

## **GOVERNANCE AND AUDIT COMMITTEE**

**28 JULY 2021**

Minutes of the remote attendance meeting of the Governance and Audit Committee of Flintshire County Council held on Wednesday, 28 July 2021

### **PRESENT: Councillor Chris Dolphin (Chair)**

Councillors: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson, Martin White and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

### **IN ATTENDANCE:**

Councillor Ian Roberts - Leader of the Council and Cabinet Member for Education, Councillor Billy Mullin - Deputy Leader (Governance) and Cabinet Member for Corporate Management and Assets, Councillor Paul Johnson - Cabinet Member for Finance, Social Value and Procurement, Chief Executive, Chief Officer (Governance), Internal Audit Manager, Corporate Finance Manager, Strategic Finance Managers, Principal Accountant, Civic & Member Services Officer and Democratic Services Officer

Gwilym Bury and Matt Edwards from Audit Wales

## **13. DECLARATIONS OF INTEREST**

Councillor Janet Axworthy declared a personal interest on the Draft Statement of Accounts (agenda item 4) as a Board member of NEW Homes.

## **14. MINUTES**

The minutes of the meeting held on 2 June 2021 were approved, as moved and seconded by Sally Ellis and Allan Rainford.

### **RESOLVED:**

That the minutes be approved as a correct record.

## **15. DRAFT STATEMENT OF ACCOUNTS 2020/21**

The Corporate Finance Manager presented the Draft Statement of Accounts 2020/21 (subject to audit) for information only at this stage. These comprised the Group accounts, including its wholly owned subsidiaries, and the Annual Governance Statement. Following a consultation period open to all Members, the Committee would receive the audited accounts for final approval in September prior to publication within the statutory deadline. An update was also provided on changes within the Finance team.

The Corporate Finance Manager and Strategic Finance Managers gave a joint presentation covering the following:

- Purpose and Background of the Accounts
- Contents and Overview

- Responsibility for the Accounts
- Links to Budget Monitoring
- Impact of COVID-19
- COVID-19 - Emergency Grant Funding
- Headlines - Council Fund (Revenue), Revenue Reserves, Capital and Housing Revenue Account (HRA)
- Changes to the Accounts for 2020/21
- Accounts Governance Group
- Timeline and Next Steps

The Chief Executive paid tribute to work undertaken by the Finance team in engaging with Welsh Government (WG) to maximise claims for Hardship grant funding throughout the emergency situation. The positive outturn on revenue reserves was partly due to a number of schemes deferred due to the emergency which would be carried forward into 2021/22 along with significant in-year risks such as unfunded national decisions on pay awards.

Councillor Ian Roberts thanked officers for their work on the accounts and for the support given to residents during an exceptionally challenging year.

In response to questions from Allan Rainford, Finance officers shared further information on accounting for Hardship grant funding claims including examples of hypothecated grants and claims for the Test, Trace & Protect scheme on behalf of the region. Clarification was also given on the process to estimate the accumulated absences account figure and the presentation of contributions from reserves transferred into Central & Corporate Finance within the accounts. Examples of contributions not yet recognised as income included Section 106 planning obligations.

Sally Ellis commended achievements on the Capital Programme despite disruption from the emergency. She noted the uncertainty around the Council's medium term financial outlook which was increased further by the emergency and highlighted rent arrears and Council Tax arrears as particular areas of risk. In response, officers said that carry-forward funding on the Capital Programme was reported in budget monitoring and that lost income from Council Tax collection levels was supplemented by additional grant funding from WG on which the balance would be added to reserves. On accounting for business support grants, note 32 in the accounts set out arrangements where the Council had acted as an agent on behalf of third parties.

In acknowledging the challenges from the emergency, Matt Edwards said that Council officers had maintained positive engagement with Audit Wales colleagues during the auditing process and that the Accounts Governance Group would be kept informed on progress to meet the timetable. In response to a question from Allan Rainford on Pension liabilities, he gave assurance that the audit team was working through the well-established process to seek assurance of the assumptions within the accounts.

Full responses to the questions raised during the item and throughout the consultation stage would be shared with the Committee and elected Members.

Councillor Paul Johnson took the opportunity to thank all those involved in producing the accounts for their contributions during this challenging period.

