

## **Item 2 WLGA Audit Committee**

**Draft Minutes 15<sup>th</sup> April 2021**

**via MS Teams 10:00am – 11:30am**



**Chair:** Cllr Linda Evans (Carmarthenshire)

**Present:** Cllr Christopher Weaver (Cardiff)  
Cllr Carol Clement-Williams (Neath Port Talbot)

**WLGA Officers:** Dr Chris Llewelyn, Chief Executive  
Jon Rae, Director of Resources  
Daniel Hurford, Head of Policy  
Naomi Alleyne, Director of Social Services & Housing  
Lee Pitt, Democratic Services Officer  
Gaynor Williams, Finance Officer  
Martin Edwards, Finance Lead, Data Cymru  
Elizabeth Jones, Finance Assistant, Data Cymru  
Janet Davies, Administrative Support Officer (Minute Taker)

**Others Present:** Mr Harri Lloyd Davies, Bevan and Buckland LLP

**Apologies:** Cllr Rosemarie Harris (Powys)  
Cllr Julian Thompson-Hill (Denbighshire)  
Cllr Maureen Webber (Rhondda Cynon Taf)

### **Item 1 Welcome and Apologies for Absence**

1. The Chair, Councillor Linda Evans, welcomed everyone to the meeting of the WLGA Audit Committee and noted apologies as above.
2. Jon Rae suggested considering membership of the committee to ensure there is a quorum of members for each meeting. the suggestion is to review the constitution and possible have other members on standby, the constitution allows people to step in and deputise providing they are from the same political party.

### **Item 2 Minutes of the Audit Committee Meeting 8<sup>th</sup> October 2020 and Matters Arising**

3. Members reviewed the draft minutes of the WLGA Audit Committee meeting held 8<sup>th</sup> October 2020.

#### **4. Resolved that:**

- 4.1 The minutes of the WLGA Audit Committee, held 8<sup>th</sup> October 2020, were approved.

### **Item 3 WLGA External Audit Plan and Interim Audit Report**

5. Harri Lloyd Davies, Bevan Buckland LLP, introduced the item and explained its purpose is to update members on the external auditor's proposed audit plan for the audit of the Welsh Local Government Association for the year ending 31 March 2021.
6. He noted three potential areas of significant risk this year:
  - Revenue recognition (including inappropriate recognition of receipts received in an agency capacity)
  - Management override of controls – manipulation of accounts to make them look better than they are.
  - Insufficient recognition of dilapidation provision - in relation to the move from Local Government House
7. Additional areas of audit focus were also highlighted and will be monitored:
  - The impact of the Covid-19 pandemic and the resulting restrictions on Going Concern
  - Recognition and disclosure of the pension liability and associated movements during the year
  - Recognition & recoverability of grant debtors
8. Harri explained the process and said Chris, as the WLGA Chief Executive and Jon as its Financial Officer, will make sure information provided is accurate and then the Auditors will give assurance to the Audit Committee that it has been done effectively. It was reported that the Interim Audit has already taken place and findings are also set out in Annex 1. The Final Audit will commence 28 June. Any changes will be reflected in the next report.
9. The Chair asked about the impact of the pandemic and potential impacts on the association. Harri reported he was confident the work would be completed and there were no areas of concerns. A concern would be a reduction in funding to the Association, which currently does not appear likely.

**10. Action: Interim Audit report to be shared with the Audit Committee.**

**11. Resolved that:**

**11.1 Members discussed and agreed the Audit Plan and Interim Report.**

#### **Item 4 Accommodation Review Update – CONFIDENTIAL**

12. Following the presentation of the report by the Director of Resources containing exempt information as defined in Paragraph 20.6.3 of the [WLGA Constitution](#) which is based on Paragraph 14 of Part 4 of Schedule 12A of the Local Government Act, 1972 (as amended), namely information relating to the financial affairs of any particular person (including the authority holding that information) it was:

**13. Resolved that**

**13.1 Members noted the update.**

#### **Item 5 Review of Internal Finance Controls**

14. Gaynor Williams introduced the report and explained work had been delayed due to the pandemic. Questionnaires have been issued to over 40 members of staff, not all have been returned yet, but the ones that have been analysed are very positive.

