

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 25th July, 2019 at 2.00 pm**

PRESENT: County Councillor J. Higginson (Vice Chairman)

County Councillors: P. Clarke, A. Easson, M.Lane, P. Murphy,
B. Strong and S. Woodhouse

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Non Jenkins	Wales Audit Office
Wendy Barnard	Democratic Services Officer
Jeremy Saunders	Wales Audit Office

APOLOGIES:

County Councillors M.Feakins, V. Smith and J.Watkins
P. White

1. Declarations of Interest

No declarations of interest were made by Audit Committee Members.

2. Public Open Forum

No members of the public attended the meeting.

3. To note the Action List from the previous meeting

- Wellbeing of Future Generations/rural transport Active Travel grant: Committee Members were happy with the response circulated prior to the meeting.
- Performance management: An update from the Chief Officer, Resources, to be provided at the September meeting
- Anti-Bribery Compliance: The annual risk register has been considered, is identified as a risk but is not sufficiently high to be added to the corporate risk register. Additionally, a training package on anti-fraud, corruption and bribery is being designed to roll out to officers across the organisation.
- Audit Committee Annual Report: this has been considered by County Council.

4. Draft Statement of Accounts Report, including Annual Governance Statement (Appendices include 1. Summary of accounts information 2. Statement of Accounts (prior to Audit) - (PDF attached separately) 3. MCC Welsh Church Fund Accounts

The Finance Manager presented the draft statement of accounts report. The Wales Audit Office representative informed the Committee that the audit is progressing well. Minor issues are being discussed with the Finance Team but there are no major issues to report and it is planned to be completed on time. Audit Committee Members were invited to ask questions as follows:

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 25th July, 2019 at 2.00 pm

A Member was concerned about the amount of information presented and the committee's ability to adequately scrutinise. The amount of £80,000 recorded against the Castlegate development and the £62,000 attributed to the Newport Leisure Park was queried. In response, the Finance Manager explained that the amounts referred to earmarked reserves set up for these purchases to fund future variances in income. Information was added that when the decision was taken to acquire Castlegate, there was a concern regarding the tenants' exit clause and consequently to establish a reserve to cushion against any resulting loss.

A Member asked for an explanation why the financial administration of the SRS has been transferred to Torfaen County Borough Council, about the request to write-off unrecoverable debt and the creation of an FRS provision of £86,000. It was responded that Monmouthshire CC had been responsible for the financial ledger originally, and when it was transferred, there were a number of outstanding unpaid invoices e.g. from schools, departments etc. The amount of the write-off will reduce as the invoices are paid.

A Member noted that a Section 151 Officer is not in place and questioned if this was a statutory requirement. It was explained that the Chief Officer, Resources is currently carrying out this role. It was accepted that a restructure is in progress following which the new Section 151 Officer will be known.

As per the report recommendations:

1. The draft Monmouthshire County Council Statement of Accounts for 2018/19, were presented for audit, and reviewed.
2. The draft statements of accounts listed below were reviewed:
 - Draft Monmouthshire County Council Welsh Church Act Fund
 - Draft Monmouthshire Farm School Endowment Trust Fund
 - Draft Llanelly Hill Social Welfare Centre Accounts
3. The Audit Committee, using its delegated powers, approved the audited statement of accounts in readiness for publication by the 15th September.

5. 2019-20 Reserves Usage Forecast (including 2018-19 Outturn and Period 1 2019-20)

The Finance Manager presented a periodic review of reserves activity during 2018/19 and the usage forecast for 2019/20.

The Committee noted that this periodic focus on reserve usage is important due to:

- Future funding gap and continuing low settlements
- Pressures arising from such issues as increasing demand, new and changing legislation, changes in the wider economy and hard to predict events.
- Grant funding streams being reduced or stopped at short notice
- Capital receipts and other income streams not being achieved
- Saving proposals not being delivered and increased demand on services leading to overspends.

