

**AUDIT COMMITTEE**  
**12 JUNE 2013**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in Clwyd Committee Room, County Hall, Mold CH7 6NA on Wednesday, 12 June 2013

**PRESENT:**

Councillors: Glyn Banks, Haydn Bateman, Alison Halford, Patrick Heesom, Ian Roberts and Arnold Woolley

**LAY MEMBER:** Mr Paul Williams

**SUBSTITUTE:** Councillor Bernie Attridge (for Alan Diskin)

**IN ATTENDANCE:**

Chief Executive, Head of Finance, Head of Legal & Democratic Services, Internal Audit Manager, Democracy & Governance Manager and Committee Officer

Mr. John Herniman of Wales Audit Office

Mr. Huw Lloyd Jones of Wales Audit Office

**1. APPOINTMENT OF CHAIR**

The Head of Legal & Democratic Services explained that due to restrictions imposed under the Local Government (Wales) Measure 2011, the Chair of the Committee could not be appointed from any political group with a seat on the Cabinet.

Councillor I.B. Roberts' proposal that Councillor A.M. Halford be appointed Chair was duly seconded. On being put to the vote, this was carried.

**RESOLVED:**

That Councillor A.M. Halford be appointed Chair of the Audit Committee.

**2. APPOINTMENT OF VICE-CHAIR**

The Chair advised that the former Vice-Chair, Mr. Paul Williams, was unable to continue in that role due to work pressures. Whilst thanking him for his excellent work in his former role, she paid tribute to his expertise during some challenging situations and looked forward to his continued support as a valued member of the Committee. She requested that officers write to Councillor R.B. Jones to express thanks for his work as a former member of the Committee over the past year and took the opportunity to thank Councillor G.S. Banks who she said had become an influential member of the Committee since being elected last year.

The Chair proposed that Councillor P.G. Heesom be appointed Vice-Chair of the Committee. This was duly seconded and on being put to the vote, was carried with six votes for and one against.

**RESOLVED:**

- (a) That Councillor P.G. Heesom be appointed Vice-Chair of the Audit Committee; and
- (b) That a letter be sent to Councillor R.B. Jones to thank him for his work on the Committee.

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

No declarations of interest were made.

**4. MINUTES**

The minutes of the meeting of the Committee held on 13 March 2013 were submitted.

**Accuracy**

Minute 61: Treasury Management Update 2012/13 - Councillor G.S. Banks said that he had not voted in favour of resolution (b) on joint investments. The Head of Legal & Democratic Services suggested that the resolution be amended to read 'the Committee' rather than 'Members'.

**Matters Arising**

Minute 58: Minutes of the Previous Meeting - On the matter relating to the delay of the closure of the accounts, Councillor G.H. Bateman asked if a copy of the letter to the complainant could be shared. Mr. J. Herniman agreed to check this and said that if it was possible for the information to be anonymised, he would arrange for the letter to be circulated to the Committee. He confirmed that the matter had been resolved and the accounts for 2011/12 had been closed.

Minute 62: Audit of Financial Statements 2011/12 - The Chair sought an update on the position with balancing entries on the 2012/13 accounts. The Head of Finance was pleased to report that this had been resolved for the income and expenditure accounts and that progress was being made on cashflow statements.

Minute 63: Internal Audit Progress Report - the Internal Audit Manager confirmed that he had circulated the requested information on recommendations on 16 May 2013 and that a further update would be given later on the agenda. A response to the request for details on Contract Procedure Rules (CPRs) had been circulated to the Committee on 8 May 2013. It was advised that the CPRs had been prepared in draft and that work was progressing to the final stages.

**RESOLVED:**

That, subject to one amendment, the minutes be approved as a correct record and signed by the Chair.

Councillor P.G. Heesom wished it to be recorded that he had abstained from voting.

## **5. WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT**

The Chief Executive congratulated the Chair and Vice-Chair on their appointments and thanked Mr Paul Williams for his contribution as the former Vice-Chair. He introduced the Council's Annual Improvement Report 2012 published by the Auditor General for Wales and the Council's response, which had been approved by Cabinet and was presented to the Audit Committee for it to assure the response as appropriate and proportionate.

