

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at County Hall, Usk - Remote Attendance on Thursday, 1st July, 2021 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, B. Strong and J. Watkins

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Gareth Lucey	Wales Audit Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance
Sian Hayward	Digital and Technology Manager

APOLOGIES:

County Councillors P. Jordan

1. Election of Chair

Mr. P. White was elected as Chair

2. Appointment of Vice Chair

County Councillor J. Higginson was appointed as Vice Chair.

3. Declarations of Interest

No declarations of interest were made.

Local Government and Elections (Wales) Act 2021

The Chair, at this point, took the opportunity to request some information on the changes arising from the Local Government and Elections (Wales) Act 2021. The Chief Internal Auditor and Chief Officer, Resources/Deputy Chief Executive provided an update on the new legislation and how it impacts on the Governance and Audit Committee, as follows:

- The Committee is renamed as Governance and Audit Committee.
- There is a new requirement for a higher proportion of Lay Members to join the Committee, constituting one third of the total membership effective from May 2022. The recruitment process for Lay Members will commence in 2021/22. Working with the Chair and Members of the Governance and Audit Committee it is proposed they join the Committee early to gain experience prior to officially starting in May 2022.
- The Chair must be a Lay Member. A Deputy Chair must be appointed (not required to be a Lay Member)

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- There is a requirement to scrutinise the authority's Governance and Performance arrangements and to consider a performance self-assessment report which would be set up in 2021/22 for May 2022. This will take the form of a panel performance assessment.
- The Governance and Audit Committee will review and accept Complaints handling procedures, will receive reports and make recommendations on the authority's ability to handle complaints effectively.

It was added that the terms of reference for the Committee will be reviewed to reflect the changes and the Committee will have the opportunity to discuss any proposals.

In response to questions, it was confirmed that currently there must be at least one Lay Member but there can be more. The new requirement is that the membership includes one third Lay Members from May 2022. This equates to four Lay Members (includes the Chair).

The Chair indicated that the new legislation will require a more proactive role for the Committee Chair.

4. Public Open Forum

No members of the public were present.

5. To note the Action List from the previous meeting

- Audit Plan 2020/21 - Identify efficiencies available due to familiarity with the Welsh Church Fund audit accounts. Report back to the County Councillor B. Strong: It was confirmed that a response was sent from Audit Wales on 27th April 2021 that was forwarded to Committee Members. Councillor Strong confirmed that the response provided satisfied his queries.

6. Audit Committee Annual Report 2020/21

The Chair presented the Audit Committee Annual Report for 2020/21 making particular reference to the Committee continuing to operate throughout the pandemic.

Members commented that it was a comprehensive report and commended the Chair's efforts in compiling the report reflecting the work carried out by the Committee well.

The report was accepted and will be presented to County Council at a future meeting.

7. Annual Grants Report - Audit Wales 2019/20

The Annual Grants Report 2019/20 was introduced by the Audit Wales Officer. It was highlighted that:

- there were fewer claims and returns certified this year in comparison to previous years. This is due to the removal of the certification requirement for grants paid to local authorities from 2019/20 onwards by the Welsh Government.
- The main findings include £55,000 of amendments from grants of approximately £50million which represents a small proportion.
- No major concerns were noted during the year
- Details of Audit Wales fees are included. The cost has remained relatively constant and costs reflect work arising e.g. from a sample in relation to the Housing Benefit return from which no significant issue was identified.

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- An estimate of fees of £40,000 is included for grant certification work for 2021.

The co-operation of the authority's officers, particularly Finance colleagues was welcomed.

Following presentation of the report, Members were invited to comment.

A Member expressed concern that the Teachers' Pensions return was four months late. Assurance was provided that the delay didn't impede Audit Wales work in this respect due to work being carried out on the accounts until September. The claim was submitted within the deadline but was not submitted to Audit Wales until later. Consequently there were no implications for the authority.

The Committee noted and commented upon the report as appropriate.

8. CPR Exemption Update

The Chief Internal Auditor presented the Contract Procedure Rules(CPR) Exemption update to make certain that the correct contract procedure process and authorisation is being applied when goods and services are procured. In circumstances when this is not possible an exemption procedure has been established to ensure appropriate authorisation.

