

---

## AUDIT COMMITTEE 5/5/16

---

**Present:** Councillor John Pughe Roberts (Chairman)  
Councillor Trefor Edwards (Vice-chairman)

**Councillors:** Anwen J. Davies, Tom Ellis, Aled Ll. Evans, Gweno Glyn, E. Selwyn Griffiths, Aeron M. Jones, Charles Wyn Jones, Dilwyn Morgan, Michael Sol Owen, Angela Russell and Gethin Glyn Williams.

**Also in Attendance:** Dafydd Edwards (Head of Finance Department), William E. Jones (Senior Finance Manager - for Item 5 on the agenda), Dewi Morgan (Senior Revenue and Risk Manager), Luned Fôn Jones (Audit Manager), Clare Edge (Financial Audit Manager, Deloitte) Ian Howse (Financial Audit Engagement Leader, Deloitte), Bethan Griffith (Risk Co-ordinator and Insurance Manager - for Item 9 on the agenda) and Bethan Adams (Member Support and Scrutiny Officer).

**Apologies:** Cllrs Sian Gwenllian, John B. Hughes, Siôn Wyn Jones and Mr John Pollard.

### 1. WELCOME

A new member of the Committee, Councillor Gweno Glyn, who was attending her first meeting, was welcomed.

Clare Edge and Ian Howse from Deloitte were also welcomed.

### 2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present.

### 3. MINUTES

The Chairman signed the minutes of the previous meetings of this committee, held on 21 January and 11 February 2016, as a true record.

### 4. WALES AUDIT OFFICE - GWYNEDD COUNCIL AUDIT PLAN 2016

Clare Edge (Financial Audit Manager, Deloitte) and Ian Howse (Financial Audit Engagement Leader, Deloitte) submitted the report on behalf of the Wales Audit Office (WAO). Apologies were expressed that the Welsh version of the report had been released later and it was noted that it would be ensured in future that the report would be released bilingually in a timely fashion.

Members were guided through the report, which detailed the WAO's audit arrangements for 2016. The main financial audit risks were highlighted, noting that a number of the risks were relevant to all Local Authorities, with some being specific to Gwynedd Council.

Members were given an opportunity to ask questions, and the following responses were given:-

- That work to prepare information for the actuary was progressing;
- That the relevant professional officers were confident that the Full Council's decision at its meeting on 9 October 2014, which underscored a previous decision not to invest the Council's money in Israel, which was the subject of a judicial review in the High Court, was valid and lawful;

- In terms of a deficit in the Pension Fund, the WAO's review of local government pension funds in Wales had shown that the shortfall in Gwynedd's Fund was comparatively low. It was added that confirmation of the situation would be received by September 2016 following the current triennial valuation by the actuary.

**RESOLVED to accept the report.**

## **5. REPORT FROM THE CONTROLS IMPROVEMENT WORKING GROUP**

Submitted – the report of the Chairman of the Audit Committee regarding a meeting of the above mentioned working group held on 7 April 2016 to consider audits that had received a category C opinion during the period between 1 November 2015 and 31 January 2016, namely -

- a) Arfon Leisure Centre
- b) Plas y Don Care Home
- c) Plas Hedd Care Home
- ch) Maintenance of Buildings and Sites

Officers had been invited to attend the meeting in order to discuss the matters that had arisen from the audits and the work undertaken since the audit reports were published in order to strengthen the internal controls in question.

A member noted that a trend is emerging where the service or organisation has a new manager that the audit receives a category C opinion. Therefore, it should be ensured that there would be appropriate support for the individual and ensure that induction/training arrangements were in place.

In response to a member's observation, the Audit Manager noted that unannounced visits had been planned for four Leisure Centres and it has hoped that this arrangement would motivate leisure centre staff to operate in accordance with the requirements.

**RESOLVED to accept the report.**

## **6. INTERNAL AUDIT OUTPUT 1/2/16 - 31/3/16**

Submitted - the report of the Audit Manager, outlining Internal Audit's work during the period. It was noted that 26 reports about audits from the operational plan had been completed during the period (with the relevant opinion category shown), three follow-up audits and two responsive audits.

In response to a member's observation regarding the definition of an 'Acceptable' category relating to follow-up work, the Senior Revenue and Risk Manager noted that Internal Audit was currently reviewing the category definitions and the procedure for issuing recommendations.

Consideration was given to each individual report and during the discussion reference was made to the following main matters –

### **Proactive Prevention of Fraud and Corruption – The Use of Photocopiers in Schools**

In response to a member's observation, the Audit Manager noted that an opinion category had not been allocated to this audit as the concerns highlighted were not common across the schools. It was noted that matters relating to the audit were being discussed at the Educational Department's regional business meetings.