Mr. Huw Lloyd-Jones of the Wales Audit Office (WAO) said that this was the most encouraging of the three Annual Improvement Reports for Flintshire to date under the Local Government (Wales) Measure 2011 and confirmed that there were no new formal recommendations or proposals for improvement. He summarised the work undertaken by WAO and other regulatory bodies in respect of the Council's performance in, and evaluation of, 2011/12 and work planning for 2012/13. Appended to the report was a list of proposals for improvement made in past reports, most of which had been completed or superseded by newer ones.

The Chief Executive summarised the Council's response and said that the WAO report was a fair capture of issues which reflected Flintshire in a good position. He said it was important to note that no new statutory recommendations had been made and that significant progress had been made with previous ones. Significant work had been done on the Housing Business Plan and on performance management and reporting systems, work was progressing on the final draft of the Improvement Plan which was based on a 'sharper' set of Council Priorities to be shared with Members later in the week. WAO work on governance had provided reassurance on the strength of the Council's arrangements. The updated Medium Term Financial Plan (MTFP) would also be shared with Members in a report to Cabinet later in the week to be followed up by a further revision in October 2013.

Councillor P.G. Heesom welcomed the approach taken by the new administration in moving forward on Flintshire Futures but felt that more could be done on economic development due to Members' concerns at the lack of co-ordination between Town Centre Masterplans.

Mr. Lloyd-Jones did not comment on the concerns about economic development but said that a joined-up approach with other areas including Cheshire and Merseyside would be required. On Flintshire Futures, he said that some projects were ambitious and that further work was needed on clear definition of benefits to feed into forward planning, however savings from some of the longer term projects would only be realised if relevant decisions were taken early enough. The Chief Executive said that significant progress had been made on Flintshire Futures with a further phase of work due to begin over the summer.

Councillor Heesom commented on the availability of the Euro funding stream and said that Members were unclear on whether particular projects had benefited. Mr. Lloyd-Jones and Mr. J. Herniman replied that this had not been

included in the scope of the WAO performance audit. Councillor Heesom felt it would be helpful if WAO could offer such advice in future.

In welcoming the positive movements within the report and the Council's response, Mr. P. Williams said that improving the robustness of the MTFP was a key priority in forward planning and that any actions should be specific on measuring outcomes to enable progress to be monitored.

The Chair sought a further response following Councillor Heesom's comments on regeneration. Mr. Lloyd Jones explained that WAO comments had been around measuring impact of projects and not what the Council was doing, as targets had been met. He added that Flintshire was in a better position than most Councils across Wales in terms of headline figures, however research on inconsistencies across Wales, exemplified within the report, may influence actions going forward.

In response to queries from Councillor G.H. Bateman, the Chief Executive explained that a revised business plan had been submitted to the Welsh Government (WG) to achieve the Wales Quality Housing Standard (WQHS) by 2022, with an option to reduce this timescale to 2020 with WG approval for borrowing capacity. Negotiations were ongoing between the UK Government and WG on an exit from the Housing Revenue Account Subsidy System (HRAS), with an outcome expected around the end of the month.

On the WAO suggestion for an accountable officer to take responsibility for the information asset and associated risks, the Democracy & Governance Manager said it had been agreed that the Head of Legal & Democratic Services would be the Council's Senior Information Risk Owner (SIRO).

Councillor G.S. Banks noted in the report that performance in primary schools remained lower than expected and questioned whether this was due to poor performance in a minority of cases. Mr. Lloyd-Jones acknowledged this and said that based on the overall proportion of young people in all Flintshire primary schools, performance at Key Stage 2 level was considerably lower than expected, taking into account the demography. The Chief Executive said that the Council was aware of these performance issues and gave assurance that these were being worked through under the strategy for school improvement and standards. However, an important benchmark was to recognise that Flintshire was one of only a few Councils in Wales where schools were no longer under any form of Special Measures. Intervention by Members and officers on improving performance in schools had been positively reflected in the Estyn inspection report.

Responding to a query raised by Councillor Bateman on the reporting of Improvement Priorities, Mr. Lloyd-Jones spoke of differing arrangements and levels of Member involvement in the business of Councils. It was thought that including the names of Cabinet Members on Improvement Priorities progress reports would help them to take ownership of their portfolios.