6. Annual Improvement Report 2018/19

The Wales Audit Officer introduced the Annual Improvement Report for 2018/19 summarising the work undertaken. Officers were thanked for their help and co-operation during the year. Following presentation of the report, Committee Members asked questions:

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 25th July, 2019 at 2.00 pm

A Member referred to the service user perspective survey undertaken during the year to test members' of the public experiences of interacting with the Council on compliments, comments and complaints. It was commented that there were a lot of people interviewed but limited points produced for future learning as some responses couldn't be followed up. It was queried if there was a better way to interact with the public in future. It was responded that, in terms of complaints, it was necessary to separate process from outcome. Whilst there was a limited number of comments, useful learning points were provided.

The Committee accepted that the Council is meeting its statutory requirements in relation to continuous improvement and that based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20.

7. Implementation of Recommendations -17-18-01

The Chief Internal Auditor introduced the report, the purpose of which is to present an update on the progress of implemented and agreed audit recommendations to address weaknesses discovered in audit jobs in service areas. Opinions are agreed according to the number of weaknesses and strengths identified in the audit. Where weaknesses are identified, an audit recommendation is provided for the service manager with the purpose of improving overall financial management of the service area and the internal control environment.

Committee members were reminded that in 2017/18 96% of recommendations were agreed by Service Managers to implement. The Audit team followed up limited assurance opinions to double check implementation. Other managers complete a survey to monitor how well the recommendations have been implemented. If further follow up work is required, this will be done. In terms of recommendations implemented in 2017/18. There were 33 audit jobs generating 355 audit recommendations. Of which 66% have been implemented or partially implemented, 19% not implemented and 5% are ongoing. Comparison with last year was included in the report.

A Member asked about the recommendations not implemented and asked if there were any common current themes why they had not been implemented. It was responded that there were no themes identified. Regarding the percentage of implementation, the figures will be presented to Senior Leadership Team to feed back through Chief Officers to Service Managers.

8. CPR Exemptions 6 Monthly Report

The Chief Internal Auditor presented a 6 monthly report on progress with Contract Procedure Rules Exemptions.

The Chief Internal Auditor sent an e mail to all Service Managers to provide advice on the correct process.

No major issues were identified in the exemption list.

A Member noted that there were 3 examples of incorrect authorisation from one source. It was explained that when followed up, authorisation was sought retrospectively from the Head of Service. It was unknown if the procurement proceeded.

A Member questioned how it was resolved that authorisation hadn't been made by a senior officer when an officer left the authority and senior officers were unaware of contracts for the

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 25th July, 2019 at 2.00 pm

maintenance of buses. The request for exemption received was to pre-empt the procurement. The Head of Service has stated that the procurement didn't go ahead.

The recommendations were agreed that:

1. That the Audit Committee accepts and acknowledges the justifications for the exemptions provided by operational officers.
2. If the justifications are not accepted, then consideration should be given to calling in the respective operational officer and their respective Head of Service to further account for the reasons why they could not comply with the Council's Contract Procedure Rules at the time of the procurement.
3. That the Audit Committee receive an updated report in 6 months' time to include any further responses obtained by the Chief Internal Auditor.

9. IT Risk Register

The Head of Digital Services presented the report and explained that the report was not detailed to protect the authority's ICT interests and security.

A Member asked if the Gov Wi-Fi is secure. It was confirmed that it is exactly the same as the networks already in place which enables the user to log on in all participating public buildings. Gwent Police does not use Gov Wi-Fi.

The importance of the retaining PSN accreditation to allow use of Public Sector Networks was explained and the example of a risk outstanding from January 2020 was provided where Windows 7 machines that can't be upgraded to Windows 10 machines (which are no longer supported) will have to be replaced to eliminate that risk.

Assurance has been provided that all critical risks have been mitigated to enable access to Public Sector Networks.

10. Forward Work Plan

The Forward Work Plan was noted.

11. To confirm minutes of the previous meeting

The minutes of the previous meeting were confirmed as a true record.

12. To confirm the date of the next meeting as 12th September 2019 at 2.00pm

The meeting ended at 3.00 pm