

# MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th March, 2019 at 2.00 pm**

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

County Councillors: P. Clarke, A. Easson, M.Lane, P. Murphy,  
V. Smith, B. Strong and J.Watkins

## **OFFICERS IN ATTENDANCE:**

Mark Howcroft	Assistant Head of Finance
Peter Davies	Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
David Walton	Audit Manager

## **ALSO IN ATTENDANCE:**

Ann-Marie Harkin	Wales Audit Office Director
Rhodri Davies (WAO)	Wales Audit Office Team Leader

## **APOLOGIES:**

County Councillors M.Feakins and S. Woodhouse

### **1. Declarations of Interest**

Item 8: Wales Audit Office Audit Plan 2019/20 – County Councillor A. Easson declared a personal, non-prejudicial interest as a trustee of the Monmouthshire Farm School Endowment Trust.

### **2. Public Open Forum**

No members of the public were present.

### **3. To note the action list from the last meeting**

- Performance Management: Chief Officer, Resources, provided clarification that an update will be provided at the next Committee meeting if the year end figures are ready at that time.
- Bribery Act: On the agenda today.
- Whole Authority Complaints: Noting that the Council is taking on the role of Single Point of Contact for highways issues, it had been queried if the authority will take on responsibility for complaints against speeding fines and for parking disputes and complaints. It was also queried if complaints about MonLife would also be handled centrally.

The Chief Officer, Resources had liaised with the Head of Operations and Senior Traffic Engineer concerning the point raised regarding complaints against speeding fines and

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parking disputes. The Council takes responsibility for 'on street and off street' parking management. This includes parking disputes for off street (which the Council already does) but now also 'on street' static parking fines, complaints, enquiries etc. "Static" was emphasised as speeding violations (and other moving traffic violations) remain with the Police and Go Safe.

Rhondda Cynon Taff will be responsible for dealing with the fines and appeals for each Penalty Charge Notice (PCN) issued and as the authority providing back office support to Monmouthshire and numerous other local authorities. However, the Council as lead authority will make the final decision on whether to uphold the decision or not. Gwent Police will continue to consider and enforce issues of obstruction i.e. cars parked in front of dropped kerbs, or partially or wholly on the footway (pavement), providing that there are no parking restrictions such as double yellow lines or single yellow lines in-situ.

MCC will shortly be issuing a press release and provide targeted marketing to inform local residents of Monmouthshire of the changes involved.

Regarding complaints about MonLife, it was stated that a report is due to be considered by Council.

#### **4. Joint Progress Report - Statement of Accounts Refinements**

The Wales Audit Officer and Assistant Head of Finance introduced the joint progress document noting that it concentrates on errors and misstatements from the 2017/18 financial statements, provides recommendations for improvement and provides a progress report. Also reported are 1) matters relating to outstanding IT issues e.g. the risk register and 2) matters not resolved from 2016/17. Questions were invited:

- IT Risk Register: A Committee Member asked how close the authority is to resolution of the IT risk register. The Chair agreed to receive a report on progress at a future meeting.
- Osbaston Church in Wales Primary School: A Committee Member asked for more information about the transfer of legal title of Osbaston Church in Wales Primary School. It was explained that the accounts should be attributable to the Diocese not the authority. Whilst this has been a protracted process, the conveyance will be completed later this year.
- A Member questioned why there are so many presentational errors. It was responded that there is a unique error relating to a school under construction. Other errors could be tidied as they have the capacity to mislead the user but this is a focus for improvement this year. It was added that where there is an asset under construction, when completed, the existing asset will be revalued.

#### **5. Internal Audit Draft Plan 2019/20**

The Audit Manager introduced the first draft of the Internal Audit Plan for 2019/20 offered to the Committee and Service Departments for consultation. The plan is based on risks to the authority's strategic objectives as follows:

- Security of assets
- Prevention and detection of fraud, corruption and bribery
- Achievement of value for money

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It is necessary to be mindful of internal and external audit work, and that of other assurance providers. It is necessary to ensure that lower risk areas are audited periodically, also the terms and conditions of grant applications.

It was explained that time is allowed for special investigations and unplanned work where new concerns emerge in year.

A final plan will be brought to Committee in Quarter 1 for approval. Questions were invited:

- A Committee Member referred to the inclusion of the Borough Theatre and Events in the plan. It was responded that some consultancy work was provided for the Borough Theatre last year which concluded that there were some issues to address. A follow-up is in progress. Assurance was provided that controls have been improved in the last 12 months. Regarding Events, an interim follow-up report has been compiled including smaller events e.g. the November Firework Display at Caldicot Castle. The report identifies the need for improvement to controls, however, no major event has been arranged to enable a review. Any such event in future will be reviewed accordingly. The Member asked how events in Caldicot Castle, run by other organisations, are monitored (specifically, car parking and collection of monies). It was answered that an audit of the Castle has taken place looking at weddings and private bookings. The report is being finalised currently.
- A Member asked if it would be possible to be notified of finalised reports. It was confirmed that Members would not normally receive full audit reports and that quarterly reports provide a summary of opinions to draw to attention to significant matters that require attention. Specific reports can, however, be made available to anyone that wishes to see them and will be redacted as necessary.
- It was also questioned if the Borough Theatre report was in progress when the decision was taken to return the theatre to the Council. It was explained that the audit was completed when it was outside the authority's control by invitation. No recommendations were made at that time. A number of significant risks were discovered that led to the transfer of stewardship back to the authority. A follow up review was carried out after the transfer, and the report established that improvements have been made and recommendations have been acted upon. In response to a question, it was stated that the trustees' request for transfer was agreed by Cabinet on 28th February 2018 and the lease was surrendered 9th April 2018.

