

## Governance & Audit Committee

Friday, 24 September 2021

**PRESENT:** Councillor T.M. Higgins (Chair)

**Councillors:**

K.V. Broom, D.M. Cundy (In place of B. Thomas), K. Davies, G.H. John, A.G. Morgan and D.E. Williams

**Co-opted Member:**

J. James

**Also present as an observer:**

Clr D.M. Jenkins – Cabinet Member for Resources

Clr. M. Stephens – Deputy Leader

**In attendance from Audit Wales:**

J. Garcia, A. Lewis, A. Worthy, B. Hopkins, N. Jenkins and C. Bates

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services

H. Pugh, Head of Revenues and Financial Compliance

R. Mullen, Director of Environment

R. Hemingway, Head of Financial Services

N. Daniel, Interim Head of Planning

C. Powell, Principal Auditor

G Davies, Finance Manager

S. Rees, Simultaneous Translator

M. Evans Thomas, Principal Democratic Services Officer

S. Hendy, Member Support Officer

E. Bryer, Democratic Services Officer

**Virtual Meeting - 10.00 am - 12.15 pm**

**1. APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillors B.A.L. Roberts and B. Thomas.

**2. DECLARATIONS OF PERSONAL INTERESTS.**

There were no declarations of personal interest.

**3. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS**

**3.1. CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT**

The Committee considered the Audit Wales Audit of Financial Statement Report. The report summarised the main findings arising from the audit undertaken by Audit Wales of the Authority's accounts for 2020/21.

The Auditor General was responsible for providing an opinion as to whether the financial statements gave a true and fair view of the position of Carmarthenshire County Council as at 31st March 2021.

Jason Garcia of Audit Wales informed the Committee that Audit Wales intended to issue an unqualified audit report on the accounts. It was anticipated that the audit report would be signed off by the Auditor General on the 27<sup>th</sup> September, 2021.

The Committee was pleased to note that Audit Wales intended to issue an unqualified audit opinion on the accounts and this would be issued as soon as the Letter of Representation had been provided.

Thanks were extended by Audit Wales to all officers concerned in the production of the report during challenging times and for embracing the new way of working.

**UNANIMOUSLY RESOLVED that the Audit Wales Audit of Financial Statements report for Carmarthenshire County Council for 2020/21 be received.**

### **3.2. LETTER OF REPRESENTATION TO AUDIT WALES CARMARTHENSHIRE COUNTY COUNCIL**

The Committee considered the Letter of Representation to Audit Wales which had been prepared by the Director of Corporate Services and the Chair of the Governance and Audit Committee, in line with the requirements of the Statement on Auditing Standards (SAS440 - Management Representations).

The Committee's formal acknowledgement of the response of the Director of Corporate Services and the Chair of the Governance and Audit Committee was also required by Audit Wales.

**UNANIMOUSLY RESOLVED that the Letter of Representation from the Director of Corporate Services and the Chair of the Governance and Audit Committee to Audit Wales be formally acknowledged.**

### **3.3. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT**

The Committee considered a report on Audit Enquiries To Those Charged With Governance.

Audit Wales is required to conduct their financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs, Audit Wales is required to formally seek the Authority's documented consideration and understanding of a number of governance areas that impact upon the audit of the financial statements.

These considerations are relevant to both the Council's management and those charged with governance, namely the Governance and Audit Committee.

The report detailed those areas of governance on which Audit Wales sought views and the information provided informed their understanding of the Council and its business processes and supported their work in providing an audit opinion on the 2020/21 financial statements.

**UNANIMOUSLY RESOLVED to approve the responses to the requests made of both management and the Audit Committee, as detailed in the report.**

### **3.4. STATEMENT OF ACCOUNTS 2020/21**

The Committee considered the Statement of Accounts 2020/21 for Carmarthenshire County Council post audit, in line with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018).

It was noted that a number of amendments had been made to the accounts, as mentioned in the ISA 260, including clarification on some disclosure notes.

For the Council Fund, there had been no change to the balances on general or earmarked reserves for the year and similarly no change to the Housing Revenue Account balance at year end. All changes agreed with Audit Wales were reflected in the Statement of Accounts.

The Director of Corporate Services advised that there was an underspend of £814K for the 2020/21 financial year and that this was in part due to Covid. It was also advised that no new borrowing had been taken from the Public Works Loans Board (PWLB) in 2020/21.

**UNANIMOUSLY RESOLVED that the Statement of Accounts 2020/21 for Carmarthenshire County Council post audit be approved.**

## **4. BURRY PORT HARBOUR FINANCIAL STATEMENT 2020-21**

The Council was required to approve the 2020/21 post-audited accounts of the Harbour Authority in order to comply with the Accounts and Audit (Wales) Regulations 2014. The Governance and Audit Committee had delegated powers to approve the Accounts in line with the Local Government Measure.

Carmarthenshire County Council has a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000.

In accordance with the Harbours Act 1964, statutory Harbour Authorities are required to prepare an annual statement of accounts relating to harbour activities. In compliance with the Accounts and Audit (Wales) Regulations 2014, these accounts are in the form of a separate annual income and expenditure account and statement of balances.

In April 2018 the Authority granted a long-term lease to The Marine & Property Group Ltd, who took over the running and management of Burry Port Harbour and consequently the activity on the statement was much reduced.

