
AUDIT AND GOVERNANCE COMMITTEE 27/9/18

Present: Councillor R. Medwyn Hughes (Chair)
Councillor John Brynmor Hughes (Vice-chair)

Councillors: Aled Ll. Evans, Alwyn Gruffydd, Aled Wyn Jones, Berwyn Parry Jones, Charles Wyn Jones, Elin Walker Jones, Sion W. Jones, Dewi Wyn Roberts, John Pughe Roberts, Angela Russell, Cemlyn Williams and Gethin Glyn Williams.

Lay Member: Sharon Warnes

Others invited: Councillor Peredur Jenkins (Cabinet Member for Finance) and Edgar Owen (Ex-officio Member).

Also in Attendance: Dafydd Edwards (Head of Finance Department), Dewi Morgan (Senior Revenue and Risk Manager), Ffion Madog Evans (Senior Finance Manager - for Item 5 on the agenda), Ian Howse (Financial Audit Engagement Leader, Deloitte - for Items 5 and 6 on the agenda), Caroline Lesley Roberts (Investment Manager - for Item 6 on the agenda), Luned Fôn Jones (Audit Manager) and Bethan Adams (Member Support Officer).

Apologies: Councillors Huw G. Wyn Jones and Paul Rowlinson.

1. DECLARATION OF PERSONAL INTEREST

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

2. MINUTES

The Chair signed the minutes of the previous meeting of this Committee, held on 19 July 2018, as a true record.

3. GWYNEDD COUNCIL FINAL ACCOUNTS 2017/18 AND RELEVANT AUDIT

The Head of Finance Department submitted the revised statutory financial statements for approval by the committee. He noted that the report from Deloitte on behalf of the Auditor General for Wales stated the main changes to the accounts since the pre-audit version had been submitted to the Committee meeting of 28 June.

He drew attention to what Deloitte had identified as an allocation misstatement of £5.640m within earmarked reserves, as payment to the Gwynedd Pension Fund. He explained that the payment was for a fixed element of Council contributions as an employer for the period between 2017/18 to 2019/20. He noted that it had not been corrected as it only affected distribution within the earmarked reserves, it did not affect the total earmarked reserves, and in the medium term it could be argued that Gwynedd Council's system was more transparent.

In accordance with the Annual Audit procedure, namely the Appointed Auditor's report for those charged with governance, the report by Deloitte on behalf of the Auditor General for Wales was submitted by Ian Howse, Financial Audit Engagement Leader, Deloitte.

It was reported that the Auditor General intended to issue an unqualified audit report on Gwynedd Council's accounts for 2017/18.

The following main observations were made:

- As noted by the Head of Finance Department, one misstatement had not been corrected but they were satisfied that it would not be corrected;

- One misstatement had been corrected to their satisfaction;
- No matters requiring attention had been highlighted by the audit team in relation to the significant risks that were tested;
- The accounts team were praised for the quality of the accounts.

The Head of Finance Department expressed his gratitude for the audit report submitted by Deloitte, and for their usual co-operation throughout the audit.

RESOLVED:

- (i) to approve the Gwynedd Council Statement of Accounts 2017/18 (post-audit);**
- (ii) to accept the Deloitte 'ISA260' audit report on behalf of the Auditor General for Wales;**
- (iii) to authorise the Head of Finance Department and the Chair of the Committee to sign the "letter of representation" in relation to the Council's accounts and submit it to the Auditor General for Wales.**

4. GWYNEDD PENSION FUND FINAL ACCOUNTS 2017/18 AND RELEVANT AUDIT

The Head of Finance Department submitted the revised statutory financial statements of the Pension Fund for approval by the committee. He noted that the report from Deloitte on behalf of the Auditor General for Wales stated the main changes to the accounts since the pre-audit version had been submitted to the Committee meeting of 19 July.

He apologised that the documents for this item had been sent out late to members. He noted that a revised copy of accounts had been submitted with minor amendments following the Deloitte audit, the amendments did not make a difference to the main statements. He expressed his gratitude to officers for their work and achievement in light of significant pressure due to staff absences.

