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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 Wednesday, 20th September, 2023 at
2.00 pm

PRESENT: Andrew Blackmore (Chairman)
County Councillor Tony Easson (Vice Chairman)

Lay Members: C. Prosser, M. Veale, R. Guest,

County Councillor: Ben Callard, John Crook, Tony Easson,
Malcolm Lane, Phil Murphy, Peter Strong and Ann Webb

OFFICERS IN ATTENDANCE:

Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Jan Furtek	Audit Manager
Wendy Barnard	Democratic Services Officer
Richard Jones	Performance and Data Insight Manager
Hannah Carter	Graduate Performance Analyst
Daniel Francis	Accountant
Matthew Gatehouse	Chief Officer People, Performance and Partnerships.

APOLOGIES:

County Councillor David Jones

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.

The action list from the previous meeting was noted.

1. **Key Collaborations and Partnerships:** Update on the agenda for today's meeting. [CLOSED]
2. **Finance Team capacity:** Update on the agenda for today's meeting. [ONGOING]
3. **Audit Wales Work Programme - Council progress:**
 - a) **People Strategy and Asset Management Plan to be reported on separately in future.** Add to forward workplan for November [ONGOING]
 - b) **Social enterprise (slippage of nearly a decade Wales-wide):** A written response to the question was circulated to Committee Members. [CLOSED]

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4. **Whole Authority Complaints Report:** A weighting system to be considered for future reports. [ONGOING]
5. **Strategic Risk Register:** Refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee – November 2023 [ONGOING]
6. **Torfaen Internal Audit (SRS): How best to ensure that the Committee continued to have visibility over relevant matters pertaining to the Shared Resource Service.** This item was considered as part of deliberations on report on key collaborations and partnerships: Update report on agenda today. [CLOSED]
7. **Freedom of Information, Data Protection, and Data Subject Access Requests:**
 - a) **Report of mandatory training completion rates broken down by service area:** It was agreed that the mandatory training rates were disappointing. An update was provided that the introduction of Thingi will better identify training required and completion rates; and will offer e-learning options. [CLOSED]
 - b) **Information was requested on the governance arrangements for the policies as the Committee has not received any policies for review and endorsement:** The Deputy Chief Executive will raise issues a) and b) with the Head of Information Technology and Security [ONGOING]
 - c) **Deputy Chief Executive to consider the corporate risk control policies (extending beyond IT and data protection) that the Committee should periodically review and recommend for approval across the authority:** A response will be prepared for the next meeting. [ONGOING]
8. **IA Annual Report: Tintern Old Station: CIA to check if card payments are accepted.** It was confirmed that card/cash payments are accepted. [CLOSED]
9. **Draft Operational Plan:**
 - a) **Committee requested to be consulted on proposed delivery models:** The Deputy Chief Executive provided an update on early discussions on options including regional collaboration, Gwent-wide collaboration or strengthen existing team. More information on options to be provided as available. [ONGOING]
 - b) **Update on Internal Audit Team capacity** [ONGOING]
10. Draft Annual Governance Statement
 - a) **Identify potential misconduct - Liaise with HR if there are any instances/examples:** The Chief Internal Auditor had liaised with HR and it was confirmed that there were no instances of potential staff misconduct due to theft, fraud, misappropriation corruption or bribery so no additions are necessary. [CLOSED]
 - b) **Consider adding observations from Committee Annual Report to Annual Governance Statement:** This will be completed when the final statement is presented to the Committee. [CLOSED]

4. Audit Wales: Well-Being Objective Setting.

The Audit Wales Officer presented the report on Monmouthshire's Well-being Objective Setting Examination. The Performance and Data Insight Manager presented the organisation's response. Members of the Committee were invited to comment and ask questions:

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- Noting this is a national programme of work, a Member suggested that some authorities have performed better in terms of citizen involvement. It was explained that Monmouthshire's performance is slightly above average, and the areas identified to strengthen are similar across many authorities. It is agreed that there is more work to do in this respect but there are no major concerns.
- A Member asked for clarification of the word "diversity" in terms of citizen involvement and was informed that this could include targeting harder to reach groups that would not normally interact with the Council, also non-service users. Authorities can tend to use established consultation groups and should consider looking wider.
- It was confirmed that progress against actions identified by Audit Wales will be reported back to the Committee in the regular progress report.

