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MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 26th January, 2023 at 2.00 pm

PRESENT: Andrew Blackmore (Chairman)
County Councillor Peter Strong (Vice Chairman)

County Councillor: Ian Chandler, John Crook, Tony Easson,
Malcolm Lane, Phil Murphy, and Laura Wright

ALSO IN ATTENDANCE:

Colin Prosser Lay Member
Martin Veale Lay Member
Rhodri Guest Lay Member

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Richard Jones	The Performance and Data Insight Manager
Jonathan Davies	Head of Finance
Rachel Freitag	Audit Wales Officer
Kathy Buckley	Chief Information Security Officer
Sian Hayward	Digital and Technology Manager

APOLOGIES:

County Councillors Tony Kear

1. Declarations of Interest

Items 6/7: Welsh Church Fund/Monmouthshire Farm School Endowment Trust and ISA260 - Martin Veale declared a personal non-prejudicial interest as a Governor of Coleg Gwent (formerly Usk Agricultural College) in respect of Monmouthshire Farm School Endowment Trust.

2. Public Open Forum

No members of the public had expressed an interest to speak.

3. To note the Action List from the previous meeting

The Action List from the previous meeting was noted. In doing so, the following points were made:

1. Key Collaborations:
 - 1(a) CLOSED. See Agenda Item 5.

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- 1(b) OPEN. The Internal Audit Team is conducting an audit of the governance arrangements and will report back to Governance and Audit Committee in due course.
- 2. Cross referencing reports with Terms of Reference: CLOSED. See Agenda Item 8.
- 3. MCC Statement of Accounts (final): OPEN. Item deferred from agenda. The Head of Finance provided an update that plans to bring the final accounts to this meeting were well advanced before Christmas, but the development of the 2023/24 budget, and other pressing issues, have caused delays. There is one Audit Wales query outstanding and papers should be ready for the next meeting. It was confirmed that several other Welsh and English authorities have not met the deadlines. The Committee was reminded of the national issues that have led to delays.

It was explained that the deadline of 31st July 2022 was extended to 30th November 2022 then 31st January 2023 (discretionary deadlines). There are no consequences arising from missing these discretionary deadlines. It was accepted that a paper to explain the deferment should have been presented to this meeting. The Audit Wales Officer clarified that the statutory deadline is 31st July 2022. The November and January deadlines were expectations.

- 4. Anti-Bribery, Fraud and Corruption: Regarding the question raised about vetting of key staff, the Deputy Chief Executive took advice from the Monitoring Officer/Chief Officer, People and Governance and an employment lawyer to assess risk, the controls in place, and to consider the history of fraud in the authority. As there is no history of fraud and a small numbers of cash handling roles, it is considered that there is no net benefit to vetting key staff. Action: CLOSED
- 5. Unfavourable Internal Audit Opinions: A e mail was circulated to members of the Governance and Audit Committee. Action: CLOSED

4. Collaboration and Partnership Report

The Performance and Data Insight Manager presented a report on Key Collaborations and Partnerships. Following presentation of the report, questions were invited.

Members seeking detailed information outside the scope of the Governance and Audit Committee about the Burns Commission Steering Group, Health Visitors and Flying Start, and Monnow Vale Health And Social Care Facility were directed to the relevant Chief Officers.

A Member sought assurance of robust governance, audit, and reporting back arrangements where there are pooled budgets. It was explained that lead officers are attributed to each collaboration on the list to take responsibility that arrangements are in place. Internal Audit examine a sample from the list to check effectiveness and identify key themes. This work is ongoing, based on samples only and will be reported upon in due course.

A Member asked if there were models or templates for the governance arrangements for partnerships / collaborations and asked how it is decided which authority leads and if there is guidance around proportionality of funding. The Deputy Chief Executive explained that all public bodies will be closely considering the benefits of collaborative work and the ability to deliver key outcomes in the current economic climate. Willingness and trust are implicit for a successful collaboration. The lead authority is decided as part of overall discussions case by case considering if the collaboration is in each authority's interest. The list and ongoing audit work will provide shared learning to develop future practice for existing and new arrangements.

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As suggested by a Member it was agreed to add the job title of the person attributed to each collaboration so that it is easier to understand the position of the collaboration in the internal governance structure.

A Member asked that the nature of the authority's role is added to the list (a member of the group, partner, board members, leading etc) and also information on the most appropriate scrutiny committee with accountability for oversight of the arrangement in terms of whether anticipated outcomes were being achieved accepting that there may be overlaps.

The Chair welcomed this work as a first step in understanding how the partnerships and collaborations fit into the authority's governance structure, how they are scrutinised and the role of the governance and audit committee; the next step is to understand and assess more fully the authority's core governance arrangements as summarised in the Constitution.

As recommended in the report, the Governance and Audit Committee noted the 'key' partnership and collaborations identified and provided any feedback. The Governance and Audit Committee will add to its forward work programme a report on partnership and collaboration arrangements with further details regarding governance, reporting arrangements and finances informed by the initial findings identified through the Internal Audit review.