Councillor Heesom noted WAO advice on Key Stage 4 outcomes and said that earlier results had been less assured. He went on to speak of the

importance of education, acknowledging the number of committed community schools in Flintshire.

On performance at Key Stage 2, Councillor I.B. Roberts referred to forthcoming changes to standardise the methods of assessment across Wales and the impact of a new system of tests by WG to be introduced the following year. He welcomed the decision by Estyn to remove Flintshire from the follow-up monitoring category which coincided with four other Councils being entered into this. He also commented on the good inspection by Estyn and said that the vast majority of primary schools in Flintshire were performing particularly well.

**RESOLVED:**

That the Wales Audit Office Annual Improvement Report and the Council's response be noted.

**6. COLLABORATIVE PROJECTS ARRANGEMENTS**

The Chief Executive introduced the report to consider the scrutiny of performance of collaborative projects, as requested at the previous meeting. This included an overview of regional collaboration in North Wales to give assurance that the Council was meeting its commitments under the National Compact and on suitable arrangements to govern, review and evaluate collaborative working.

The Chief Executive commented on previous concerns raised by Members on the Telecare project, as an example, arising from communication on the transition stages, which had led to detailed discussion. He explained that the report aimed to clarify roles for both the Audit Committee and Overview & Scrutiny for the increased number of collaborative projects undertaken by the Council as well as including details of current examples. Within the appended Regional Collaboration report, he highlighted the sections on the tracking of new collaborative projects prior to implementation together with those on assessing performance and governance arrangements on which the Audit Committee would have a key role. He spoke of the role of Overview & Scrutiny and Cabinet on business cases, holding to account and reporting, and said that the involvement of Audit Committee would add to quality assurance. He then made a suggestion that the protocol be developed.

Councillor P.G. Heesom said it was important that collaborative arrangements did not conflict with local arrangements and felt that correlation between the two had not been resolved. He spoke of the Medium Term Financial Plan (MTFP) and the need to look at a financial planning framework for collaborative arrangements.

In response to the comments on a local fit, the Chief Executive said that each Council did and would take this into account during reviewing business cases for collaboration. For example, the protection of schools and quality of support had been a key issue for School Improvement which Council had endeavoured to meet, whereas the CCTV regional project had been rejected due to proposals not meeting local need. During agreement of business cases, financial planning was and would be built in.

Councillor I.B. Roberts pointed out that with the exception of the Mersey Dee Alliance, there appeared to be an absence of partners from English Councils on the collaborative projects listed. The Chief Executive said that the only regional formal collaboration of this type at strategic level was for transport and economic development. He pointed out that significant progress had been made on collaboration and for the future, more radical solutions may necessitate cross-border collaboration.

The Internal Audit Manager referred to involvement of his team on collaborative models by reviewing business cases, the agreement that the Internal Audit department of the lead Council on individual collaborations undertook the audit of those areas and the reviews of governance where the arrangements were for Joint Committees with Flintshire as the lead Council.

Councillor A. Woolley referred to the importance of cross-border working on the Mersey Dee Alliance.

Councillor J.B. Attridge spoke of the potential for future changes in Local Government arising from the Welsh Government Public Services Commission.

**RESOLVED:**

- (a) That the arrangements in place for the scrutiny of performance and collaborative projects be noted and monitored; and
- (b) That the protocol for collaborative projects be developed to include the role of the Audit Committee.

**7. BRIEFING MEETING HELD ON THE 22 FEBRUARY 2013**

The Democracy & Governance Manager presented a report arising from the briefing meeting held on 22 February 2013 between Audit Committee Members and Overview & Scrutiny Chairs. He explained that the meeting had been arranged to discuss the implications of changes in legislation as part of the Local Government (Wales) Measure 2011 and subsequent statutory guidance, to clarify the roles of the Audit Committee and Overview & Scrutiny Committees. The report detailed the points which had been agreed at the briefing meeting which included agreement on arranging regular meetings in the future.

The Chair referred to the extended role of the Audit Committee and said that during a meeting with the former Vice-Chair and Amanda Hughes from Wales Audit Office (WAO), the matter of inconsistencies in sharing information had been discussed.

