

# Public Document Pack

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held  
at County Hall, Usk - Remote Attendance on Thursday, 25th November, 2021 at 2.00 pm

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

County Councillor: M.Feakins, P. Jordan, M.Lane, P. Murphy,  
V. Smith, B. Strong and J.Watkins

### **OFFICERS IN ATTENDANCE:**

|                   |  |
|-------------------|--|
| Matt Phillips     | Chief Officer People and Governance and Monitoring Officer |
| Andrew Wathan     | Chief Internal Auditor                                     |
| Peter Davies      | Deputy Chief Executive and Chief Officer, Resources        |
| Wendy Barnard     | Democratic Services Officer                                |
| Emma Davies       | Performance Officer  |
| Richard Jones     | Performance Manager  |
| Rachel Freitag    | Audit Wales Officer  |
| Matthew Gatehouse | Head of Policy and Governance                              |

### **APOLOGIES:**

County Councillors A. Easson

#### **1. Declarations of Interest**

No declarations of interest were made.

#### **2. Public Open Forum**

No members of the public were at the meeting.

#### **3. To note the Action List from the previous meeting.**

There were no actions from the previous meeting.

#### **4. Governance and Audit Committee Review**

This item deferred until the next meeting.

#### **5. Update on Unfavourable Internal Audit Opinions**

The Chief Internal Auditor introduced the six-monthly report on progress of unfavourable opinions. The Committee was advised that there was no recommendation to call in operational managers and Heads of Service to justify lack of progress and to hold to account for future improvements.

Following presentation of the report, members were invited to ask questions and to make comments:

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- A Committee Member asked if responsibility for Food Procurement had moved to Cardiff City Council due to the collaborative work and was informed that regardless of whether or not the responsibility has moved, there is a duty for the recommendations to be followed up. Clarification will be sought if this is part of the collaborative work and will be reported to the next meeting.
- In response to a question, it was confirmed that the 2018/19 opinion on Caldicot Castle and the 2019/20 Caldicot Castle follow up refer to the same audit. There was no follow up due to Covid and Caldicot Castle remains on the list to be followed up.
- A Committee Member asked if the inability to follow up some audits due to Covid would add to the Internal Audit Team workload and if there are sufficient staff resources to cover the additional work. It was explained that the additional workload will be managed within the current workload. The audit plan will take into consideration follow up work, new jobs and staff needed. This includes follow up work on more favourable opinions.
- A Committee Member observed that the lack of action must be discouraging. It was clarified that the follow-on report does not include limited opinions. The limited opinion assurances issued generally have a positive response. When followed up, operational managers have implemented many of the improvements necessary to resolve the risks identified resulting in very few requests to invite operational managers and their Head of Service to the Committee.

The recommendations below were approved with no instruction to call in any operational managers or heads of service.

1. That the Audit Committee note the improvements made by service areas following the original Limited assurance audit opinions issued.
2. That if the Members of the Audit Committee are concerned about any of the audit opinions issued or lack of improvement made after the follow up audit review, consideration be given to calling in the operational manager and the Head of Service to provide justification for lack of progress and hold them to account for future improvements.

#### **6. Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance 2020/21**

The Audit Wales Officer presented the Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance report. The certificate confirms that the authority has legally complied with the requirements of the Local Government Measure to produce an improvement plan and an annual assessment to measure progress against it. This is the last year of this requirement as the Local Government Measure has been superseded by the Local Government and Elections Act 2021.

The Performance Manager thanked Audit Wales for their work producing the document. The Local Government and Elections Act requires changes to performance arrangements. In future, the Council must produce an annual self- assessment report which will refer to 2021/22 performance and will be reported into the Governance and Audit Committee.

A Committee Member thanked an Audit Wales Officer for contacting her to clarify some points outside the meeting.

The report was noted.