5. 2021/22 Welsh Church Fund/Monmouthshire Farm School Endowment Trust - Final

The Head of Finance presented the Audited / Examined Statement Of Accounts 2021/22 – Charitable Trust Funds Report. The following item, the ISA 260 or equivalent for Trust Funds was presented by the Audit Wales Officer. The items were considered together. The Committee was reminded that there is a full audit for the Welsh Church Fund, and an independent examination of the Monmouthshire Farm School Endowment Trust. It is proposed that unqualified opinions are issued for both funds.

Following presentation of the Welsh Church Fund report, Members were invited to ask questions:

Welsh Church Fund:

A Member queried, in the current financial climate, if it would be cheaper to have an independent review instead of Audit Wales' services. The Head of Finance responded that the authority has responsibilities as custodian of the Welsh Church Fund. The Committee has previously considered this point and concluded to maintain the current arrangement so as to provide sufficient assurance for all the bodies that are members of the consolidated fund.

A Member agreed with this approach as several authorities rely on the Fund for monies to distribute to worthy causes and organisations. The robust audit approach is to be welcomed.

A Member queried how and to whom the monies are distributed and sought clarification on current levels of transparency. The Head of Finance explained that the Welsh Church Fund Committee membership and terms of reference are publicly available on the MCC website. There was a change in the decision-making process during 2022/23. The report of the Grant awards was previously ratified by Cabinet but now this function is carried out by Individual Cabinet Member Decision. Each authority has a different

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mechanism for awarding grants. Details of the grants awarded by each authority can be made available if required. The details are not published in the accounts as applications are sometimes made by named individuals. It was clarified that if an annual allocation is not spent, it can be rolled forward to the subsequent year.

A Member wished to make it clear that each authority has its own Committee and procedures.

In response to a question, it was confirmed that each authority has reference to the Welsh Church Fund on its website with details of eligibility and the application process. Consideration will be given to disclosure of the types of grants awarded being published in the MCC accounts.

In relation to considering the next annual set of accounts for the Welsh Church Fund. the Chair expressed the view that the trustees should provide an affirmation to the Governance and Audit Committee that grants have been made in accordance with the rules of the trust.

As detailed in the report recommendations, the audited 2021/22 statement of accounts for The Welsh Church Act Fund were approved in conjunction with the Audit Wales ISA260 Audit of Accounts report for The Welsh Church Act Fund.

The Chair signed the letter of representation on behalf of the Committee.

Following presentation of the Monmouthshire Farm School Endowment Trust Fund report, Members were invited to ask questions:

Monmouthshire Farm School Endowment Trust Fund

A Member of the Monmouthshire Farm School Endowment Trust Fund Committee provided feedback that the accounts were reviewed by the Committee adding that an item of debt had been completely paid.

Clarification was provided by the Audit Wales Officer that the Auditor General certifies the accounts after they have been approved.

A Member noted this is a small fund, part of Coleg Gwent estate and queried why it is being operated independently from that and questioned the benefits to recipients to justify the administration. It was explained that applications are received from students e.g. starting their courses they may need laptops, equine equipment or chainsaws. Set amounts are used as guidance, usually a third of the claim amount is granted. There is a set amount of funds available per annum that cannot be exceeded and is usually fully utilised. Representatives of Coleg Gwent attend meetings.

A Member asked for clarification on the limits to expenditure noting that a substantial surplus has been carried forward. It was explained that expenditure relies on volumes of applications and the period concerned was still under Covid restrictions hence volumes were materially reduced. Applications this year have returned to normal.

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As detailed in the report recommendations, the independently examined financial statements for The Monmouthshire Farm School Endowment Trust Fund for 2021/22 were approved in conjunction with the Independent Examination Report for The Monmouthshire Farm School Endowment Trust Fund.

6. ISA260 or equivalent for Trust Funds

This item was considered at the same time as the previous item.

7. Review of the Committee Terms of Reference aligned to the Audit Plan

The Chief Internal Auditor presented a report on the Governance & Audit Committee Work Programme in line with its Terms of Reference. Following presentation of the report, Members were invited to ask questions:

Members thanked the Chief Internal Auditor for his report and favoured the version in Appendix 2. It was noted that meeting dates were agreed by Council at its last meeting.

As per the report recommendations, the Governance & Audit Committee approved the proposed new format for the Governance & Audit Committee's forward work programme which aligns with its Terms of Reference.

8. Governance and Audit Committee Work Programme

The Governance and Audit Committee Work Programme was noted.

The following items were added:

- Implications arising from the proposal to remove the vacant Senior Auditor post from the structure as a budget saving.
- Internal Audit Q3 Report to be moved from the March agenda to February

It was agreed to review the number/priority of items for the February and March agenda so as to ensure an appropriate balance.

9. To approve the minutes of the previous meeting held on 24th November 2022.

The minutes of the meeting held on 24th November 2022 were confirmed as an accurate record.

10. To note the date of the next meeting as 16th February 2023 at 2.00pm

11. 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 agreed 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. The Proper Officer's view was noted.

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12. Cyber Security Report

The Head of Digital and the Chief Information Security Officer presented a report on Cyber Security. The Audit Wales report "Learning from cyber-attacks" was also considered. Members were provided with the opportunity to ask questions following presentation of the report.

Questions covered:

- Business Continuity Planning
- Collaboration with SRS, scrutiny of governance arrangements and reporting back to Governance and Audit Committee
- Staff Training
- Cyber-attacks and prevention

Meeting ended at 3.55 pm