The recommendations were moved by Councillor Martin White and seconded by Allan Rainford.

**RESOLVED:**

- (a) That the draft Statement of Accounts 2020/21 (which includes the Annual Governance Statement) be noted; and
- (b) That Members note the opportunity to discuss any aspect of the Draft Statement of Accounts with officers or Audit Wales from July to August, prior to the final audited version being brought back to the Committee for final approval on 8 September 2021.

**16. SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2020/21**

The Strategic Finance Manager presented the supplementary financial information to accompany the draft Statement of Accounts 2020/21 as required by the Notice of Motion approved by the Council in 2013.

In providing background to the Notice of Motion, the Chief Executive gave examples of temporary roles reflected in the costs shown and confirmed that there were no concerns.

The recommendation was moved and seconded by Sally Ellis and Councillor Martin White.

**RESOLVED:**

That the report be noted.

**17. TREASURY MANAGEMENT ANNUAL REPORT 2020/21 AND TREASURY MANAGEMENT UPDATE Q1 2021/22**

The Strategic Finance Manager presented the draft Treasury Management Annual Report 2020/21 for review and recommendation to Cabinet. The Quarter 1 update on matters relating to the Treasury Management Policy, Strategy and Practices 2021/22 was also shared for information, along with the reporting cycle.

An overview was provided of key sections of the Annual Report including the impact of continued low interest rates. The first quarterly update for 2021/22 provided an update on investments and borrowing activity as detailed in the report. No breaches of the Treasury Management Strategy were reported. In line with annual arrangements, all Members would be invited to a Treasury Management training session in December prior to approving the Strategy for 2021/22.

In response to questions from Allan Rainford, clarification was given on the approval of loans to NEW Homes in 2018 and assurance given of engagement with the Treasury Management advisors prior to taking out any new loans.

The recommendations were moved by Allan Rainford and seconded by Councillor Martin White.

**RESOLVED:**

- (a) That the draft Treasury Management Annual Report 2020/21 be noted, with no matters to be drawn to the attention of Cabinet in September; and
- (b) That the Treasury Management 2021/22 first quarter update be noted.

**18. DEVELOPMENT OF A SELF-ASSESSMENT MODEL**

The Chief Executive introduced the report on the development of a Corporate Self-Assessment Model to review the Council's effectiveness in exercising its functions, use of resources and governance. In support of the Council's track record on self-assessment, the report set out the proposed three-stage process for a 'trial' model to prepare for implementation of the statutory duty from April 2022.

The Chief Officer (Governance) spoke about the potential for the Committee to be involved in the second stage to test initial conclusions in addition to fulfilling its statutory role to review the Model prior to consideration by Cabinet in the third stage.

In welcoming the report, Sally Ellis spoke in support of the proposed arrangements including the monitoring of appropriate resources. On the second stage, she noted that targeted community engagement linked with objectives within the Annual Governance Statement.

The Chief Executive suggested that use of existing relevant consultation could inform the first stage of evidence-gathering to help identify areas of deficiency moving forward.

The recommendation was moved and seconded by Councillors Janet Axworthy and Martin White.

**RESOLVED:**

That the proposed model for the first and trial corporate self-assessment be endorsed.

**19. COUNTER-FRAUD ARRANGEMENTS IN THE WELSH PUBLIC SECTOR**

The Internal Audit Manager presented the report which summarised the outcome of the national review by Audit Wales on counter-fraud arrangements within the Welsh Public Sector.

In response to the recommendations for improvement across public sector organisations in Wales, the Council had developed an action plan on which progress was underway to enhance counter-fraud arrangements. A programme of work to engage with departments across the organisation would help to formulate a risk assessment on counter-fraud which could inform future audit work.

The Internal Audit Manager responded to a question from Sally Ellis on her perception of fraud within the organisation which was based on actual supporting evidence.

The recommendation was moved by Councillor Geoff Collett and seconded by Sally Ellis.

**RESOLVED:**

That the Committee is assured that the Council is taking appropriate steps to counter the risk of fraud.

**20. ATTENDANCE BY MEMBERS OF THE PRESS**

There were no members of the press in attendance.

The meeting commenced at 10am and finished at 11.30am

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**Chairman**