In providing clarification, Mr. P. Williams said it had been suggested that Overview & Scrutiny Chairs could be better advised of findings which had been brought to the Audit Committee and that the aim of the regular meetings was to share information between both parties. He added that with assistance from the Internal Audit Manager, issues on recommendations for a specific section could be cascaded to the appropriate Overview & Scrutiny Committee.

The Head of Legal & Democratic Services said that there was a potential overlap of roles between the Audit Committee and Overview & Scrutiny in looking at the same issues from different perspectives. He said that the Audit Committee should ensure it was satisfied with the process between Cabinet and Overview & Scrutiny and flag up any inconsistencies. The briefing meeting was to ensure that all parties understood the different roles to avoid duplication of work.

The Democracy & Governance Manager added to the comments made by Mr. Williams in that the regular meetings would assist in forward planning to enable topics to be considered by Overview & Scrutiny before reaching Audit Committee.

The Chair referred to the first point under the heading on managing the relationship which was indicated on the notes of the briefing meeting. The Democracy & Governance Manager said that this could be explored at the next briefing meeting which he would arrange.

**RESOLVED:**

- (a) That the issues arising from the briefing meeting on 22 February 2013 be noted; and
- (b) That a further joint meeting be arranged.

**8. ESTYN MONITORING VISIT**

The Democracy & Governance Manager introduced a report on the processes in place in relation to the Estyn monitoring visit of 4-8 February 2013 and explained that this reflected discussion on the previous item about a topic which had been brought to the Committee after consideration by Overview & Scrutiny. The process meant that Overview & Scrutiny were responsible for ensuring that the action plan dealt with the recommendations made by Estyn and it was reported that the Lifelong Learning Overview & Scrutiny had been satisfied with the position at its meeting on 6 June 2013. Consideration of the report at Audit Committee would provide extra reassurance of the action plan that was in place.

As Chairman of the Lifelong Learning Overview & Scrutiny Committee, Councillor I.B. Roberts was disappointed that local news coverage had focussed on Councils which had been placed into monitoring by Estyn, rather than those such as Flintshire which had been removed. He went on to express his gratitude to officers who had helped to contribute to the good quality of outcomes.

The Chief Executive assured the Committee that key changes were being tracked through regular reports to Cabinet and Overview & Scrutiny.

Mr. J. Herniman of Wales Audit Office (WAO) commented on the role of the Audit Committee in ensuring that recommendations were tracked and the link with Overview & Scrutiny.

Councillor J.B. Attridge referred to paragraph 3.01 of the report and noted that the difficult decisions and positive actions taken by the current administration

had been recognised in the letter from Estyn. These comments were endorsed by Councillor Heesom.

**RESOLVED:**

That the processes in relation to the Estyn monitoring visit of 4-8 February 2013 be noted.

**9. ANNUAL ASSESSMENT OF INTERNAL AUDIT 2012/13 (WAO)**

The Head of Finance introduced the report on the outcome of the Wales Audit Office (WAO) annual assessment of Internal Audit. She confirmed that contractual arrangements with RSM Tenon Plc had concluded at the end of May 2013 and that the Internal Audit Manager was now an employee of the Council. The Chair took the opportunity to congratulate the Internal Audit Manager.

The Internal Audit Manager gave an overview of the report, explaining that Internal Audit had been fully compliant with nine of the eleven standards and partly compliant with the other two. Recommendations had been made on these two areas which related to staffing, training and continuous professional development and performance, quality and effectiveness. The Internal Audit Manager said that this would be the last assessment carried out against the current set of Chartered Institute of Public Finance Accountancy (CIPFA) standards.

Mr. J. Herniman of Wales Audit Office (WAO) remarked that the new standards would involve a more rigorous process and pointed out an error on paragraph 32 of the WAO report on the recording of work which should have referred to paragraphs 38-40 and not 40-41.

Mr. P. Williams asked if the Internal Audit function was sufficiently staffed to carry out work on the Plan. Mr. Herniman said that the overall structure, if populated, would be sufficient. In the event of any special investigations, he suggested that appropriate contingencies should be built-in to absorb the impact on core work. On the second recommendation made by WAO, Mr. Williams asked if there were any points that the Audit Committee should be made aware of. Mr. Herniman replied that there was no implied criticism and that these were process type issues which the Internal Audit Manager would take forward.

