

**AUDIT COMMITTEE**  
**6 JUNE 2018**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 6 June 2018

**PRESENT:**

Councillors: Helen Brown, Geoff Collett, Chris Dolphin, Andy Dunbobbin, Andrew Holgate, Paul Johnson and Arnold Woolley  
Co-opted member: Sally Ellis

**ALSO PRESENT:** Councillors Bernie Attridge, Patrick Heesom, Richard Lloyd, Billy Mullin and David Wisinger attended as observers

**IN ATTENDANCE:**

Chief Executive; Chief Officer (Governance); Internal Audit Manager; and Democratic Services Officer

Matthew Edwards and Mike Whiteley of Wales Audit Office

Chief Officer (Planning, Environment & Economy) - minute numbers 4 & 9  
Corporate Business & Communications Executive Officer - minute number 5  
Service Manager, Enterprise & Regeneration and Senior Auditor - minute number 8

**1. APPOINTMENT OF CHAIR**

Councillor Dunbobbin proposed that Councillor Brown be appointed Chair of the Committee. This was duly seconded and on being put to the vote, was carried. 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 Dunbobbin's nomination for Sally Ellis as Vice-Chair 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**

Following advice from the Chief Officer (Governance), the Chair, Councillor Holgate and Sally Ellis declared a personal interest on Agenda Item 7 as they were members of the Clwyd Pension Fund.

#### **4. MINUTES**

The minutes of the meeting held on 21 March 2018 were submitted.

Minute number 60: Internal Audit Strategic Plan 2018/21 - officers advised that the second resolution on strategic risks would be progressed by the establishment of a group involving Overview & Scrutiny Chairs (some of whom were yet to be appointed) who would meet on a regular basis.

Minute number 62: Internal Audit Progress Report - Councillor Dolphin sought a written update on progress with the Internal Audit recommendations on Greenfield Valley Heritage Park following the verbal update given at the Environment Overview & Scrutiny Committee meeting.

The Chief Officer (Planning, Environment & Economy) provided an overview of the detailed presentation given at that meeting where the issues identified had been clearly acknowledged with actions set out, including improving links with Holywell Town Council. On governance arrangements, he reiterated the importance of retaining some of the former Trustees to help with continuity and to support the future development of the Trust alongside new Trustees with requisite skills. Work on the business plan and management agreement was nearing completion and the Environment Overview & Scrutiny Committee had accepted the explanations and resolved to receive an update at six month intervals.

In response to concerns about the slippage in implementation dates, the Chief Executive said that the main issues on governance arrangements and relationships had been resolved whilst other issues needed a longer term approach.

Concerning Councillor Dolphin's comments on comparison with Wepre Park, Councillor Dunbobbin recalled that at the same meeting, officers had clarified the differences in the models adopted by the parks.

#### **RESOLVED:**

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

#### **5. ANNUAL GOVERNANCE STATEMENT 2017/18**

The Corporate Business & Communications Executive Officer presented the Annual Government Statement (AGS) 2017/18 to consider for recommendation to County Council to accompany the Statement of Accounts. She gave a presentation covering the following:

- Code of Corporate Governance
- Approach to review
- Content
- Key risks and follow through

Matthew Edwards explained the practice for the Wales Audit Office (WAO) to report back on the format and content of the approved AGS as part of work on the audit of the Statement of Accounts.

The Chief Executive spoke about the preparation process for the AGS which had become more rigorous year on year.

Sally Ellis welcomed the links to issues throughout the year which were evident in the document. In response to comments on similar areas identified for improvement in 2016/17 and 2017/18, the Chief Executive gave examples of some areas where improvement was expected and others where risks could not be wholly mitigated in any organisation, despite rigorous challenge. He suggested that officers could reflect on areas diminishing in risk and others reoccurring each year to provide more detail to the Committee. It was also agreed that the six monthly progress report would include more clarity on those risk areas.

Following comments from Councillor Johnson on terminology within the document, officers agreed to insert the word 'positive' before 'engagement with Trade Unions' to reflect the good relationship with the Council.

**RESOLVED:**

That the Committee recommends to the Council the Annual Governance Statement 2017/18 to be attached to the Statement of Accounts.

**6. APPROVAL OF CLWYD PENSION FUND STATEMENT OF ACCOUNTS**

The Chief Officer (Governance) presented the report on the proposal for the Clwyd Pension Fund final Statement of Accounts to be approved by the Clwyd Pension Fund Committee after consideration by the Audit Committee. The basis for the approach was to remove the need for approval by full Council (which was not a legislative or constitutional obligation) and enable the Clwyd Pension Fund Committee, as a more appropriate body with the relevant expertise, to take on that role.

The change in process was welcomed by Matthew Edwards of Wales Audit Office who said that this should strengthen current arrangements.

**RESOLVED:**

That Clwyd Pension Fund final statement of accounts is considered by the Audit Committee and approved by the Clwyd Pension Fund Committee.

**7. INTERNAL AUDIT ANNUAL REPORT**

The Interim Internal Audit Manager presented the report which summarised the outcome of all audit work undertaken during 2017/18. The audit opinion was that overall, the Council had an adequate and effective framework of governance, risk management and control.