The net cost of the harbour activities in 2020/21 was £803k, (2019-20 £76k) and all activities were fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2021 total £925k. The increase in costs year on year of £727k mainly consisted of an increase in capital expenditure of £731k and a decrease of £16k in operating costs offset by a £12k decrease in income.

The following questions/observations were raised on the report: -

- Reference was made to the significant reduction in the total of receipts recorded and officers were asked how this reduction had occurred. The Director of Corporate Services informed the Committee that this was due to the administering of the moorings now being undertaken by Burry Port Marina.
- It was asked what the Authority's exposure with regard to maintenance and dredging of Bury Port harbour was. The Director of Corporate Services informed the Committee that the Authority was only responsible for the maintenance of the harbour wall and that ongoing dredging and responsibility for the RNLI building was with Burry Port Marine.

**UNANIMOUSLY RESOLVED that the audited Accounting Statement for Burry Port Harbour Authority for 2020/24 be approved.**

## **5. AUDIT WALES**

### **5.1. CARMARTHENSHIRE COUNTY COUNCIL REVIEWS: REVIEW OF PLANNING SERVICES**

The Committee considered the Audit Wales report relating to the review of the Planning Service of Carmarthenshire County Council. Audit Wales undertook the review of the Council's planning services as their Assurance and Risk work had identified the service as a potential risk.

The assessment sought to answer the question: Is the planning service meeting its own objectives, and supporting the Council in the delivery of its overall objectives?

Alison Lewis of Audit Wales advised the Committee that Audit Wales had found significant and long-standing performance issues in the planning service that needed to be urgently addressed to help support delivery of the Council's ambitions.

Audit Wales came to this conclusion because:

- the Council's current arrangements for determining major planning applications needed strengthening to help it achieve its regeneration ambitions;
- long-standing, significant performance issues in development management and planning enforcement were undermining effective service delivery; and
- the Council needed to urgently review its performance and service improvement arrangements for its planning service to better serve its customers.

The report included 17 key recommendations for the Council to address.

Audit Wales advised the Committee that it was pleasing to note how the Authority had accepted the recommendation and had taken action to resolve the issues identified.

The Interim Head of Planning provide the Committee with an update on the timeline of events and progress on actions against the key 17 recommendations. A breakdown of the impact of the actions on performance was also provided and included:

- 48 major project applications approved resulting in the creation of 212 new full time and 65 new part time jobs. Additionally safeguarding 300 jobs.
- Of the 847 undetermined planning applications identified, 666 remained with 296 within the 8-week target for determining applications.
- At the time the Intervention Board commenced there had been 955 enforcement cases not dealt with. This had reduced to 868 cases.

It was noted that progress would not have been possible had it not been for the staff responding to the interventions and change.

The following questions / observations were asked in relation to the report: -

- It was stated that the report highlighted huge failings and that the Committee should review the risk register. The Head of Revenues and Financial Compliance confirmed that the Corporate Risk Register would be brought to the next Committee meeting. It was advised that the register had already been reviewed by CMT and that additional risks had been accepted.
- Asked if the Committee could be advised of future strategic reviews to enable the Committee to be involved earlier on in the process. It was agreed that this would be considered further by the Corporate Governance Group.
- Asked if the mitigations that had been put in place were sustainable and how could the situation be prevented from happening again. The Interim Head of Planning advised that it was sustainable. It was acknowledged that there were staffing challenges and that this was across the whole of Wales. The Director of Environment advised that a wider piece of work was required to review how Performance Management was undertaken.
- It was suggested that as the risk register was sometimes difficult to read an exception report should be provide instead and that a quarterly progress report should be provided to the Committee detailing the progress made against the 17 identified recommendations.

**UNANIMOUSLY RESOLVED to:**

**5.1.1 note the findings of the Audit Wales report.**

**5.1.2 note the Carmarthenshire County Council response and action plan provided to Audit Wales on July 30th, 2021.**

**5.1.3 provide the Governance and Audit Committee with a quarterly progress update report.**

**6. INTERNAL AUDIT PLAN UPDATE 2021/22**

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2021/22.

**RESOLVED that the Internal Audit Plan update 2020/21 be received.**

**7. GOVERNANCE & AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Committee considered the proposed Forward Work Programme for the 2021/22 Governance and Audit Committee Cycle detailing the items to be presented to Committee at scheduled meetings during the forthcoming year.

**RESOLVED that the report be received.**

**8. INTERNAL AUDIT CHARTER**

The Committee received an updated Council Internal Audit Charter for consideration.

The Internal Audit Charter (2019-2021) was endorsed by the Governance & Audit Committee on 13th September 2019; the Charter was to be reviewed every two years.

The purpose of the Charter was to define what Internal Audit is and explain its purpose, authority and responsibility.

The Committee noted that the Charter had been written in accordance with the PSIAS and that the Internal Audit Charter would be reviewed every two years.

**UNANIMOUSLY RESOLVED that the updated Carmarthenshire County Council Internal Audit Charter be endorsed.**

**9. MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE:-**

**9.1. RISK MANAGEMENT STEERING GROUP - 30TH JULY, 2021**

**UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on 30<sup>th</sup> July 2021, be received.**

**10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE AUDIT COMMITTEE HELD ON THE 16TH JULY, 2021**

**RESOLVED that the minutes of the meeting of the Governance and Audit Committee held on the 16<sup>th</sup> July, 2021 be signed as a correct record.**

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**CHAIR**

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**DATE**