5. 2022/23 Monmouthshire County Council Statement of Accounts.

The Deputy Chief Executive and Finance Business Officer presented the draft Monmouthshire County Council Statement of Accounts 2022/23 and sought feedback and comments from the Committee. The Audit Wales Officer confirmed the accounts were received on 19th July 2023, past the deadline but in line of when officers had advised. It was reported that progress is delayed due to Audit Wales resource issues and the final accounts and ISA260 are unlikely to be ready by the November meeting. Progress will be reviewed at the next meeting.

- A Member, referred to the pensions liability (noting the main driver for the change in the total worth being a significant re-measurement of the net future pension liabilities of £202.6m) asked for more information. The Deputy Chief Executive explained that the pension fund deficit is similar to many other authorities. Triennial valuations of the fund by the Actuary are in progress combined with consideration of employers increasing employee and employer contributions to arrest the position. The results of the latest actuarial valuation presented a more positive position in terms of its assessment of liabilities due to a material change in the discount rate, inflation factors, how long people are living into retirement etc leading to a restructuring of pension scheme liabilities. It is a positive that there is a flattening of employer contributions going forward over the next few years as the Actuary is more comfortable that the pension fund is working towards a point of being fully funded.

The changes in the 2022/23 accounts are because of the valuation undertaken in March 2020 working its way through.

The Member suggested that the information provided could be expanded upon to provide reassurance to the reader. It was suggested that Officers consider this point outside the meeting.

A Member commented that it would be a "hard sell" to increase contribution rates when 0.5% change to a discount rate makes a £200m difference in the fund. The Deputy Chief Executive confirmed that the discount rate is determined by the Actuary based on evidence. It was agreed to provide a fuller explanation to put into context what the change in liabilities means for the Council.

The Chair referred to table 14.2, (pension stakeholders broken down between active, deferred and pensioners) and queried the average age being 52, and sought confirmation about the high average age of active members who are employees making contributions. Is there an issue with an older workforce who could retire in significant numbers in future. The Deputy Chief Executive confirmed that active members tend to

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be older age. There is a national drive of auto enrolment to encourage employees to make pension contributions through their careers rather than later on.

The Chair, on behalf of the Committee conveyed thanks to all the Officers involved in the completion of the Statement of Accounts, appreciating the amount of work involved.

As in the report recommendations, the Governance & Audit Committee:

1. Reviewed the 2022/23 draft Statement of Accounts and highlighted any queries and comments; and
2. Noted that following the completion of the external audit process, the audited Statement of accounts for 2022/23, alongside the outcome of the external audit process, will be presented to this Committee.

6. Draft Self Assessment Report.

The Performance and Data Insight Manager and Performance Analyst presented the Draft Self-Assessment Report. Following the slide presentation, Members were invited to ask questions:

- A Member liked the balanced and realistic approach and welcomed consideration of a resident friendly version. The Member added that there should be consistency in use of comparators providing the example of play provision. It was commented that the graphs required greater detail to improve the helpfulness of the data to note trends etc. The Member asked if the enabling work processes can deliver the future outcomes for self-assessment.

The Performance and Data Insight Manager agreed that comparators should be consistent, and the graphs should clearly show impact. The report will be amended accordingly. It was added that a performance dashboard is in place that contains all the measures for the corporate and community plan to enable the identification of trends, performance against targets etc. This is available internally currently and all Governance and Audit Committee Members will have access via a link as required. The intention in the future is to extend access to residents.