This would normally be a six-monthly report but due to the pandemic, the report covers 18 months (June 2019- October 2020).

There is no recommendation to request any managers to attend Governance and Audit Committee due to frequent use of exemption procedures or specific non-compliance.

There were 11 requests for CPR exemption from June 2019 to October 2019 of which 8 were returned to Internal Audit correctly authorised, with 3 not returned. From November 2019 to May 2020, there were 9 requested exemptions, 7 were returned correctly authorised and 2 not returned and from June 2020 to October 2020 there were 12 requested exemptions, 7 returned correctly authorised, 1 incorrectly authorised and 4 not returned.

Of those requests not returned, feedback from service managers has been sought but can relate to not proceeding with a purchase or an alternative strategy being utilised. Of the requests received, no concerning trends were detected.

Following presentation of the report, comments and questions were invited.

Members referred to a recurring comment from previous reports that managers were not using the correct forms or not following the procedure properly and asked if this aspect was being addressed. It was explained that these points have been brought to the attention of Chief Officers to cascade to Heads of Service and Senior Managers. Providing perspective, the Committee was assured that the numbers of requests are low and consequently those requiring improvement reflect no significant issue. Training on the new Contract Procedure Rules is being arranged by Internal Audit with the Procurement Manager to raise awareness of the rules and the exemption process to be available this financial year.

It was noted that the authority has invested in working with Cardiff City Council to strengthen its Procurement Team.

The recommendations were approved:

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1. That the Governance and Audit Committee accepts and acknowledges the justifications for the exemptions provided by operational officers.
2. The justifications are accepted, so no requirement to call 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 Governance and Audit Committee receive an updated report in 6 months' time to include any further responses obtained by the Chief Internal Auditor.

9. Annual Governance Statement (plus statement review of progress 2020/21)

The Chief Internal Auditor presented the report on the Annual Governance Statement for 2021. Following presentation of the report, comments and questions were invited from Committee Members.

A Member complimented officers on their advice and work.

In response to a question, the Chief Internal Auditor agreed to investigate the current situation regarding circulation of information to Members, and to seek details of ward meetings.

As per the report recommendations the Governance and Audit Committee contributed to the appropriateness and content of the draft AGS 2020/21 and subsequently endorsed it.

10. Information Breaches and Data Protection

The Head of Digital Services presented the regular six-monthly report on Information Breaches and Data Protection. Comments and Questions were invited.

A Member queried if there was a connection between the 45 e.mail breaches and the statement in para 4.3 that some recorded data breaches were incurred by other organisations that contained MCC data. It was responded that recorded breaches sometimes occur when other organisations are using MCC information. It was explained that this can happen when there is joint working. As the wi-fi connection in the meeting was impaired, the Head of Digital was requested to circulate a brief response query to Committee Members.

Members scrutinized the report and requested any clarification of the information within it as necessary. Members were invited to discuss how to improve the layout of the statistics or the level of detail in order to make the data more useful and meaningful for the Committee.

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11. Forward Work Plan

It was resolved that the following reports would be brought forward to 29th July 2021 from 2nd September 2021:

- Internal Audit Outturn Plan 2021
- Internal Audit Plan for 2021/22

12. To confirm minutes of the previous meeting

The minutes of the previous meeting were confirmed subject to the addition of Rachel Freitag, representing Audit Wales to those present.

13. To confirm the date of the next meeting as 29th July 2021 at 2.00pm

14. To consider whether to exclude the press and public from the meeting during consideration of the following items of business in accordance with Section 100A of the Local Government Act 1972, as amended, that it involves the information as defined in Paragraph 14 of Part 4 of Schedule 12A to the Act (proper officers view attached)

The Committee resolved to exclude the Press and Public from consideration of the next items.

15. Audit Wales: Cyber Resilience in the Public Sector

The Committee received the report from Audit Wales on Cyber Resilience in the Public Sector for its information. The authority responded in the following item.

16. Cyber Security

The Head of Digital Services presented a report on Cyber Security. Members were provided with the opportunity to ask questions following presentation of the report.

Meeting ended at 3.50 pm