The Financial Audit Engagement Leader, Deloitte submitted the ISA 260 audit report and apologised that the document had been sent out late to members. He noted that the Auditor General intended to issue an unqualified audit opinion on the accounts of the Gwynedd Pension Fund for 2017/2018.

The following main observations were made:

- Some misstatements in the accounts had been corrected to their satisfaction;
- No matters requiring attention had been highlighted by the audit team in relation to the significant risks that were tested except control improvements as usually noted.

A member conveyed his thanks to the accounts team for their work and that it was encouraging to receive confirmation from Deloitte that the accounts were clean. The Chairman endorsed this observation and congratulated the accounts team on the standard of the accounts.

The Head of the Finance Department expressed his appreciation of the work of the accounts teams.

In response to an enquiry by a member regarding the risk to the Council from lending to other Councils, the Head of Finance Department noted that the Council receives guidance from Arlingclose, the Council's treasury consultants, and a credit risk warning would be issued should there be a credit risk. He explained that lending to other Councils was not a high risk, as the situation was better than lending to a private company as Councils were bodies with greater income security due to their power to charge rates.

RESOLVED:

- (i) to approve the Gwynedd Pension Fund Statement of Accounts 2017/18 (post-audit);**

- (ii) to accept the Deloitte 'ISA260' audit report on behalf of the Auditor General for Wales;
- (iii) to authorise the Head of Finance Department and the Chair of the Committee to sign the "letter of representation" in relation to Gwynedd Pension Fund accounts and submit it to the Auditor General for Wales.

5. OUTPUT OF THE INTERNAL AUDIT SECTION 1/4/18 – 14/9/18

Submitted - the report of the Audit Manager outlining the Internal Audit section's work for the period. It was noted that 14 reports on audits from the action plan had been completed. Members were reminded, in accordance with what had been approved by the Committee on 19 July 2018, that risk scores and assurance levels were provided for each audit. It was noted that members and officers had given positive feedback on the new system.

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

Safeguarding Arrangements – Domestic Abuse

In response to a member's observation in terms of when controls would be in place, the Audit Manager noted that controls were in place but that they required development. The Senior Revenue and Risk Manager added that an action plan was in place to respond to the legislative requirement that all Council staff complete the training.

A member noted that managers had a responsibility to ensure that staff completed the training. In response to a member's observation in terms of why it was more difficult for field workers to complete the training, the Audit Manager noted that office staff had easy access to the training module, therefore, it was easier for them to complete the module compared to field workers.

A member suggested that field workers should be able to gain access to the training from home. In response, the Audit Manager noted that the Staff Development Module was currently still in development and, ultimately, it would enable all staff to gain access to the training module. She reminded members that follow-up work would be undertaken on the audit and the results would be reported upon.

Arfon Leisure Centre

A member referred to the fact that every member of staff was responsible for completing stock checks, he suggested that a specific staff member or even the manager should complete the checks. In response to the observation, the Audit Manager explained that staff worked on a rota basis, therefore, it was not possible for a specific staff member to complete the checks. She confirmed that every member of staff had received training to undertake stock checks.

Income Collection – Maritime and Country Parks

A member drew attention that the Maritime and Country Parks Officer noted that he was confident that figures provided by the 'Adra' company, which collected income from entry fees to Parc Glynllifon on behalf of the Maritime and Country Parks Service, were accurate even though there were no checks on the number of visitors or the money collected. The member noted that evidence should be obtained to support the officer's opinion.

In this case, the Head of Finance Department noted that the cost of having an officer checking the income collected from entry fees to the park would be much higher than any additional income that would be collected.

A member noted the need for the Maritime and Country Parks Officer to provide more information about the matter. In response, the Audit Manager noted that the auditor had examined quarterly invoices by the company which noted how much money was transferred to the Council and that he was comfortable with the situation. She emphasised that the income collected by the company on behalf of the Council was not substantial.