## **Education Improvement Grant for Schools**

A member enquired how the messages highlighted by the audit were communicated to the schools. The Audit Manager noted that the Head of the Education Department had highlighted the messages at the regional business meetings.

## **Secondary Schools Catering - Ysgol Ardudwy, Ysgol y Gader and Ysgol Moelwyn**

In response to a member's question regarding a shortage of up-to-date contracts for kitchen staff, the Audit Manager noted that the Education Department's attention had been drawn to the fact that the kitchen staff's contracts had not been revised following the Governing Body's decision not to commit to the Education Department's catering contract. It was noted that the Education Department was acting on the matter.

## **Parking Income**

In response to a member's concern with respect to the amount of money kept in the machines, the Audit Manager noted that the frequency of collecting money from the machines was dependent on the season and the use of the machines. It was noted that G4S Cash Solutions (UK) Limited collected the money in accordance with the contract.

A member noted that other methods of paying parking fees should be looked at, such as using a mobile phone. The Head of the Finance Department responded by noting that the Regulatory Department had raised the matter of receiving payment via alternative methods and the message would be sent to the Department to progress with the matter.

**RESOLVED to accept the report on the work of the Internal Audit for the period from 1 February 2016 to 31 March 2016 and to support the recommendations that had already been submitted to the managers of the relevant services for implementation.**

## **7. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2015/16**

Submitted - the report of the Audit Manager. It was noted that Internal Audit Standards in the Public Sector required her to express opinion on the Council's internal control framework annually. On the basis of the work that had been completed during 2015/16, the officer was satisfied that Gwynedd Council had a sound framework of internal control.

It was reported that 73 out of 74 audits in the final amended internal audit plan had been completed by 31 March 2016, which corresponded to 98.65% of the plan, against a performance target of 95% for 2015/16.

It was noted that the draft internal audit plan for 2016/17 had been submitted to this committee at the previous meeting on 11 February and the final plan could be found as Appendix 3 of the report.

In response to members' observations regarding a decrease in the staffing level of Internal Audit, the Head of the Finance Department noted that the decrease was in accordance with the efficiency savings that had been approved by the Full Council.

A member noted that by training officers in the departments to operate appropriately it could lighten the Internal Audit workload to enable giving fuller consideration to the audits that receive opinion category B.

The Internal Audit staff were thanked for their work.

**RESOLVED to accept the report as the formal annual report of the Head of Internal Audit in accordance with the requirements of the Public Sector Internal Audit Standards for the 2015/16 financial year.**

**8. INSURANCE CLAIMS AGAINST THE COUNCIL**

Submitted - the report of the Senior Revenue and Risk Manager who provided an update of the item submitted at the meeting on 11 February 2016, detailing the Council's arrangements in terms of dealing with insurance claims. Attention was drawn to the fact that 78.5% of accountability claims against the Council had been settled without costs.

During the ensuing discussion officers responded to the members' enquiries as follows:

- In relation to number 84 'The claimant was injured due to snow and ice on the road', the reason for a verdict that went against the Council in this specific case was a lack of documentation in terms of gritting rather than a lack of gritting;
- That the Insurance Unit had been conducting discussions with the department throughout the process when an insurance claim against the Council was received and shared the lessons to be learned.

**RESOLVED to accept the report.**

**9. SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE**

Submitted - the report of the Senior Manager - Revenue and Risk in relation to carrying out a self-assessment of the effectiveness of the Audit Committee, using CIPFA assessment guidelines.

**RESOLVED to hold a workshop in June 2016 in order to conduct a self-assessment of the Committee's effectiveness.**

**10. SELF-ASSESSMENT OF GOVERNANCE ARRANGEMENTS**

Submitted - the report of the Senior Revenue and Risk Manager in relation to adjustments to the self-assessment since submitting a report to the Committee meeting on 11 February 2016 following the Governance Arrangements Assessment Group's review of the Council's governance arrangements during November and December 2015.

It was noted that following a suggestion from the Corporate Management Group, the Governance Arrangements Assessment group had assessed whether a 5 x 5 Impact / Effectiveness matrix should be used rather than 10 x 10, as a way of improving the visual impact. The conclusion was reached that the 5 x 5 matrix excelled and the assessment of its new form had been included as Appendix 1 of the report.

Attention was drawn to the fact that two other elements had been added, namely Use of Technology and Asset Management and the title 'Staff Appraisal, Training and Development' had been amended to 'Workforce Planning'.

**RESOLVED to approve the assessment of the governance arrangements.**

The meeting commenced at 10.35am and concluded at 12.25pm

---

**CHAIRMAN**