

**AUDIT COMMITTEE**  
**24 MARCH 2021**

Minutes of the meeting of the Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 24 March 2021

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

Councillors: Janet Axworthy, Geoff Collett, Andy Dunbobbin, Patrick Heesom, Paul Johnson and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

**APOLOGIES:** Mike Whiteley and Matt Edwards of Audit Wales

**IN ATTENDANCE:**

Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education), Councillor Glyn Banks (Cabinet Member for Finance), Councillor Billy Mullin (Cabinet Member for Corporate Management and Assets), Chief Executive, Chief Officer (Governance), Internal Audit Manager (for minute numbers 29 to 37), Corporate Finance Manager, Interim Technical Finance Manager, Principal Accountant, Team Leader - Democratic Services and Democratic Services Officer

Gwilym Bury and Kieran Vickery (observer) from Audit Wales

**29. VARIATION IN ORDER OF BUSINESS**

The Chairman advised of a change in the order of business to allow the Internal Audit Manager to present agenda items 8-13. The remainder of the items would be considered in the order shown on the agenda.

**30. DECLARATIONS OF INTEREST**

As a Board member of NEW Homes, Councillor Janet Axworthy declared a personal interest on agenda item 4 - Treasury Management Quarter 4 Update.

**31. MINUTES**

The minutes of the meeting held on 27 January 2021 were approved, as moved by Allan Rainford and seconded by Councillor Andy Dunbobbin.

**Matters Arising**

Minute number 22 - the Chief Officer (Governance) drew attention to the amended resolution to clarify that the legislation allowed for an elected Member to be appointed as Vice-Chair of the Committee. This had been communicated to the Committee following the meeting in January.

Minute number 23 - as suggested by Sally Ellis, it was agreed that the remaining two places on the recruitment panel for the additional lay member would

be offered to one of the existing lay members and one of the elected Members on the Committee.

**RESOLVED:**

That the minutes be approved as a correct record.

**32. REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The Internal Audit Manager presented a report to note the change in the name of the Audit Committee to the Governance and Audit Committee, with additional functions to be reflected in the Terms of Reference. The changes would be reported to the Constitution & Democratic Services Committee prior to approval by County Council for implementation from April 2021. As reported at the previous meeting, further changes to the composition of the renamed Committee would be introduced from May 2022.

In response to a question from Sally Ellis, the Internal Audit Manager said that a timetable would be prepared in conjunction with the Forward Work Programme to ensure that the Committee was equipped with the necessary information and training to fulfil its new duties. This included the potential for joint training sessions with other councils. Clarification was also given to Allan Rainford on independent panel reports on peer assessments with other councils under the new duties.

Councillor Paul Johnson spoke about the need for the governance aspects to be included in the statutory audit training given to those serving on the Committee. This was acknowledged by the Chief Officer (Governance) who referred to engagement with other councils on consistent interpretation of the new requirements. A change to the wording in section 7.02 of the Terms of Reference was agreed for clarity.

The recommendation was moved by Councillor Janet Axworthy and seconded by Sally Ellis.

**RESOLVED:**

That the amended name of Council's Audit Committee be acknowledged and the new functions set out in the Act included within the Terms of Reference of the renamed Committee.

**33. INTERNAL AUDIT STRATEGIC PLAN**

The Internal Audit Manager presented the three year Internal Audit Strategic Plan for 2021-2024 which had been developed using assurance mapping, results of previous audit work, new and emerging risks and consultation with senior officers and Audit Wales. Whilst all high priority and annual reviews included would be undertaken within 2021/22, medium priority audits would be subject to regular review with portfolio holders. Any work in responding to

emerging issues or relating to the emergency situation would take priority over medium priority reviews.

The Chief Executive welcomed the Plan which was comprehensive. Although some work could potentially be delayed due to capacity issues, it was expected that the Plan should be delivered generally on track within year.

The Chief Officer (Governance) reflected on the value of the Internal Audit service within the organisation and advised that some audits relating to current matters had been prioritised.

When asked by Sally Ellis, the Internal Audit Manager confirmed that lower resource levels this year had been factored into the Plan and that some medium priority reviews would provide more balance and flexibility given the uncertainty of the emergency situation. She also provided details on various work-streams on anti-fraud initiatives.