In response to queries raised by the Chair on the standard of Internal Audit files, Mr. Herniman said that this was generally satisfactory and that files should be well documented with a link to risks and reviews undertaken. Although five files had been tested to draw a general conclusion, more detail would be required as part of the Quality Control Review under the new set of standards.

Councillor G.S. Banks referred to discussion at a previous meeting on an unfilled vacancy within Internal Audit. The Internal Audit Manager explained that a successful candidate had withdrawn at a late stage and without a suitable replacement, the recruitment process would have needed to start afresh. It had therefore been decided to appoint temporary workers during the year to deal with work on the 2013/14 Plan and to review the situation this year. The major



investigation had since commenced, presenting a further pressure, and additional resources had been brought in to help.

The Chief Executive spoke of the need to balance the scale of the Plan with the resources.

The Head of Finance remarked that seeking to manage resources and balancing risk was a key feature of discussions with the Internal Audit Manager. She spoke of the nature of audit work being risk based, adding that the Committee had been supportive of the provision of extra resources, endorsed by Cabinet.

**RESOLVED:**

That the report be noted.

**10. INTERNAL AUDIT ANNUAL REPORT**

The Internal Audit Manager introduced the report on the outcome of all audit work carried out during 2012/13 and to give the annual Internal Audit opinion, which was that the Council had adequate and effective arrangements in place for internal control, risk management and governance. He outlined that this opinion had been reached by membership of the Corporate Governance Working Group, a review of risk management and an overview of all audits completed during the year. On section 2.9 of the annual report, he pointed out that the average number of days from the closure meeting to issuing of the draft report should be 25 days rather than 31.80.

Councillor J.B. Attridge asked why there was no Member representation on the Corporate Governance Working Group which was responsible for preparing the Annual Governance Statement (AGS). The Chair said that both she and the former Vice-Chair had raised the same point. The Democracy & Governance Manager advised that the working group's task was technical in following guidance from the Chartered Institute of Public Finance Accountancy (CIPFA) and that there was no political or policy input. Although outcomes were reported to the Audit Committee followed by full Council, consideration was being given to involving the Committee informally, if timescales permitted, prior to formally receiving the AGS.

To further clarify, the Head of Legal & Democratic Services explained that the remit of officers on the working group in drafting the AGS included evaluating responses to questionnaires from Heads of Service to decide adequacy and any areas of challenge. This was not at a strategic level where there would be an expectation for Member involvement, particularly in view of the level of detail and time required, and reiterated comments made by the Democracy & Governance Manager on the proposed further involvement by the Committee.

Councillor P.G. Heesom said that a clear distinction should be made between the statement of governance for the purpose of audit and the code of governance in the Constitution.

Councillor Attridge felt that Member involvement and challenge was required at an earlier stage in the process. The Chair invited Wales Audit Office (WAO) representatives to offer a view. Mr. J. Herniman said that there was an opportunity for Members to challenge the process when the AGS was submitted at July and September meetings, and suggested that the document could be shared with the Committee during the year to flag up any issues and provide reassurance, as opposed to a year end exercise.

The Chief Executive spoke of the relevant balance of Member involvement reflected in the AGS. In response to discussion on the working group, he reiterated that this was a highly technical meeting which took place on a frequent basis and said that officers would consider further the options for more Member involvement in the AGS process for Members to make a choice which would work for them and meet their needs.

Councillor G.H. Bateman commented on the level of recommendations made in 2012/13 for Finance. The Internal Audit Manager explained that the summary of all audit opinions and recommendations for 2012/13 contained a high number of recommendations on reports for Financial Systems for year end 2012 and for Housing Benefits, however in overall terms, there were substantially less than the previous year.

In order to monitor progress, Mr. P. Williams suggested that an additional set of data be included to show the outstanding number of recommendations still relative to the reporting period. He referred to the impact of the major investigation on this year's work and pointed out that the comparison of assurance levels in 2012/13 may not be a true reflection of the current situation as some reports may not have been finalised. The Internal Audit Manager agreed to take the former suggestion into consideration for the next report to the Committee. In response to the latter, he said that the 200 days allocated in the operational plan for last year had been increased to 300 days in 2013/14 to allow for work on the major investigation which was nearing completion. On the data provided, he said that the Annual Report had been finalised at year end and that there would always be a carry over period at that time.

