

# GOVERNANCE & AUDIT COMMITTEE

Friday, 26 March 2021

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

**Councillors:**

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

Mrs J. James [External Voting Member]

**Also present as an observer:**

Councillor D.M. Jenkins – Executive Board member for Resources

**In attendance from Audit Wales:-**

J. Garcia  
N. Jenkins  
A. Lewis

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services  
H. Pugh, Head of Revenues and Financial Compliance  
L.R. Jones, Head of Administration and Law  
C. Powell, Principal Auditor  
R. Lloyd, Democratic Services Officer  
K. Thomas, Democratic Services Officer

**Virtual Meeting - 2.00 - 3.35 pm**

**1. APOLOGIES FOR ABSENCE.**

An apology for absence was received from Councillor B.A.L. Roberts.

**2. DECLARATIONS OF PERSONAL INTERESTS.**

Councillor	Minute Number	Nature of Interest
E. Morgan	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
K. Davies	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
G. John	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
E. Williams	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund Chair of the Dyfed Pension Fund Committee

**3. INTERNAL AUDIT PLAN 2020/21 UPDATE**

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2020/21.

The Head of Revenues and Financial Compliance reported that subsequent to the production of the report the percentage performance on the plan's completion had increased from the reported 81.2% to 83% against a target of 85%.

The following question/issue was raised on the report:-

- The Head of Revenues and Financial Compliance in response to a question on the performance achievement rate, reminded the Committee she had previously advised that due to the impact of covid-19, and staff redeployment etc, the 2021 audit plan had been slimmed down. That action had enabled an emphasis to be placed on auditing more thematically including cross boundary works and targeting larger work elements, as opposed to smaller works

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

#### **4. INTERNAL AUDIT RECOMMENDATIONS**

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

The Head of Revenues and Financial Compliance advised the Committee that Internal Audit had issued a total of 138 recommendations during the 2019/20 financial year with recommendation ratings of between 1\*- 3\*. To date, 114 (83%) had been completed or in progress, 13 (9%) either had actions outstanding or were off target with the remaining 11 (8%) having not reached their target date.

The following question/issue was raised on the report:-

- The Head of Revenues and Finance in response to a question on the recommendations not having reached target advised they related to the impact of Covid-19 within the Communities Department. She confirmed discussions were being undertaken with the Department on their implementation.

**UNANIMOUSLY RESOLVED that the Internal Audit Recommendations report be received.**

#### **5. INTERNAL AUDIT PLAN 2021/22 & PLANNED COVERAGE FOR 2021-24**

The Committee considered a report providing details of the Internal Audit Plan for 2021/22 and the planned coverage for 2020/24, as required by the Public Sector Internal Audit Standards for a risk based Internal Audit Plan to be prepared each year to determine the priorities for audit and to ensure they were consistent with the Council's goals and objectives. In accordance with that requirement, it was noted the current Audit Plan had been compiled following consideration of the Authority's Corporate Risk Register and Service Risk Registers, thus ensuring appropriate coverage and consideration of the Authority's highest risks.

**UNANIMOUSLY RESOLVED**

**5.1 that the Annual Internal Audit Plan for 2021/22 be approved;**

**5.2 that the plan coverage for 2021-24 be confirmed.**

## **6. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

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

**UNANIMOUSLY RESOLVED that the report be received.**

## **7. CARMARTHENSHIRE COUNTY COUNCIL'S CORPORATE RISK REGISTER 2020/21**

The Committee received for consideration the Corporate Risk Register which was maintained to evaluate the Council's exposure to key strategic risks.

The Committee noted that subsequent to its previous consideration, risk reference CRR190011- Develop and deliver Improvement Plan/Corporate Performance plans had been removed from the register whilst the following three service risks had been added:

- i) Planning – Natural Resources Wales Interim Planning Advice
- ii) Planning
- iii) Critical Authority wide I.T. systems

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

- Reference was made to the planning risks and to whether the register would recognise the impact that could have on other service areas within the Council, for example, economic development. The Head of Revenues and Financial Compliance confirmed that aspect had been recognised and acknowledged by the Corporate Management Team and the report's narrative would be amended accordingly
- With regard to a question on the mental health and well-being of staff, the committee was advised that the risk rating had been reduced from 20 – 15 as a direct consequence of the amount of work being undertaken by the Authority in that area which had included a mental health week and training for managers

**UNANIMOUSLY RESOLVED that the report be received.**

## **8. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY AUDIT WALES:-**

### **8.1. CARMARTHENSHIRE COUNTY COUNCIL ANNUAL AUDIT SUMMARY 2020**

The Committee considered the 2020 Annual Audit Summary produced by Audit Wales on its completed work for Carmarthenshire County Council since the last Annual Improvement Report issued in August 2019. It was noted that publication of the Audit Summary formed part of the Auditor General for Wales' duties.

