside the service area whilst developing the ADM. It was confirmed that no issues had been identified and that work on ADM contract arrangements was planned for later in the year.

The Chief Executive reported on the significant level of risk management for the three ADMs and the intent for retrospective review at a later stage in the process.

Sally Ellis raised concerns about some significant slippage in actions beyond due dates and the approach for those which remained outstanding beyond a revised deadline. She asked if ICT and capacity issues in particular had been assessed to ensure that levels were sufficient to support the organisation. The Interim Internal Audit Manager gave assurance on the procedure in place to regularly pursue outstanding actions with relevant Chief Officers and monitor at quarterly meetings. On ICT, she advised that projects had to be prioritised due to significant development work which was currently taking place.

The Chief Executive cited the development of the CAMMS system as an example where delayed due dates had no impact on the quality of risk assessments and did not give rise to concerns as the conclusion of the project would help to reduce workload. He suggested that this type of explanation could be included in future reports.

On performance indicators, the Interim Internal Audit Manager explained that the average number of days from debrief to issuing draft report and the days taken to return draft reports both had revised targets to accurately reflect the ownership and time needed to complete that work. On a query by Councillor Glyn Banks, she said that the current targets were now more comparable with other councils and would be monitored.

Councillor Dolphin asked about priority ratings allocated to the Operational Plan and was advised that these were determined through a matrix system which took into consideration various elements. On Greenfield Valley Heritage Park, the Chief Executive gave a brief update on governance issues previously reported to the Committee and advised that progress was on track with the agreed action plan.

**RESOLVED:**

That the report be accepted.

**11. EXTERNAL ASSESSMENT - PSIAS COMPLIANCE**

The Interim Internal Audit Manager presented a report on the external assessment of the Internal Audit service against the Public Sector Internal Audit Standards (PSIAS) which had been undertaken by the Chief Internal Auditor of Ceredigion County Council.

The findings of the assessment reported that the service conformed to 329 of the Standards, with four partially conforming. The one area of non-conformance had previously been identified as part of the self-assessment and the assessor had deemed the impact as not significant. Six suggestions for further improvement had been noted for action.

The Chief Officer (Governance) advised that the assessor had commented on the service meeting the spirit of requirements in some cases where full conformance had not been achieved.

Sally Ellis asked about ICT assurance and was advised that this would form part of the assurance mapping process.

**RESOLVED:**

That the report be noted.

**12. ACTION TRACKING**

The Interim Internal Audit Manager presented the progress update report on actions arising from previous meetings of the Committee. Most actions had been finalised, with the two outstanding due for completion later in the year.

**RESOLVED:**

That the report be accepted.

**13. FORWARD WORK PROGRAMME**

The Interim Internal Audit Manager presented the Forward Work Programme on which Chief Officers had been consulted. Any future changes would be subject to the usual process involving consultation with the new Chair and Vice-Chair.

**RESOLVED:**

- (a) That the Forward Work Programme be accepted; and
- (b) That the Interim Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

Prior to the next item, the Interim Internal Audit Manager withdrew from the meeting.

**14. VERBAL UPDATE ON THE POSITION OF INTERNAL AUDIT MANAGER**

The Chief Officer (Governance) provided a brief update on the recruitment process for the post of Internal Audit Manager.

**RESOLVED:**

That the update be noted.

**15. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

There were no members of the press or public in attendance.

(The meeting started at 2pm and ended at 3.15pm)

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**Chair**