The Chief Executive reiterated the ongoing commitment that resources in Internal Audit would not be reduced at any point without the agreement of the Committee.

The recommendations were moved and seconded by Councillors Paul Johnson and Geoff Collett.

**RESOLVED:**

That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2021-2024.

**34. PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

The Internal Audit Manager presented the results of the annual assessment of conformance with the Public Sector Internal Audit Standards (PSIAS). The outcome of the internal self-assessment for 2020/21 and the external assessment undertaken for 2016/17 demonstrated that the Council continued to comply with the standards in all significant areas and operated independently and objectively. The report also included progress on actions to address elements of partial conformance and one of non-conformance.

Councillor Paul Johnson's proposal that the report and its findings be accepted was seconded by Councillor Janet Axworthy.

**RESOLVED:**

That the Committee accepts the report and its findings on the self-assessment.

### **35. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the regular report showing progress against the Plan, final reports issued, action tracking, performance indicators and current investigations.

Since the last report, there were no Red (limited assurance) reports and only one Amber Red (some assurance) report on the review of Continuing Health Care. It was noted that the total number of overdue actions had reduced since publication of the report.

Sally Ellis raised concerns about the number of long overdue actions particularly those marked high priority. In recognising the various reasons that could lead to delays, the Internal Audit Manager agreed to liaise with the respective managers so that the Committee could be provided with an updated position on the status of high priority overdue actions.

The Chief Executive said that he and the Chief Officer (Governance) and Internal Audit Manager would liaise with the Chief Officer Team on the review of outstanding actions of high importance to give assurance and clarity to the Committee. On the actions from the Continuing Health Care review, he said that the matter had been escalated at regional level and had been raised directly with the Health Board. The Chief Officer (Governance) noted that as this was a funding issue, progress would be monitored by the Corporate Resources Overview & Scrutiny Committee under its forward work programme in the new municipal year.

In response to a question from Councillor Paul Johnson, the Internal Audit Manager provided clarification on the review of the Pest Control service.

Following concerns raised by Allan Rainford about the process for overdue actions, the Internal Audit Manager gave assurance of engagement with those services to extend deadlines to assist with closing actions.

The recommendation was moved and seconded by Councillors Paul Johnson and Geoff Collett.

#### **RESOLVED:**

That the report be accepted.

### **36. ACTION TRACKING**

The Internal Audit Manager presented an update on actions arising from previous meetings, and advised that the workshop on the Annual Governance Statement would take place on the afternoon of 21 April 2021.

The recommendation was moved and seconded by Councillors Paul Johnson and Geoff Collett.

**RESOLVED:**

That the Committee notes the report and welcomes the progress made.

**37. FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the current Forward Work Programme for consideration, including movements since the last report. Items scheduled would be reviewed to take account of the additional responsibilities arising from the legislative changes.

The recommendations in the report were moved and seconded by Councillors Janet Axworthy and Paul Johnson.

**RESOLVED:**

- (a) That the Forward Work Programme be accepted; and
- (b) That the Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

**38. QUARTER 4 TREASURY MANAGEMENT UPDATE 2020/21**

The Interim Technical Finance Manager presented the quarterly update on matters relating to the Council's Treasury Management Policy, Strategy and Practices to the end of February 2021. The Council's position on investments and long and short term borrowing was reported, together with an update on the economic context and interest rate forecast.

Allan Rainford raised a number of points on the investment and short-term borrowing portfolios. The Interim Technical Finance Manager explained that the use of Money Market Funds (MMF) helped to diversify investments within the scope of the strategy, and that investments were managed daily to maximise the position and to plan ahead.

In response to a question from Sally Ellis, it was explained that use of MMFs met the Council's prudent approach to investments - particularly during the emergency situation - to manage risk and return.

On the format of the appendices, Councillor Paul Johnson suggested that the investment portfolio include the total from the previous year for comparison and that the short-term borrowing portfolio be listed in order of start date to see the pattern of borrowing throughout the period. In response to a further question, there was no significant impact on cashflow arising from the emergency situation.