#### **7. Review of Strategic Risk Register (6-monthly)**

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The Performance Officer presented the 6-monthly report to review the Strategic Risk Register. Following presentation of the report questions and comments were invited from Committee Members:

- A Committee Member questioned a potential shortfall in funding to replace European Union (EU) funding previously available and asked if sufficient account has been taken of risks arising from the previous levels of funding not being unavailable. It was confirmed that residual risks from de-escalated risks are considered and the Committee was referred to risks 4a and 4b for the management of financial related risks noting that potential shortfalls would be included as appropriate. If the risk is more significant consideration would be given to the risk being included in its own right.

The Deputy Chief Executive and Chief Officer for Resources highlighted the UK Government levelling up funding. Whilst the first two bids made were unsuccessful, further bids will be made. The authority has been very successful with its bids for Community Resilience Funding. These funds are likely to be replaced by the Shared Prosperity Fund; the replacement for EU funding. The bidding process is undecided and is a risk.

- A Committee Member thanked officers for the report and wished to highlight two high level risks. 1) Risk 12 – reduction of Carbon emissions and enquired how much 'resilience' is being focussed upon and 2) Risk 5 - the recruitment and retention of staff to maintain services and any improvements to the recruitment process.

Regarding Risk 12, the Performance Manager explained that there are two clear mitigating actions; a) delivering our climate emergency strategy and b) how the authority prepares and adapts to the impact of climate change recognising that the risk level is high with some factors outside our control. An example of mitigation on the impact of climate change is work with the Public Service Board piloting some natural flood risk management techniques and work on climate resilience plans.

In consideration of Risk 5, the Chief Officer People and Governance responded that the intention is to create a recruitment process based on genuine talent acquisition. Different approaches are already being used to attract suitable candidates. He referenced the global skills shortage. He explained there are software applications under consideration, career development/ leadership training and identifying the best ways to work for the benefit of both employees and residents in the County to improve recruitment and retention. The priority is to retain competitive advantage.

- In response to a Member's question about the authority's commercial strategy, it was confirmed that £50M was borrowed. The Government disallows use of the funding for renting under the strategy and asked what the implications would be for the Council. The Deputy Chief Executive explained that one of the requirements of the Investments Committee is that it presents an annual report. This will be presented early in the new year. It was confirmed that the Chancellor has tightened the ability for Councils to use PWLB borrowing for commercial activity for yield and return. This has not been the intention of the authority but instead to use the returns generated from commercial investments to maintain frontline services. It may create some hindrance to investment outside the county boundary and advice is being sought accordingly. The Castlegate and Newport Leisure Park are retrospective acquisitions.

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As detailed in the recommendations, Members used 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.

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

#### **8. Implementation of Agreed Internal Audit Recommendations**

The Chief Internal Auditor reported on the Implementation of Agreed Internal Audit Recommendations. Following presentation of the report, Members were invited to ask questions and to make comments.

A Member asked if the drop off in implementation of the agreed recommendations was related to Covid factors. It was responded that this was partially so as operational managers were directed elsewhere and their priorities were changed to uphold frontline provision rather than implementing recommendations. Audit staff are working with managers to follow up and request evidence of implementation. Senior Leadership Team has lent its support to promoting this course of action. It is predicted that there will be a significant improvement in the next report to the Committee in 6 months.

The Deputy Chief Executive explained that the Chief Internal Auditor regularly attends Senior Leadership Team meetings to strengthen interaction with SLT and Department Leadership Teams. Accepting the mitigating circumstances that have had an impact, there is a clear expectation that improvements must be made, and there is already evidence of this occurring.

The recommendation that the Governance & Audit Committee considers this report, identify any concerns of non-implementation of audit recommendations and where appropriate consider calling-in any managers for further explanation as to why the implementation of actions has not been as productive as expected was noted.

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

The following change to the planner was made:

- Overview of Performance Management arrangements moved to 17<sup>th</sup> February 2022

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

The minutes of the previous meeting were confirmed as an accurate meeting.

#### **11. To confirm the date of the next meeting as 13th January 2022**

**Meeting ended at 3.05 pm**