The Senior Revenue and Risk Manager explained that the auditor had examined the risk to the Council during the audit and that the risk in relation to income was a fundamental matter which would have been addressed.

A member noted that a balance had to be struck between staff costs to check the income and the level of income collected. They would have to live with the risk when making a decision.

A member noted that he accepted the risk but perhaps a figure would have been helpful to draw a comparison.

In response to a member's observation, the Audit Manager noted that a quick audit could be undertaken in terms of the invoices and income level and report back to the Committee at the next meeting.

Plas y Don

A member noted that the same themes were regularly highlighted in audits for Residential Homes. A member added that the Controls Improvement Working Group, at its meeting on 23 October 2017, had discussed a summary of the themes highlighted in Residential Homes audits with the Cabinet Member for Adults, Health and Well-being and the current Head of Adults, Health and Well-being Department.

The Audit Manager explained that there had been an improvement in the situations of Residential Homes. She reminded members that the Head of Adults, Health and Well-being Department had explained at a meeting of the working group that staffing matters was a factor, especially with staff recruitment in the Dwyfor and Meirionnydd areas.

A member noted that he welcomed the improvement in the situations of Residential Homes. He added that if there were trends, there was a need to look at the broader picture and that it was a matter that needed to be addressed by Senior Managers rather than managers of the homes.

A member noted, as the same matters arose, that the Care Scrutiny Committee should be asked to look further at the themes that were highlighted in audits of Residential Homes.

Plas Hedd

A member noted that it was essential for staff to complete the 'Domestic Abuse' e-learning module bearing in mind where they worked. In response, the Audit Manager noted that this was only one training module and that it was a small proportion of the work and tests associated with work carried out by staff in residential homes.

A member noted that a training framework with a specific timetable should be in place. He added that he recognised that staff in the residential homes were extremely busy and that it was difficult to allocate time for training. In response, the Audit Manager drew attention to the fact that an agreed action step to ensure that every staff member completed the 'Domestic Abuse' e-learning module and that a timetable was in place.

In response to an observation by a member regarding the risk to the Council due to a lack of training, the Audit Manager emphasised that reference was made to one training module in

this case and that a wide range of training, such as safeguarding and manual handling, needed to be completed by staff.

A member referred to the Council's intention to establish a care field career path, noting that it had not yet been realised. He noted that a career path in the care field would encourage individuals to work in the field and the Care Scrutiny Committee should be asked to consider the matter.

Cefn Rodyn

In response to a member's observation regarding the temperature of the medication fridge, the Audit Manager noted that the fridge's temperature was recorded daily.

RESOLVED:

- (i) to accept the report on the work of the Internal Audit for the period of 1 April 2018 to 14 September 2018 and to support the agreed actions that have already been submitted to the managers of the relevant services;**
- (ii) that the Internal Audit Service complete a quick audit of the invoices and income level in relation to entry fees to Parc Glynllifon and to report back to the Committee at the next meeting;**
- (iii) to ask the Care Scrutiny Committee to consider:**
 - **further examining the themes highlighted in audits for Residential Homes;**
 - **examining the situation in terms of establishing a career path in the care field in order to encourage individuals to work in the field.**

6. INTERNAL AUDIT PLAN 2018/19

The report of the Audit Manager was submitted, providing an update on the current situation in terms of completing the 2018/19 internal audit plan.

It was reported that the Internal Audit Service up to 14 September 2018 had completed 25.45% of the plan, with 14 of the 55 audits in the 2018/19 plan released in a finalised version. It was explained that during quarter 1 and quarter 2 auditors had also undertaken audits for some Community and Town Councils in Gwynedd and Anglesey. Appreciation of the team's work was expressed. Attention was drawn to amendments made to the Plan.

In response to a question by a member, the Audit Manager confirmed that there was full capacity within the team with appointments to two temporary posts since July being an additional resource whilst three officers completed training.

RESOLVED to accept and note the content of the report as an update of progress against the 2018/19 audit plan.

The meeting commenced at 10.00am and concluded at 11.30am.

CHAIR