As Cabinet Member for Finance, Councillor Glyn Banks welcomed the findings of the report.

The Chief Officer (Governance) suggested that officers consider the comments made by Councillor Johnson to identify a more accessible way to present the information.

This was agreed by the Corporate Finance Manager who said that similar enhancements could be reflected in the outturn report due later in the year.

On that basis, the recommendation was moved by Councillor Paul Johnson and seconded by Sally Ellis.

**RESOLVED:**

- (a) That the Treasury Management 2020/21 quarterly update be endorsed; and
- (b) That officers investigate options on how best to present the data in future reports.

**39. RISK MANAGEMENT UPDATE**

The Chief Executive introduced the report to endorse the Risk Escalation Protocol as part of the updated risk management framework considered in November 2020.

The protocol set out the expectations for escalating significant risk where it could not be mitigated or its rating managed/lowered. Whilst this covered operational risks, risk registers were also maintained for key projects, and risk content was built into key committee reports to aid decision-making. The systematic approach adopted during the emergency situation - recognised by the Committee, Members and Audit Wales - would continue when normal operational arrangements resumed and would be validated by Internal Audit work.

The recommendation was moved by Councillor Janet Axworthy and seconded by Sally Ellis.

**RESOLVED:**

That the escalation protocol be endorsed.

**40. AUDIT WALES - AUDIT PLAN 2021**

The Chief Executive introduced the Audit Wales (AW) Audit Plan for 2021 which set out the arrangements and responsibilities for proposed audit work for the Council during the year with timescales, costs and the audit teams responsible for carrying out the work.

The Corporate Finance Manager confirmed his support for the content of the Audit Plan on which officers had been consulted.

In presenting the report, Gwilym Bury of AW drew attention to the initial timetable given for the completion of the audit work which could potentially be

affected by the emergency situation. Audit fees for accounts and performance audit work remained unchanged from last year, with the proposed fee for grant certification work dependant on the degree of audit required.

In response to a question from Allan Rainford, Gwilym Bury advised that AW work on financial resilience under the 2021/21 Audit Plan was due to commence and that the findings for Flintshire would be reported later in the year.

The Chief Executive explained that the reports would also be shared with the Committee and the findings built into financial planning. He said that the Council's financial strategy would largely remain the same to protect services and to continue the case for improved Settlements from Welsh Government.

Following a query by Councillor Paul Johnson, Gwilym Bury provided background on the need for councils to comply with sustainable development principles as set out in legislation.

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

**RESOLVED:**

That the Audit Wales Plan be noted.

**41. EXTERNAL REGULATION ASSURANCE**

The Chief Executive presented the summary report to give assurance that reports from external regulators and inspectors in 2019/20 had been considered in accordance with the agreed internal reporting protocol and actions taken in response to recommendations.

Whilst there was no requirement for a local response to national studies, the Council's approach to respond and build into local work was regarded as good practice. The reporting protocol appended to the report set out arrangements for responses to bespoke local work to be scrutinised and to provide assurance on governance aspects.

Gwilym Bury said that all reports had been covered in the Annual Audit Summary considered at the previous meeting.

Sally Ellis sought assurance that arrangements were in place to monitor progress on actions arising from the reports, as this was not always clear. The Chief Executive spoke of accountability by the relevant Chief Officer and Cabinet Member. Whilst the Council reported formally on local reports, there was no requirement to do so for national reports, however Overview & Scrutiny Committees were able to put items of interest on their forward work programmes. The Chief Executive said that the report would be shared with Overview & Scrutiny Chairs and Vice-Chairs to highlight any areas of interest for report forward-planning.

The Chief Officer (Governance) said that the annual liaison meeting with Overview & Scrutiny Chairs - which had been delayed during the emergency situation - would be re-arranged as this was a useful mechanism for raising awareness of topics of interest.

The recommendation was moved and seconded by Councillors Andy Dunbobbin and Paul Johnson.

**RESOLVED:**

That the Committee is assured by the Council's response to external regulatory reports.

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

There were no members of the press in attendance.

The meeting commenced at 10am and finished at 11.45am

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**Chairman**