- A Member also highlighted the apparent inconsistency in the instances where percentages regarding volunteering are references in the report. An explanation of Universal Free School Meals/Free School Meals was requested and why this number is rising exponentially. Regarding Objective: Green Place to Live, it was suggested that honesty is needed about the likelihood of meeting targets. Similarly in the Objective: A Safe Place to Live in respect of homelessness, whilst appreciating the significant financial pressures, the need to be more specific around statutory targets set by Welsh Government and including this aspect in budgets. With concern, the Member drew attention to the Objective: A Learning Place where attendance is 88% (80% for free school meals pupils). The Performance and Data Insight Manager acknowledged the point about consistency regarding volunteering and an amendment will be made. It was explained that universal free school meals are not necessarily those who are eligible for free school meals. In respect of Green Place to Live and Safe Place to Live, the conclusions in the report will be used to inform future plans and will include more focus on impact as that approach develops. The attendance figures highlight that challenge for the authority.

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- The Chair thanked the team for their work noting that the approach demonstrated a robust and balanced approach taken resulting in a comprehensive, well-produced and meaningful report to drive future performance.
- In terms of action points, the Officer confirmed that actions will be reported through the Committee's Work Programme. Progress will be monitored by services during the year in service business plans and will be reported back to Committee in next year's self-assessment report. It was requested that any material issues in achieving the actions should be reported back outside of the annual self-assessment report.
- In response to a query about external panel review, it was confirmed that this is part of the Local Government and Elections Act 2021 regulations requiring an independent peer review once in an electoral cycle to assess performance more thoroughly. This will be scheduled within the performance cycle to maximise the benefit from self-assessment reports. The Committee will be informed when the review is taking place.
- It was confirmed that the Senior Leadership Team and other officers have been involved in the processes leading to production of the report.
- In response to a question, it was explained that the audit tracker is not yet live due to some system bugs and is currently with the Digital Team for resolution before moving to testing.

As in the report recommendations, the committee reviewed the draft self-assessment report 2022/23 and made recommendations for changes to the conclusions or actions prior to the report being considered by Council.

7. Verbal Update on the Finance Team Capacity.

The Deputy Chief Executive explained that the Head of Finance is engaged in assessing capacity with a view to propose fit for purpose arrangements within the current financial challenges. A further update was deferred until the next meeting.

8. Key Partnerships and Collaborations.

The Chief Internal Auditor (CIA) presented a report on the Audit of Monmouthshire County Council's Key Partnerships and Collaborations. The Chief Officer People, Performance and Partnerships welcomed the report, its review process, and recommendations. Committee Members were invited to ask questions:

- A Member referred to previous unsuccessful collaborations and if there are any collaborations of current concern. It was responded that part of the exercise has allowed clear criteria and guidance to identify partnerships of concern.
- A Member, referring to the audit opinion of reasonable assurance, asked for a breakdown of the number of staff engaged in partnerships, the cost and the Authority's financial input against the original and current purpose of the partnership and the Authority's level of involvement. The Chief Officer People, Performance and Partnerships explained that there is an Officer Governance Working Group to test out these points and identify good practice in all aspects. The information will become

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available on the Intranet site which will highlight exposure to risks, risks of non-delivery and financial commitment with the caveat of commercial sensitivity.

- Referring to the clear audit governance arrangements for Cardiff City Deal and SRS, a Member asked if there are similarly robust governance arrangements for other partnerships. It was responded that governance arrangements for other partnerships can be at a lower level e.g. joint agreement with Newport City Council on data sharing attracting a proportionally lighter touch. There is no room for complacency and the guidance from this work will be used to help identify risks and ensure that governance arrangements are applied appropriate to the scale of the partnership.
- A Member asked why only one of the two tables included recommendations and agreed management action. The CIA explained that anything Critical is rated Red, and anything Significant is rated Amber; both require a recommendation to be issued and agreed management action. Anything deemed as Moderate, Management is asked to note the issue and to put controls in place to resolve.

As per the report recommendations, That the Committee notes the audit opinion and findings from the Partnership and Collaboration Arrangements Internal Audit Review.

The Chair requested that an agenda item is scheduled in March/April to review Management's response to this report in terms of output.

9. Forward Work Plan.

The Forward Work Plan was noted.

10. To approve minutes of the previous meeting.

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

11. To confirm the date of the next meeting as 19th October 2023.

Meeting ended at 4.00 pm