

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, Usk - Remote Attendance on Thursday, 2nd September, 2021 at 2.00 pm

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

County Councillor: A. Easson, P. Murphy, V. Smith and
B. Strong

OFFICERS IN ATTENDANCE:

Nicola Perry	Senior Democracy Officer
Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance

APOLOGIES:

County Councillors P. Jordan, M.Lane and J.Watkins

1. Declarations of Interest

No declarations of interest were made.

2. Public Open Forum

No members of the public were present.

3. To note the Action List from the previous meeting

The action list from the previous meeting was noted.

- Draft Statement of accounts: County Councillor Easson asked if changes to investments affected the liability e.g. green and eco decisions within the investment portfolio of the pension fund. A response was provided to Committee Members by the Acting Assistant Head of Finance on 8th August 2021. Councillor Easson confirmed that he was satisfied with the contents of the response.

4. Audit Wales Financial Sustainability Assessment

The Audit Wales Officer presented the Audit Wales Financial Sustainability Assessment for Monmouthshire County Council that particularly considered the financial impact of the pandemic in terms of additional costs incurred and income lost. The Deputy Chief Executive and Chief Officer for Resources responded to the report on behalf of the authority. Following presentation of the report, Members were invited to ask questions:

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- A Member referred to the need to replenish reserves when surpluses are available through cost saving measures. It was noted that the Welsh Government policy of continued low allocations of Revenue Support Grant to the County limits the opportunity to do so.
- A Member commented that reserves have always been an issue in the County and requested further information. The Deputy Chief Executive and Chief Officer for Resources agreed that the County holds low reserves. All councils in Wales continue to receive Covid Hardship funding and have also received further funding to allow them to reinforce their reserves so was possible to contribute £4m to earmarked reserves at the end of 20/21.

It was noted that headroom was built into the Council Fund at the end of 2019/20 as a result of VAT recovery. When the pandemic started, funding was set aside for the uncertainties ahead. £1.8m is still built in as Headroom plus the £4m Covid Hardship Funding.

Month 2 Budget monitoring highlighted non-Covid related service pressures in e.g. adult social care and additional learning needs and a £4m overspend was recorded that will have to be addressed. Further, the pressures noted at Month 2 for adult social care etc. are expected to rise and it is unknown if there will be further compensation from Welsh Government in this respect or if a contribution from reserves will be required.

The report was noted by the Governance and Audit Committee.

5. Internal Audit Charter

The report on the revised Internal Audit Charter was presented by the Chief Internal Auditor. Questions and comments were then invited from Committee Members.

There being no questions, the Committee, as per the report recommendations, endorsed and approved the updated Internal Audit Charter.

6. Internal Audit Progress Report - Quarter 1

The Chief Internal Auditor presented the Internal Audit Progress Report Quarter 1 (1st April – 30th June 2021). Following presentation of the report, questions and comments were invited from Committee Members.

A Member referred to previous reports to the Committee concerning fraud involving grants from Welsh Government. It was questioned, of the frauds uncovered, how many prosecutions have been made, how many were successful and if there is confidence that the root of the problem has been established. It was responded that the prosecutions are now outside the remit of the Council having been referred to the Police. It has been established that it is a nationwide issue not local. No feedback has been received on progress. It was added that where fraud was detected early, it was possible to recover some of the grants paid out back into the authority by contacting our bank's fraud team to freeze the relevant accounts. Some, but not all, money has been returned.

The Chair noted that site visits have not been possible during the pandemic and asked if this was a significant problem. It was confirmed that the main impact is lengthening the time needed to complete the work. As sites haven't been open, follow up work has little to examine. This work will be added into Quarter 4 or put back to the 2022/23 Audit Plan. Where school visits are concerned, Internal Audit has liaised with the School Support Officers to provide information through various electronic means.

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As per the report recommendations the Committee noted the audit opinions issued and noted the progress made by the Section towards meeting the 2021/22 Operational Audit Plan and the Section's performance indicators at the 3 month stage of the financial year.

7. Forward Work Plan

The Forward Work Plan was noted. The following points were made:

- The ISA260 Audited Statement of Accounts will be moved from 7th October 2021 to a special meeting in early November prior to consideration by County Council on 4th November 2021.
- The Overview of Performance Arrangements Report will be moved from the 7th October 2021 to a later meeting due to the changes required by the Local Government and Elections (Wales) Act 2021.

8. To confirm minutes of the previous meeting

The minutes of the previous meeting were confirmed as a true record subject to the following:

Item 7 - Draft Statement of Accounts 2020/21 - Charitable Trust Funds. The Audit Wales Officer presented the Audit Plan and the Assistant Finance Officer presented the draft accounts.

9. To note the date of the next meeting as 7th October 2021 at 2.00pm

10. **To note a Working Group meeting to review the Governance and Audit Committee on 2nd September 2021 at 3.00pm**

Meeting ended at 2.40 pm