**UNANIMOUSLY RESOLVED that the Carmarthenshire County Council Annual Audit Summary 2020 be received.**

**8.2. 2021 AUDIT PLAN - CARMARTHESHIRE COUNTY COUNCIL.**

The Committee considered the 2021 Audit Plan for Carmarthenshire County Council. It was noted that the Auditor General, as the Council's external auditor, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan summarised the work to be carried out in order to discharge those responsibilities.

The following questions/issues were raised on the report:

- With regard to a question asked on the recent national report produced by the Auditor General on Cyber Security, it was confirmed the Authority would be examining that report in relation to its own security measures;
- Reference was made to the high level of financial assistance provided by the Government to businesses affected by the Covid pandemic and to whether there was a risk to the Authority in relation to both the claims it had submitted for loss of income etc and to its administering of grants to businesses, as an agent for the Welsh Government, in relation to fraudulent claims

The Director of Corporate Services advised that in relation to the administration of grants, the Authority had introduced a number of measures for the 1<sup>st</sup> tranche of grants to ensure as far as possible the opportunity for fraudulent claims was minimised. That included an insistence all claims were accompanied by a bank statement detailing the company's trading name, the company being included on the National Non-Domestic Rates Register, the use of local intelligence and for claimants to make a self-declaration. With regard to the payment of grants in the subsequent lock down, the authority had recognised there was an element of risk applicable on the WG requirement for payments to businesses to be made based on the previous database as some companies may have ceased trading. However, the authority had undertaken as many checks as possible to avoid such payments being made.

The Director advised that in relation to claims submitted by the Council for loss of income, the majority of those had been approved by the Welsh Government with the exception of any loss arising from a local decision e.g. the decision by the council to allow free car parking during the summer. All claims were submitted on a monthly basis and evaluated by Welsh Government which had requested further information on some claims prior to approval.

**UNANIMOUSLY RESOLVED that the 2021 Audit Plan for Carmarthenshire County Council be received.**

**8.3. 2021 AUDIT PLAN - DYFED PENSION FUND**

(NOTE:

1. Councillors E. Morgan, K. Davies and G. John had earlier declared an interest in this item.
2. Councillor E. Williams declared an interest at the commencement of this item as a member of the Dyfed Pension Fund and Chair of the Dyfed Pension Fund Committee)

The Committee considered the 2021 Audit Plan for the Dyfed Pension Fund. It was noted that the Auditor General, as the auditor for the Dyfed Pension Fund, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan summarised the work to be carried out in order to discharge those responsibilities.

**UNANIMOUSLY RESOLVED that the 2021 Audit Plan for the Dyfed Pension Fund be received.**

## **9. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE**

### **9.1. RISK MANAGEMENT STEERING GROUP - 26TH JANUARY 2021**

**UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on 26<sup>th</sup> January 2021, be received.**

### **9.2. GRANTS PANEL - 27TH NOVEMBER 2020**

**UNANIMOUSLY RESOLVED that the minutes of the Grants Panel held on the 27<sup>th</sup> November, 2020 be received.**

## **10. LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021 AUDIT COMMITTEE CHANGES**

The Committee considered a report on provisions within the Local Government and Elections (Wales) Act 2021 that required local authority's to change the name of their Audit Committees to "Governance and Audit Committee" and to incorporate the following additions to their terms of reference:-

- a) Review and assess the authority's ability to handle complaints effectively;
- b) Make reports and recommendations in relation to the Authority's ability to handle complaints effectively.

The Committee also noted that further changes, effective from 5<sup>th</sup> May, 2022 would require one third of the Governance and Audit Committee to be lay persons and for a lay person to be appointed as the Committee Chair. It was further noted that changes to the Council constitution to incorporate the above changes would be made at the Annual General Meeting on the 19<sup>th</sup> May, 2021 and again at the first meeting of the Council following the local government elections in May 2022.

The Head of Administration and Law referred to the revised Terms of Reference appended to the report and drew the Committee's attention to point 3 thereof and advised that reference to performance assessment had been omitted. It should have read 'to review and assess risk management, internal control, performance

assessment and corporate governance arrangements of the authority'

**UNANIMOUSLY RESOLVED** that the **Changes to the Audit Committee** introduced by the **Local Government and Elections (Wales) Act 2021** and the **Committees Revised Terms of Reference**, including the above amendment to point 3, be noted.

11. **TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THE 18TH DECEMBER, 2020.**

**RESOLVED** that the minutes of the meeting of the Audit Committee held on the 18<sup>th</sup> December, 2020 be signed as a correct record.

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**CHAIR**

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**DATE**