### **6. Update on Anti-Bribery Compliance: Presentation - Chief Officer Resources**

The Chief Officer, Resources gave a presentation providing an update on anti-bribery compliance. The slides were circulated to committee members prior to the commencement of the meeting. Following the presentation, questions were invited:

- A Member acknowledged the large amount of procedures put into place and welcomed any feedback. An update on annual risk assessment was requested for the July meeting.
- A Member asked if the processes put in place are to ensure that individuals don't enter into risky contracts. It was confirmed that the Contract Procedure Rules (CPR) govern those activities and have to be signed off by an authorised signatory of sufficient seniority. The Chief Officer, Resources was satisfied that there are sufficient controls.

### **7. Wales Audit Office Audit Plan 2019/20**

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The Wales Audit Officer introduced the Wales Audit Office Audit Plan which sets out specific work for the year, timescales for the work and how much it will cost. It was explained that there is a risk-based approach. Questions were invited as follows:

- In response to a question, it was confirmed that the Auditor General has to be satisfied that arrangements are in place to secure economy, efficiency and effectiveness in the use of resources. There is a possibility that the local government measure will no longer apply to councils leading to a more risk based approach in future so that auditors can satisfy themselves first hand rather than reviewing control arrangements.
- The Chief Officer, Resources, advised that Senior Leadership Team has met with WAO for a constructive discussion focussing on the reviews identified. The early engagement was appreciated.

### **8. Certification of Grants and Returns**

The Wales Audit Officer introduced the report explaining that 12 grant claims were certified for a cost of £68,000. Following audit, £4,000 less was claimed by the Council. Of the 12 grant claims 4 attracted a qualified opinion and the issues are summarised in the report. These related to breaches of contract procedure rules (CPR), partnership pooled budgets and passenger transport. The Assistant Head of Finance responded that our own control arrangements led to delays (e.g. partnership agreement) and acknowledged the volatile conditions (e.g. split sites) for the management of passenger transport budgets. Auditors report that they are generally satisfied that appropriate arrangements are now in place. Providing context, the 12 grants totalled £79m and only £4,000 less was claimed due to adjustments.

The weaknesses identified were accepted and it was noted that improvements to procurement compliance are planned. Members were invited to ask questions, which were answered as follows:

- A Member raised a question about the bus service support grant and expressed concern that the authority cannot provide supporting invoices. It was explained that this related to the installation of audio/visual equipment on some buses. Some already had the equipment installed when purchased and this led to difficulty in justifying the costs. It was added that the authority received money late which was allocated to things that had already happened. The WAO opinion was that the money should be spent in the 6 month window available. It was commented that the grant rules and audit requirements can change, and the rolling balance is unusual. A Committee Member commented that correct procedures were not complied with and that the matters should have been detected. It was questioned why the authority was not aware. The Chief Officer, Resources, regarding non-compliance with CPR, advised that there is a revised procurement strategy which includes strengthening CPR and practice. Procurement systems also need to be enhanced.

Information was provided on the two departures from CPR as detailed in the grant report; the land drainage grant and the local transport fund. The Head of Operations provided information regarding the land drainage grant that procurement strategy was followed but not CPR. Reasons and mitigating factors were explained. The local transport fund grant refers to Llanfoist Bridge and it was explained that an exemption certificate was completed for one of the contracts but was not forwarded to Audit. The grounds provided were reasonable. The remaining two contracts were continuation of projects for previous years.

- A Member asked if Aneurin Bevan University Health Board paid into pooling of budgets. It was confirmed that a process was followed that involved a S33 certificate being

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signed. It was confirmed that there was no impact on services. At the end of the financial year, the outstanding items were accrued and have been resolved this financial year.

Officers and Wales Audit Officers were thanked for their contributions to this item.

#### **9. Forward Work Plan**

The Chair reminded Officers to complete the Forward Work Plan as fully as possible to enable proper planning of the Committee's work.

It was requested that Contract Procedure Rules is added to the programme.

#### **10. To confirm minutes of the previous meeting**

The minutes of the previous meeting held on 31<sup>st</sup> January 2019 were confirmed and signed as an accurate record.

#### **11. To note the date of the next meeting as 2nd May 2019**

**The meeting ended at 3.40 pm**