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MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 30th July, 2020 at 2.00 pm

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

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

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Gareth Lucey	Wales Audit Officer
Emma Davies	Performance Officer
Richard Jones	Performance Manager
Jonathan Davies	Central Accountancy Finance Manager

APOLOGIES:

County Councillors M.Feakins

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

- Performance management: This item is noted pending, with good reason, a report to a future meeting.
- Unfavourable Audit Opinions: This item is noted pending, with good reason, a report to a future meeting.
- Audit Committee Self-Assessment: This item is noted pending, with good reason, a report to a future meeting.
- Whole Authority Strategic Risk Assessment: This item is listed on the agenda for the meeting today.
- Investment Committee – Annual Review: The Chief Officer, Resources highlighted that the Audit Committee received the Annual Review of the Investment Committee on 19th March 2020. This item will be listed on the Work Programme to return to Audit Committee in the first quarter of 2021 as part of an annual cycle of review.
- Draft Statement of Accounts: The Finance Manager reported that the amendments requested will either be reflected in the audit process for the 2019/20 accounts or will be added to the 2020/21 accounts.

4. Draft statement of accounts - Charitable Trust Funds

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The Finance Manager presented the report. It was noted that the Welsh Church Trust Fund requires formal audit by Audit Wales before submission to the Charities Commission, Monmouthshire Farm Endowment Trust Fund has independent examination by Audit Wales before submission and the Llanelly Hill Social Welfare Centre Trust Fund does not require formal audit or inspection before submission. Following presentation of the report, questions were asked as follows:

A Member questioned why there were two identical columns in relation to the Welsh Church Fund for 2020. It was agreed that an adjustment was required. It was noted that the audit fees had risen by 3% and justification was requested. The Wales Audit Officer explained that the costs recorded are the actual costs of delivering the audit.

As per the report recommendations, the draft statements of accounts for 2019/20 for the charitable trust funds noted above were reviewed.

5. Audit Plan - Welsh Church Accounts

The Wales Audit Officer presented the Audit Plan for Monmouthshire County Council Welsh Church Act Fund. Due to the size of the fund, a full audit was carried out and the Audit Plan is presented to Audit Committee as the body responsible for its governance.

There being no questions, the Audit Plan was noted.

6. Audit Committee Annual Report

The Chair presented the Annual Report of the Audit Committee.

A Member noted a decline in attendance by Committee Members and commented that improvement is necessary. The attendance of just four Members at the meeting held on 19th March 2020 coincided with the beginning of lockdown due to COVID 19. It was agreed that attendance should be monitored. It was welcomed that the implementation of remote access meetings has improved attendance.

The Chair was thanked for the report and it was approved, subject to minor typographical amendments, for presentation to Council.

7. Treasury Outturn report

The Finance Manager presented the Treasury Outturn Statement to outline treasury performance during the financial year for 2019/20. It was pointed out that this was an unusual year because of the preparations for Brexit, the impact of and uncertainties due to COVID 19. Following presentation of the report, questions from Committee Members were invited.

A Member referred to the amount of borrowing that may be needed due to delays in reimbursement for COVID 19 related expenditure from Welsh Government. It was explained that at 31st March 2020, there was significant expenditure because of delays in funding which required us to take out short term borrowing and the interest has been claimed from the hardship fund.

In response to a question, it was acknowledged that Public Works Loan Board (PWLB) interest is at historically high rates. It was confirmed that that £10m medium term loans were taken out before the rise in rates. This has provided a level of stability to the investment portfolio. As an

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alternative, the council borrows significant amounts from other authorities and bodies at lower rates.

It was confirmed that the Lender Option Borrower Option (LOBO) loans were market loans taken out in 2001 with 40 year maturity when rates were slightly higher. We continue to pay interest at an average rate of 4.8% on these loans. It was also confirmed that the £2.58m referred to in paras 10.5 was the combination of the items listed in 10.3 and 10.4.

In response to a comment, it was noted that the need for training for Audit Committee Members is referred to in the action plan arising from the self-assessment activity.

As recommended, Members noted the results of treasury management activities and the performance achieved in 2019/20 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of the Council.

8. Review of the Strategic Risk Register

The Performance Manager and Performance Officer presented the Whole Authority Strategic Risk Register specifically including the impact of COVID 19, noting that the Audit Committee has a particular role to gain reassurance about the adequacy of the Council's risk management framework. Members were reminded that the register was accurate at the time of circulation with the agenda but that it is under constant review to reflect the dynamic situation presented by COVID 19. Following presentation of the report, questions were asked by Committee Members as follows:

A Member commented on the unexpected course of this year, referring to the flooding and COVID 19. It was observed that there were four new risks that that will be carried forward potentially for a few years. A member asked about the authority's ability to mitigate risk 11 by the end of the year in view of the uncertainties surrounding a Brexit deal (potential Risk of political, legislative and financial uncertainty for council services and local businesses as a result of the UK leaving the European Union – rated High). This combined with the impact of the flooding and COVID 19. It was explained that the risk register sets out the response to the risk e.g. the work of the Brexit Working Group, liaison with partners etc. It is a dynamic document that is updated as new information becomes available. The Chief Officer provided an update from a recent meeting of the Brexit Working Group that since COVID 19, previously identified risks such as supply chains, procurement and food supply remain a concern. The potential for a second wave of COVID 19 will potentially exacerbate food, PPE and medical supply issues. Welsh Government has its own preparedness group established and the authority has regular contact. Locally, the emergency planning structures include the Gwent-wide Strategic Co-ordinating Group (Police, Health, local authorities and other partners) which assesses COVID 19 related risks and Brexit, actively monitoring developments.

A Member referred to Risk 1 (Potential risk that the authority does not remain relevant and viable for future generations due to not having a sustainable delivery model) and its move from Low to Medium. It was commented that this is an appropriate assessment because of the low compensation received for the flooding. £307,000 was claimed and £7,000 was awarded, so there is an reasonable risk that the funds spent on COVID 19 may not be recovered.

The Committee noted the recommendations that

1. Members use the risk assessment to consider the effectiveness of the authority's risk management arrangements and the extent to which the strategic risks facing the authority are appropriately captured.

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2. That members scrutinise, on an on-going basis, the risk assessment and responsibility holders to ensure that risk is being appropriately managed.

9. Forward Work Planner

The forward work planner was noted.

10. To confirm minutes of the previous meeting

The minutes were confirmed and signed as an accurate record.

11. To confirm the date of the next meeting as Wednesday 9th September 2020 at 2pm.

Meeting ended at 3.00 pm