**RESOLVED:**

- (a) That the report be noted;
- (b) That officers consider options for more Member involvement in the preparation of the Annual Governance Statement; and
- (c) That the Internal Audit Manager give consideration to the suggestion for future reports to include an additional set of data on the outstanding number of recommendations still relative to the reporting period.

**11. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update report on progress of the Internal Audit department. On the Operational Plan for 2012/13, he advised that most projects had been completed and gave an update on the status of the remaining 20 draft reports, including seven which were awaiting management

responses. Three of these, relating to Finance, Risk Management and Lifelong Learning, had exceeded the time period and reasons were given for the delay in each case.

Councillor P.G. Heesom said that minutes of previous Audit Committee meetings had highlighted concerns on tracking. The Chair spoke of efforts by Mr. P. Williams on the reporting of tracking recommendations. The Internal Audit Manager explained that this section dealt with responses to draft reports rather than recommendation tracking, which featured later in the report.

In response to remarks about the outstanding response from Lifelong Learning which had been due to an oversight by a manager, the Head of Finance said that a deadline date would be needed for this, however officers were keen to improve the recommendation tracking process and there was no complacency in pursuing managers.

Councillor G.S. Banks felt that managers should justify reasons for their delayed responses to reports for their own areas. The Internal Audit Manager agreed that this should be the case where there was an issue, however he was satisfied that the example mentioned had been due to an oversight. The Chief Executive suggested that on larger reports, it may be more beneficial for the Auditor to arrange an appointment with the relevant manager to agree a response before the deadline.

Outcomes of reports which had been finalised since last reported to the Committee indicated two at 'Red' assurance level, details of which were appended to the report.

On Petty Cash Imprest Accounts, Councillor I.B. Roberts referred to the impact on schools in Flint and Queensferry of the closure of two local branches of Nat West bank and asked if alternative arrangements would be made in light of the agreement made for school banking service provision. The Head of Finance said it had been unfortunate that the Council had only received notice of the closures at a late stage and that arrangements had been made with Nat West for users to access alternative services. She confirmed that the new arrangements had been communicated to establishments, with three responses still outstanding. She went on to say that tendering of banking services would be undertaken in 2014, with a review of administration arrangements to consider more modern alternatives to petty cash handling and other banking arrangements. There were no new proposals at this stage and any options would be subject to discussion.

Councillor Roberts asked if such a material change in branches of banks should have been communicated to the Council at an early stage and whether the tendering of banking services for schools could include provision of a viable network of branches in communities. The Head of Finance agreed that early notification of changes was good practice and said that the tender specification could take into consideration the point made. However, she pointed out the availability of a lesser number of bank branches in smaller towns and said that the response to previous bank tendering had attracted interest from only two banks, one of which would not be considered viable at present.

Councillor Roberts said that if there was an absence of banks in a particular area, those banks should make alternative arrangements for facilities in Post Offices. The Chair suggested that a report on this topic be put on the Forward Work Programme to keep the Committee informed of progress.

Councillor J.B. Attridge queried the 'Amber' level of assurance on the finalised report for Leisure Centre Income in light of issues raised at Cabinet. The Chief Executive pointed out that the project descriptions were brief and that much of the audit work was around controls on income rather than the amount of income being generated. The Internal Audit Manager explained that the report dealt with the receipt of income and control measures in leisure centres as opposed to a larger scale strategic view of income, and suggested that he share a copy of the report with the Committee.

Councillor Heesom asked if the audits which had been deferred from the 2012/13 related to significant issues and sought clarification on items such as Consultants and the North Wales Regional Waste Treatment Project (NWRWTP). The Internal Audit Manager advised that the two items were amongst those added to the Plan during the year and provided an explanation on each. Following a further question from Councillor Banks on the NWRWTP, the Chief Executive replied that pro-rata monies could not be claimed from partner Councils. The Chief Executive explained that the lead Authority of projects was responsible for undertaking internal audits and that all Councils would lead on some projects.

The Chair advised that the Head of Planning was due to attend the meeting in September 2013 for discussion on Section 106 Agreements.

