

# MONMOUTHSHIRE COUNTY COUNCIL

## Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm

**PRESENT:** County Councillor P White (Chairman)  
County Councillor J. Higginson (Vice Chairman)

County Councillor: P. Clarke, A. Easson, M. Feakins, M. Lane,  
P. Murphy, V. Smith and B. Strong

### OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Chief Officer, Resources
Tracey Harry	Head of People Services and Information Governance
Wendy Barnard	Democratic Services Officer
Gareth Lucey	Wales Audit Officer
Charlotte Owen	Wales Audit Officer
Richard Jones	Performance Manager
Jonathan Davies	Central Accountancy Finance Manager
David Walton	Audit Manager

### APOLOGIES:

County Councillors J. Watkins

#### 1. Declarations of Interest

There were no declarations of interest.

#### 2. Public Open Forum

No members of the public were present.

#### 3. To note the Action List from the previous meeting

There were no items outstanding items from the last action list.

#### 4. Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance for 2019/20

The Audit Wales Officer presented the Audit Wales Certificate of Compliance for the audit Monmouthshire County Council's assessment of performance for 2019/20.

The Performance Manager responded that the certificate related to publication of the Council's Corporate Plan annual report 2019/20'. The plan is an important part of the Council's performance management arrangements and is available on the website for residents to view.

A Member observed that this was a very pleasing report.

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The Audit Committee accepted the report as presented. The Chair thanked the Audit Wales Officers for presenting the report.

#### **5. Self - Evaluation**

The Chief Internal Auditor introduced this item reminding the Committee that Members had undertaken self-evaluation in 2019/20. An update was also provided in June 2020.

There were eight items in the action plan – the deadlines have yet to be met. Progress is being made towards all actions. Discussions have taken place about training for members of the Committee. Members took part in a training session this morning for effective Audit Committees arranged by the South West Audit Partnership (SWAP).

A further update will be provided in the new year.

Councillor Smith apologised for being unable to access the training. Arrangements are in hand to forward the presentation to members unable to attend.

#### **6. Update on Unfavourable Audit Opinions**

The Chief Internal Auditor provided an update on unfavourable audit opinions to consider progress where limited assurance audit opinions have been issued. Two limited assurance opinions have been followed up and a second limited assurance audit opinion issued for Food Procurement and Caldicot Castle. To provide context, approximately 30-35 assurance opinions are issued per year, 23% of which are limited. The majority have an improved opinion awarded as controls have improved following a further review by the Internal Audit Team.

A Member asked if private work is undertaken at Raglan Depot, and it was confirmed that members of the public can take their vehicle there for an MOT.

As recommended the Audit Committee noted the improvements made by service areas following the original **Limited** assurance audit opinions issued.

As a result of a second consecutive **Limited** assurance opinion, Members agreed to call in to the next meeting the respective Head of Service and Operational Manager responsible for:

- Food Procurement follow up
- Caldicot Castle follow up

The Members of the Audit Committee were concerned about the lack of improvement made after the follow up audit review, and confirmed their decision to call in the operational manager and the Head of Service to provide justification for lack of progress and hold them to account for future improvements.

#### **7. Executive summary - Use of Agency Workers**

The Chief Internal Auditor and the Audit Manager presented the report to provide some additional information on a previous limited assurance opinion from 2018/19 regarding use of Agency Workers.

The Chief Officer for Resources and the Head of People Services responded to the report outlining the steps taken so far to address areas for improvement.

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Following this information, Members were invited to ask questions.

A Member commented that the information provided will be considered as part of the budget discussions.

A Member suggested that there was looseness in the organisation regarding the use of agency workers, questioned the agency fee, and had concerns about the payment of agency workers.

It was confirmed that companies must meet certain criteria for us to engage with them to meet the necessary controls and that how the companies are run is not part of our responsibility.

The follow up audit will identify if the agreed actions have been implemented which will be reported back to Audit Committee. Some recommendations have been implemented and some are outstanding

In response to a question, the Audit Manager added that more senior manager oversight has been included in the policy as in the recommendation.

A Member asked if it will be possible to recruit all agency staff through Randstad or if other agencies will be required. It was explained that, within the terms of the contract, Randstad can use other suppliers, so there is no need to go outside of its service, only in exceptional circumstances.

