

# Public Document Pack

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held  
at County Hall, Usk - Remote Attendance on Wednesday, 3rd November, 2021 at 12.00  
pm

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

County Councillor: A. Easson, M.Feakins, 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	Audit Wales Officer
Emma Davies	Performance Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance
Rachel Freitag	Audit Wales Officer
Daniel Francis	Accountant

### **APOLOGIES:**

County Councillors M.Lane

#### **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**

There were no actions from the previous meeting.

#### **4. Audited Statement of Accounts**

The Audited Statement of Accounts and the ISA260 Response to the Accounts (Items 4 and 5) were considered together.

The Audit Wales Officer introduced the Audited Statement of Accounts report 2020/21. It was confirmed that the work is complete and the intention is to award an unqualified opinion. Thanks were given to all MCC and Audit Wales staff involved. If County Council approves the Audited Statement of Accounts, the Auditor General will issue his certificate.

Members' attention was drawn to the amendments to the accounts; corrections made are listed in Appendix 3. Two misstatements listed in the report have not been corrected, in respect of an

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overstatement of creditors and an overstating of income. Both above the trivial threshold but fall below the materiality threshold and do not affect the overall opinion.

A recommendation has been written in the report regarding recognition of capital expenditure in Children and Young People's Directorate. This has been accepted by management and will be followed up in next year.

The Acting Assistant Head of Finance (Deputy Section 151 Officer) responded on behalf of the authority. The positive outcome was welcomed. There was a statutory deadline of 31<sup>st</sup> July to hand over the accounts, and also for them to be audited. The deadline was not met due to staffing pressures and additional processes due to Covid 19. Audit Wales' flexible approach was appreciated. The focus will be to return to a more sustainable and robust position in this financial year.

Members were invited to ask questions

Chief Officer, Resources thanked the Assistant Head of Finance and the Finance Team for their work in this difficult time. The Chair and Members echoed these sentiments.

As per the recommendation the final audited Monmouthshire County Council statement of accounts for 2020/21 (Appendix 1), was reviewed in conjunction with the Audit Wales ISA260 Audit of Accounts report, and was endorsed to full Council for final sign off.

#### **5. Treasury Outturn Report 2020/2021**

The Acting Assistant Head of Finance (Deputy Section 151 Officer) presented the Treasury Report. Members attention was drawn to an error in para 3.8 of the report which should read "These funds generated an average total return 15.72%, comprising a 4.59% income return which is used to support services in year, and 11.13% of unrealised capital gain loss." Following presentation of the report, Members were invited to comment and ask questions.

A Member asked if consideration was being given to increasing the amount held in pooled investments or would it be kept at £3m. It was responded that an increase may be considered. The authority must retain £10m in investments in the longer term under the MIFID 2 regulations and therefore consideration could be made to increasing pooled fund holdings from the existing £3m level. The income returns on the pooled funds have held at 4% despite the pandemic which compares favourably to other investments that return close to zero. The authority will be engaging with its treasury advisers to make certain it invests in the most appropriate pooled funds. The Member commented that it may be necessary to leave funds invested for a specified period or risk penalties on withdrawal.

Following the report recommendation, the Governance & Audit Committee noted the results of treasury management activities and the performance achieved in 2020/21 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of the Council.

#### **6. Mid-Year Treasury Report**

The Acting Assistant Head of Finance presented the Mid-Year Treasury Report. Following the report, Members were invited to comment and ask questions.

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There being no questions it was agreed that the Governance & Audit Committee had reviewed the treasury management activities in the first half of 2021/22 using this report and discussed with officers any changes to the process that should be considered for incorporation into the 2022/23 Treasury Management Strategy Statement which will be considered at the January Governance and Audit Committee meeting

#### **7. 2021/22 Internal Audit Progress versus Plan - Quarter 2**

The Chief Internal Auditor presented the Quarter 2 Internal Audit Report detailing Progress versus Plan. Following presentation of the report, Members were invited to ask questions and make comments.

A Member asked for more information on the National Fraud Initiative enquiring if there was a link to Covid 19. It was confirmed that the initiative is not related to Covid 19 and is a national exercise undertaken every two years, managed by the Cabinet Office and involving approximately 1200 organisations. Pre-defined data is submitted by the authority which is then matched with the other contributors and reports are produced of potential fraudulent matches. The authority investigates on a high, medium and low risk basis to identify if there is actual fraud. The example of blue badges was provided where the holder may have passed away during the two year period.

In line with the report recommendations the Committee noted the audit opinions issued. Secondly, the Committee noted the progress made by the Section towards meeting the 2021/22 Operational Audit Plan and the Section's performance indicators at the 6-month stage of the financial year.

#### **8. Audit Wales Waste Procurement Review and Management Response**

The Audit Wales Officer introduced the report in relation to the waste procurement review. The Performance Officer provided a response and passed on thanks on behalf of the Head of Neighbourhood Services to Audit Wales for their perspective during the process. Members were invited to ask questions and make comments.

A Member asked, and it was confirmed, that Audit Wales plans to follow up the recommendations made during the process.

The Chair thanked Audit Wales for the report.

#### **9. Forward Work Planner**

The Forward Work Plan was noted. The Internal Audit progress report – Quarter 2 was removed from the plan for 25<sup>th</sup> November 2021 as it had been presented at this meeting instead. The report will be replaced with a report on the progress of the implementation of internal audit recommendations.

The audited trust fund accounts and the ISA 260 reports were moved to the meeting on 13<sup>th</sup> January 2022.

#### **10. To confirm minutes of the previous meeting**

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The minutes of the previous meeting were approved as an accurate record.

11. **To note the date of the next meeting as Thursday 25th November 2021 at 2.00pm**
12. **ISA260 Response to Accounts**

This item considered with previous item.

**Meeting ended at 1.06 pm**