The Internal Audit Manager said that he would amend the title of the Recommendation Tracking document to Recommendation Implementation to emphasise the responsibility on managers to implement recommendations. He advised that the new system, as previously agreed by the Committee, would be in place for the September meeting to allow for more detail on the document for areas of non-implementation and input of relevant Head of Service or Director.

Councillor Attridge suggested that the relevant Cabinet Member could also be involved to ensure that such issues were drawn to their attention. He pointed out that Section 106 Agreements were legal documents and felt that there was a joint responsibility between the Director of Environment and Head of Legal & Democratic Services. The Chief Executive spoke of the ownership of fundamental recommendations and agreed to discuss with Councillor Attridge, outside the meeting, the suggestion on how in practice Cabinet Members could be involved.

Mr. P. Williams welcomed the suggestion for Cabinet Member involvement and felt that the new system may help to reinforce the importance of taking seriously recommendations made by Internal Audit.

The Internal Audit Manager said that the report for the September meeting would present an overall picture of recommendations as opposed to just those that were due at the time.

On the summary of outstanding recommendations which had previously been shared with the Committee, the Head of Finance said that she had worked with officers on the 31 outstanding for the Finance section. She provided explanation, referring to involvement on the development of the Council's financial strategy and in particular the capital strategy, and gave assurance that she had been comfortable that risks were being adequately managed.

The Chair suggested that the Head of Finance be invited to respond to outstanding recommendations for her section in the same way as the Head of Planning. The Head of Finance agreed to this.

The Chair also commented on improvements in Human Resources in relation to staff appraisals.

Councillor Heesom suggested that the Internal Audit Progress Report be placed earlier on future agendas. The Democracy & Governance Manager explained that the order of the agenda was agreed with the Chair and Vice-Chair as part of the briefing meetings.

In response to a query by Councillor Banks, the Internal Audit Manager confirmed that anonymous allegations were followed up and investigated.

**RESOLVED:**

- (a) That the report be noted;
- (b) That a report on Council banking arrangements be included on the Committee's Forward Work Programme;
- (c) That the Internal Audit Manager provide the Committee with a copy of the final report on Leisure Centre Income;
- (d) That the Internal Audit Manager amend the Recommendation Tracking report to read Recommendation Implementation;
- (e) That the Chief Executive discuss with Councillor Attridge the suggestion for relevant Cabinet Members to be involved in responding to outstanding recommendations; and
- (f) That the Head of Finance be invited to respond to outstanding recommendations for her section at a future meeting.

**12. PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

The Internal Audit Manager presented a report on the results of an initial assessment of compliance with the new Public Sector Internal Audit Standards (PSIAS).

**RESOLVED:**

That the report be noted.

**13. ACTION TRACKING**

The Internal Audit Manager presented a report on the actions resulting from points raised at previous Audit Committee meetings. The report contained a summary of actions carried out to date, the majority of which had been completed. An update on those remaining would be reported to a future meeting.

**RESOLVED:**

That the report be accepted.

**14. FORWARD WORK PROGRAMME**

The Internal Audit Manager introduced the report to consider the Forward Work Programme for the Audit Committee for the next year and sought comments from those present.

Mr. P. Williams suggested that additional meetings of the Committee may be required in future, in view of the volume of agenda items. He also suggested that the Committee may wish to appoint a second lay member. The Chair was in agreement with both suggestions. Councillor I.B. Roberts pointed out that the latter suggestion would need to be endorsed by County Council.

The Democracy & Governance Manager referred to the regular briefing meetings held with the Chair and Vice-Chair which offered an opportunity to consider whether any additional meetings were needed.

The Chief Executive offered to arrange for a report to be submitted to the next meeting of County Council if there was a consensus by the Committee for an additional lay member. As there was no proposal from the Committee to do so, the Head of Legal & Democratic Services suggested that this could be included for consideration on the Forward Work Programme if the need was identified.

The Democracy & Governance Manager said that following earlier discussion, the Head of Finance would prepare an interim report on Council banking arrangements for the next meeting in July 2013 and that the item on Section 106 Agreements would need to be included for September 2013.

**RESOLVED:**

That the Forward Work Programme be amended accordingly.

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

There was one member of the press in attendance.

(The meeting started at 10.00 am and ended at 1.08 pm)

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**Chair**