**15. Resolved that:**

**15.1 Members noted the progress on the Review of Internal Finance Controls.**

**15.2 An updated report be presented to the Audit Committee in October 2021.**

#### **Item 6 Review of the WLGA Strategic Risk Register**

16. Jon presented the updated WLGA Strategic Risk Register for consideration by members. He talked through each strategic risk and drew attention to the areas highlighted red in the annex. He noted all risks are considered by the Senior Management Team every quarter.

17. Jon reported that since the last meeting of the Committee, the impact of covid continues to shape the risk environment. However, a lot of effort has gone into the

risk mitigations around engagement with Welsh Government, communications with elected members and WLGA staff, and our approach to business continuity. The planning and arrangements in support of the moving of WLGA's office base is a risk which will be closely monitored and managed over the forthcoming period.

18. Daniel Hurford talked about effective governance and stated that this is a risk for all local authorities and organisations. He noted that in the new virtual world technology is vital. Currently Microsoft Teams does not allow for simultaneous translation in meetings which is of concern in the WLGA would wish to allow members to communicate in the language of their choice (in compliance with Welsh Language Standards). He also noted that the 'new normal' could impact on the association in relation to democratic arrangements, meeting structures, technology, meeting support and the constitution.

19. The Chair agreed how important it is for those attending meetings, to be able to speak in their language of choice.

20. Jon confirmed the meaning of I L O.

- I – IMPACT
- L – LIKELIHOOD
- O – OUTCOME SCORE

21. Chris noted that we have come a long way in the last 12 months in relation to remote working, but more needs to be done in the coming months. Until Teams support interpretation, the Association will use Teams and Zoom in parallel, to comply with Welsh Standards. It was confirmed that the Welsh Government and Welsh Language Commissioner have written on behalf of bodies in Wales to Microsoft and there has also been a petition. It was reported that the situation with Teams is an international issue.

22. Chris reported that the biggest and continued risk for the Association, is keeping the 22 councils in full membership and the effort and work that goes into that cannot be underestimated. Negotiating the settlement is also key as inevitably there are authorities who come bottom of the table and thus feel hard done by. He also noted the difficulty in balancing the need to review and identify risks and with it becoming too 'routine' and things can be missed.

23. Cllr Clement-Williams raised whether there is a process for staff to have risk put on the risk register and if they are and the request is refused, if there is a subsequent appeals process?

24. Chris and Jon confirmed that no reasonable request would be refused, and that staff are probably not aware they can do this, but regular all staff meetings are held every 3 weeks where staff are encouraged to raise any issue they have.

25. Cllr Clement-Williams suggested to make staff more aware of this, to maybe put 'risk' on agendas when having team meetings or maybe suggestion boxes. Jon noted the points raised and said they would be taken on board.

26. The Chair asked how the Business Continuity plan was being used and Jon confirmed that Graham Jones, the WLGA HR adviser, is using it to make assessments and has proved that it works as we are all working very well outside the office environment.

**27. Resolved that:**

**27.1 Members noted and commented on the contents of the Strategic Risk Register and requested a further update at the 7 October 2021 Audit Committee meeting.**

**Item 7      Audit Committee Work Programme**

28. Jon introduced the work programme and explained it had evolved since the committee's inception to include cyclical financial, risk and performance reporting but also to review specific areas focussing on key risk areas for the Association.

29. He noted that the proposals for the future work programme encompass the cyclical work but allows scope for specific, broader reviews are attached at Annex 1. The shaded items are 'out of synch' or delayed with their traditional cycle and need to be bought back in line by next April.

30. He reported that the forward work programme had been interrupted by the pandemic and explained the three highlighted areas in the Anne are out of kilter to what they should be, Jon confirmed the report would be presented at the October meeting.

**31. Resolved that:**

**31.1 Members agreed the proposed work programme.**

**Item 8      Approach to Annual Report (Oral Item)**

32. Jon noted that that this year would be a short municipal year and the Audit Committee Annual report that will be taken to the WLGA AGM in June will mention that there have been no Treasury Management or Data Protection reports but they were considered at the Audit Committee meeting in October 2020.

**34. Action: Draft Audit Committee Annual Report to be circulated to Audit Committee members for approval in advance of its presentation to the Council AGM in June.**

35. The Chair thanked everyone for their attendance and contributions to the meeting and asked that members please have alternatives from their political group on standby should they be unavailable to attend a meeting of the committee.

36. Date of next meeting – 7<sup>th</sup> October 2021