

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 19th March, 2020 at 2.00 pm**

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

County Councillor: A. Easson and P. Murphy

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Chief Officer, Resources
Roger Hoggins	Head of Service - Strategic Projects (Fixed Term)
John Pearson	Local Democracy Manager
Gareth Lucey	Wales Audit Officer
Charlotte Owen	Wales Audit Officer
Deb Hill-Howells	Head of Commercial and Integrated Landlord Services
Richard Jones	Performance Manager

APOLOGIES:

County Councillors P. Clarke, M. Feakins, M. Lane, V. Smith, B. Strong and J. Watkins

1. Declarations of Interest

None.

2. Public Open Forum

None.

3. To note the Action List from the previous meeting

The Committee noted the Action List.

Chief Officer for Resources confirmed it is currently dependent on the Covid19 situation as to whether a Performance Management report would be available in May/June 2020, or whether it will be possible to hold a meeting of Audit Committee.

4. Annual Performance Review of Investment Committee

The Chief Officer for Resources presented the first performance review of the Investment Committee for consideration, and in accordance with the requirements of the Asset Investment Policy.

Members were satisfied with a summary update and discussion ensued.

In terms of Castlegate, the letting position is starting to improve after losing a number of tenants not long after acquiring the property. Officers are optimistic that figure will continue to improve.

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Reference was made to Caldicot Musical Theatre Society, and it was confirmed there are plans for them to relocate and the accommodation to be converted into different type space, which will be more in-keeping with the economic development use.

In terms of NLP, one tenant had a quarter of arrears which is not uncommon, and further impact is expected with the Covid19 situation. We will work with tenants on an individual basis to assist as much as possible.

In terms of the Alder King appointment, three firms had been invited through a mini tender process and interviewed. As a result of that Alder King were appointed. As a result of the 2 acquisitions additional fees have become payable which has tipped us into a position where we review that appointment. Alder King have been made aware and we will look to go through a new procurement process.

In response to concerns around quorum the Monitoring Officer/Head of Law explained that the Investment Committee comprises 5 Members, quorum is 3. The constitution is being reviewed where this will be made explicit. The substitution rule allows Members to replace the normal committee members and allows them the powers and duties of the normal members. The Investment Committee had discussed additional independent members, it had been agreed that the necessary support would be brought in as needed.

Appendix 6, the Terms of Reference, was approved at the inaugural Investment Committee and is not a dated document. A review will be undertaken of both this and the Asset Investment Policy in the coming months.

Concerns were highlighted regarding the democratic process within the committee, particularly strength of the committee around quorum. The constitution is being reviewed where this will be made explicit.

Members were assured that in terms of investments made there have been no conflicts of interest at officer level and beyond.

Audit Committee resolved to approve the recommendations:

- For the Audit Committee to consider and scrutinise the first performance review of the Investment Committee.
- To consider the proposals for improvement outlined in the report and resulting from audit work undertaken and a review of the current Asset Investment policy and the governance arrangements and controls currently in place to oversee investment activity considered by the Investment Committee.
- To receive a verbal update at the meeting following consideration of the Performance Review by the Investment Committee at its meeting on 18th March 2020.
- For Audit Committee members to determine any further recommendations for improvement.

5. Wales Audit Office: Annual Audit Plan

The Committee received the WAO Annual Audit Plan.

The audit fee for grant certification work next year reduced to £40,000.

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WAO will meet in February and July 2020 to work with council to meet the new timescales. These will be reviewed given current scenario for coronavirus. The initial plan is to present the closing draft report at end of July but this might be more fluid as weeks progress.

Financial stability will be repeated in 2021 across all councils as per last year arrangements. Undertaking local risk-based work in addition to national work, local work will be made clear once areas are agreed.

No on-site work to be undertaken for foreseeable future due to coronavirus.

The Chief Officer for Resources confirmed that officers have been in discussion with WAO through early drafts of the audit plan and are comfortable with the comments on the financial audit side. Pleased to see audit fee is reducing.

The Policy and Performance Manager thanked WAO for the plan and will continue to liaise with them as appropriate.

The Chief Officer explained to the Committee that with regards to Covid19, until we determine otherwise business will continue as usual. Finance teams will continue with closure work and activity. It is yet unknown if it will be affected but not just within finance teams but across organisation. It has been agreed that unless a decision is made to alter arrangements we will try to continue with current timescales and deadlines. Welsh Government have clarified legislation that if we are unable to lodge our statement of accounts in draft by statutory deadlines, provided a notice is published to state inability to publish, flexibilities are in place that this would suffice.

The Committee agreed to accept the report.

6. Wales Audit Office: 2018-19 Grants Report

The Committee received the WAO Certification of Grants and Returns 2018/19.

In terms of the LTF understanding is that WG have had no issues with what has been identified, and it is not expected that there will be any recourse.

The Committee resolved to accept the report.

7. Wales Audit Office: Safeguarding Review

The Committee received the WAO Follow-up Review of Corporate Arrangements for Safeguarding of Children.

WAO had undertaken a review of MCC Safeguarding in 2014, a review of the Kerbcraft Scheme in 2017 and another whole safeguarding review in 2018 with other partners to assess performance.

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We heard that the children's safeguarding policy had improved but other points for improvement were made. Council policy framework, appointments in safeguarding, commission and contracting around safeguarding children were main areas for concerns.

The Council has responded positively to previous reports and showed good awareness of future requirements for improvement. Significant progress has been made since 2014.

The Policy and Performance Manager welcomed the findings of WAO and hopes Audit Committee would take assurance that improvements are being addressed. It was recognised that further progress is needed and this will be addressed through an action plan and Safeguarding Working Group.

Members were assured to hear that following the WAO recommendation volunteer staff are DBS checked the same way as MCC employees.

The Chair referred to how the interplay between Internal Audit and WAO highlights the importance of the internal audit work taken in this area as well as the need to continue to be vigilant in the application the safeguarding policy.

The Committee resolved to accept the report.

8. Officer's Response - Audit Report - Fuel cards

The Head of Strategic Projects presented the report in response to a request by the Chair of Audit Committee that officers responsible for the service provide a written response to the internal audit report advising that a service (specifically the provision of fuel cards) had been issued with a 'limited opinion' on two occasions.

We heard that a new contract has been put in place with a provider secured the commercial services framework. Audit colleagues had met with the Fleet Manager to check on the current position

Concerns were that there had been a lack of competition for providers of service. Committee must be content that actions taken have satisfied concerns the committee have. PM worth challenging the service and actions taken alleviate concerns.

It was confirmed that the current contract had been through a robust benchmarking exercise. It is with the same provider but with new contract and new terms and conditions.

We heard that drivers are encouraged to use on site facilities and the current preference is to use bunkered fuel where possible.

Audit Committee resolved to accept the recommendation of the report.

9. Forward Work Plan

Noted.

10. To confirm minutes of the previous meeting

The minutes of the meeting held on 13th February 2020 were confirmed as accurate.

11. To confirm the date of the next meeting as 11th June 2020

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Noted.

Meeting ended at 3.40 pm