Sally Ellis asked if safeguards were in place to deal with the potential impact of delays arising from medium priority audits being replaced by high

priority audits during the year, for example Disabled Facilities Grants (DFGs) where issues had escalated. The Internal Audit Manager advised that the review of DFGs had been deferred from 2016/17 due to operational reasons and confirmed that medium priority audits scheduled in the 2018/19 Audit Plan would take place. On a further question, she explained the positive impact of incorporating advisory/consultancy work alongside general audit work.

The Chief Executive spoke about his confidence in the Manager and her team in providing a good balance of support and challenge, and welcomed the increase in advisory work as a significant positive change for the Council.

### **RESOLVED:**

That the report and internal audit annual opinion be noted.

## **8. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update on progress of the Internal Audit department. In keeping with the agreed practice, relevant officers were in attendance to provide explanation on the key issues and actions arising from the red (limited assurance) review of Disabled Facilities Grants (DFGs).

The Senior Auditor summarised the findings of the review, as set out in the report, noting that a contributing factor may have been recent changes made to the management structure.

The Chief Officer (Planning, Environment & Economy) explained that responsibility for DFGs was temporarily under his portfolio following the departure of the Chief Officer (Community & Enterprise), but was due to be transferred back to Housing. He explained that a commitment had been given to address the recommendations including the establishment of a professional oversight board.

The Chief Executive welcomed the management intervention on the issue as the speed and rigour of the response to the findings had been insufficient. The purpose of the professional oversight board was to oversee full implementation of the audit recommendations, to secure performance improvement and to undertake a comprehensive review of the entire process involving Social Services.

The Service Manager, Enterprise & Regeneration explained that the report would be subject to further challenge by the Community & Enterprise Overview & Scrutiny Committee. In highlighting progress on key actions, he referred to the impact of structural changes including some unfilled vacancies. He thanked Internal Audit colleagues for their help in developing new monitoring systems which would ensure a consistent approach to caseload management.

Sally Ellis welcomed the robust action plan which was in place. She drew comparison with the red review on Planning Enforcement where issues on vacancy control and performance indicators had been identified, and asked if this was the case in any other service areas. The Chief Executive was not aware of these issues emerging elsewhere but highlighted the differences between the audit findings in Planning Enforcement compared with DFGs. He spoke about

significant work in Human Resources on learning derived from service reviews and succession planning within the Council.

The Chief Officer (Planning, Environment & Economy) explained that in the case of the review of Planning Enforcement, officers had worked with Internal Audit to divert resources for an independent review of the service, in recognition of the performance issues.

On other final reports issued, an update was sought by Councillor Dolphin on the Greenfield Valley Heritage Park follow-up report. The Chief Executive agreed that a full written progress update would be made available to Members within 7-10 days.

As previously requested, an overview was provided of the reports with an amber red assurance level. The format was welcomed by Sally Ellis who asked about the monitoring of progress on housing rent arrears. The Chair invited the Deputy Leader and Cabinet Member for Housing, who was present in the public gallery, to provide an update. Councillor Attridge said that in recognition of the significance of the issue, a commitment had been given to tackle rent arrears which would help support the Council's house building programme and he was confident that progress was being made.

On action tracking, the Chief Officer (Governance) gave an update on progress with the Payment Card Industry Data Security Standard (PCIDSS) where a revised due date had been set to allow for further work following the identification of a potentially compliant system.

#### **RESOLVED:**

- (a) That the report be accepted; and
- (b) That on the review of Disabled Facilities Grants, the Committee appreciates the support provided by the professional oversight board and the rigorous transition planning work within the structure to address operational risks.

#### **9. PLANNING ENFORCEMENT FOLLOW-UP**

The Internal Audit Manager presented the follow-up report to the red assurance report on Planning Enforcement considered by the Committee in September 2017. She reported that reasonable progress had been made in implementing the recommendations and that the only outstanding action was on employee training which had been delayed due to team restructuring.

As a further update on key actions, the Chief Officer (Planning, Environment & Economy) advised that responses to the consultation on the revised draft Enforcement Policy would be considered by the Planning Strategy Group in July before adoption. The restructure of the team meant that the area teams were now embedded with Enforcement and work on process mapping had been completed. The most significant change was a culture shift within the team which would require time to take full effect.

**RESOLVED:**

That the progress made in implementing the actions from the original report be noted.

**10. ACTION TRACKING**

The Internal Audit Manager presented the progress update report on actions arising from previous meetings. There were no significant issues outstanding.

**RESOLVED:**

That the report be accepted.

**11. FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the Forward Work Programme for consideration and suggested that the Committee may wish to consider re-aligning the document to ensure that reports were received at the appropriate time.

Due to the number of items scheduled for the September meeting and to allow sufficient time for those requiring approval within a statutory deadline, it was agreed that the item on Asset Disposals and Capital Receipts and the Annual Report on External Inspections be moved to the November meeting or later. Members also agreed not to receive the Internal Audit Progress Report in September and to incorporate this into the report for the November meeting.

**RESOLVED:**

- (a) That the Forward Work Programme, as amended, be accepted; and
- (b) That the 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.

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

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

The meeting commenced at 10am and finished at 11.35am

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**Chair**