It was explained that, for schools, the spend on supply and agency costs was raised at Joint Advisory Group (JAG). The new national recruitment service will apply appropriate standards as and when staff needed.

People Services and Procurement will be monitoring off contract spend and will raise with Chief Officers as necessary. The issues raised in the audit report regarding controls have been built into the contract. Available is an online dashboard at individual manager level with details of spend, numbers and names of staff recruited, and assignment length so it will be much simpler for managers to monitor their use of agency workers.

A Member asked why agencies are used instead of an in house service and how widely the contract was advertised. It was confirmed that the contract was procured using the tender process.

It was explained that agencies are used where it is difficult to recruit, sometimes leading to lengthy agency assignments. In response to a question, it was clarified that the introduction of performance targets was declined because agencies are used mostly in social care, schools and waste services where there is a need to immediately replace staff to maintain staffing ratios or to continue services. It would be difficult to have a performance target in these circumstances.

A Member requested an update as early as possible in the new financial year in view of the sizeable concerns to see what progress has been. It was agreed that there is a need to allow the new service to embed.

The Chair thanked the Officers for their Management response.

The Audit Committee noted the significant concerns raised in the report, the action taken by management to address those concerns and acknowledge what still needs to be

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implemented by management to demonstrate improvements in the way this service is administered within the Council.

If the Members of the Audit Committee are concerned about lack of improvement or progress being made after the follow up review in 2021/22,, consideration should be given to calling in the operational managers and the Head of Service to obtain further assurance that the agreed improvements will be made and that satisfactory progress is being made to address control weaknesses highlighted in the Internal Audit report.

### **8. Mid-Year Treasury Report**

The Mid-Year Treasury Report was presented to the Audit Committee by the Finance Manager. A short verbal addition to the report was made to update Members on the results of the Public Works Loan Board (PWLB) consultation. This included important changes relevant to the authority. This morning the PWLB lowered its rates by 100 basis points for all new standard loans. Further conditions are imposed on authorities wishing to access loans (such as being asked to submit high level descriptions of capital spending plans within the medium term). Authorities have been asked to confirm that there is no intention to purchase commercial investment assets primarily for the purpose of yield within medium term budgets regardless of whether those transactions would have notionally been financed from sources other than the PWLB. The implications will be discussed with the Treasury advisers and will be taken into account during budget setting for 2021/22.

Following introduction of the report, Members were invited to ask questions:

A Member observed that the UK Government had yesterday announced £1.3 billion for Wales, and enquired what percentage would come to Monmouthshire particularly in view of the unexpected expenditure on COVID 19 and flooding. It was explained that there are no early indications but the Welsh Government budget is due to be published in December.

In response to a question, it was confirmed that BPs is Basis points

It was clarified that the authority borrows from local authorities and other government agencies across the UK, not solely within Wales.

The Chair requested details of current performance and outlook in terms of non-treasury investments. It was explained that the valuation of property listed at March 2020 would take into account the economic uncertainty at that time. The most recent position is that there is ongoing negotiation with tenants of properties regarding rental deferral agreement to balance short term income streams with longer term stability. A further report will be provided in due course.

In response to a question, it was clarified that the properties were bought with loans. In response to concerns, it was commented that Newport Leisure Park is just about covering costs and the other properties are doing reasonably. It was confirmed that we pay interest on the loan used to purchase the property. The Finance Manager will provide the loan interest rate to Members outside of the meeting.

Members reviewed the treasury management activities in the first half of 2020/21 using this report and discussed with officers any changes to the process that should be considered for incorporation into the 2021/22 Treasury Management Strategy Statement which will be considered at the January Audit Committee.

### **9. Forward Work Planner**

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The Forward Work Planner was noted. The Anti Bribery training has been delivered to Audit Committee and will be removed from the Planner.

**10. To confirm minutes of the previous meeting held on 15th October 2020**

The minutes of the meeting held on 15<sup>th</sup> October 2020 were confirmed as an accurate record.

**11. To confirm the date of the next meeting as 7th January 2021**

**Meeting ended at 3.35 pm**