

## **WLGA AUDIT COMMITTEE**

**Thursday 9<sup>th</sup> April 2020**  
**via Microsoft Teams.**

**Present:**

- Councillor Linda Evans (Carmarthenshire) – Chair
- Councillor Rosemarie Harris (Powys)
- Councillor Christopher Weaver (Cardiff)
- Councillor Julian Thompson-Hill (Denbighshire)

**WLGA Officers in Attendance:**

- Dr Chris Llewelyn, Chief Executive
- Naomi Alleyne, Director Social Services & Housing
- Jon Rae, Director of Resources
- Daniel Hurford, Head of Policy
- Graham Jones, Interim Head of Employment
- Mari Thomas, Finance Policy Officer
- Lee Pitt, Democratic Services Officer

**Others Present:**

- Mr Harri Lloyd Davies – Partner, Bevan and Buckland LLP

**Apologies:**

- Councillor Maureen Webber (Rhondda Cynon Taf) had problems connecting via the meeting link.

### **Item 1. Welcome and apologies for absence**

1. Councillor Linda Evans welcomed everyone to the meeting of the WLGA Audit Committee.
2. Apologies for absence were recorded as above.

### **Item 2. Draft Minutes of WLGA Audit Committee 10<sup>th</sup> October 2019**

3. Members received a copy of the Draft Minutes of the WLGA Audit Committee meeting held earlier in October 2019.

**4. Resolved that:**

- 4.1 The minutes of the WLGA Audit Committee meeting held 10<sup>th</sup> October 2019 were deemed as accurate.**
- 4.2 Members noted paragraph 4.2 of the draft minutes relating to the Treasury Management Scheme is still outstanding as just as it was about to be done the markets crashed. Once the markets stabilise the funds will be transferred.**

**Item 3. WLGA External Auditors Planning Report**

- 5. Members received an update on the external auditors' (Bevan and Buckland) proposed audit plan for the audit of the Welsh Local Government Association for the year ending 31 March 2020.
- 6. Harri Lloyd Davies (Bevan and Buckland) introduced the report and drew attention to page 4 and which noted that materiality (the targets within which they are accurate) has initially been set at £100,000 – as in previous years.
- 7. Attention was drawn to the *Areas of audit risk and focus* from page 8 onwards which were discussed. *Revenue Recognition* is high risk for the Association as it has a number of funding sources. *Management Override of Controls* while usually high is less of a concern for the WLGA as there is no staff incentive to commit fraud. *Pension liability* is a medium risk with the pension fund currently in surplus but there is no knowing the effect of the current pandemic which could result in a fund deficit with employers asked to make increased contributions. In relation to *Grant Debtors* it was suggested that they be paid the month due.
- 8. An additional risk not accounted for in the report is the recent coronavirus pandemic and the huge immediate impact it has had globally. This could not have been anticipated and it is difficult to know the medium and long term impact at this stage. The Association is exposed to some risk in relation to grant funded teams equating to £90k a month. A few big grants have been signed off but a small number haven't.
- 9. Members acknowledged the uncertainty caused by the pandemic and asked whether the WLGA will be able to continue to support local authorities. The Chief Executive's expectation was that that would continue even it was on a reduce capacity.
- 10. In terms of audit planning, there may be more certainty when it comes to signing off the accounts.

11. The Director of Resources suggested that, due to the current pandemic, the Audit Committee Work Plan be slimmed down and a meeting of the committee take place over the summer to discuss.

**12. Resolved that:**

**12.1 Members discussed and agreed the Auditors' Audit Planning and Interim Report.**

**Item 4. WLGA Strategic Risk Register**

13. Members received a copy of the updated Strategic Risk Register with seven risks identified under key headings, the causes and effects, the level of risk attached to each and the further actions identified to address or ameliorate the risks.
14. A paper accompanied the Register giving an overview of the risks added and mitigation measures undertaken, planned or ongoing.
15. It was reported that, generally, there had not been much movement in the scoring of risks. The risk related to Financial Stability has been increased and decreased in relation to information management as a result of GDPR training and multi factor authentication. Business continuity has been identified as a risk, particularly at the current time. Recruitment of a Head of Communications is likely to be affected and will impact on the strategic communication agenda.
16. It was acknowledged the current crisis and uncertainty – which is changing by the day - affects all risk. No assessment has been made of which will be most delayed, most are very important so difficult to decide which to delay or drop.
17. The WLGA Strategic Management Team reviews the register quarterly, the last time being March 13<sup>th</sup>. A key change reported has been in the ownership of individual risks. Previously Chris, as WLGA Chief Executive, took ownership of most of the risks but this has now been changed...why?.. A number of WLGA senior officers, in addition to Chris, have now been given responsibility for some of the risks on the register.

**18. Resolved that:**

**18.1 Members received and noted the Strategic Risk Register**

- 18.2 Members requested an update of the Strategic Risk Register at the October 2020 meeting of the Audit Committee.**
- 18:3 Members agreed that the Strategic Risk Register should be reviewed by Strategic Management Team.**

## **Item 5. Business Continuity Plan**

19. Members received a copy of the WLGA Corporate Overview Business Continuity Plan which is designed to enable the WLGA to identify the key actions required to reduce the impact and resolve any issues which would otherwise pose a significant risk to the key business operations in the event of a severe disruption. The aim is to ensure minimum disruption to members and maintain business flow.
20. Business continuity planning allows organisations to avoid and mitigate risks associated with a disruption to normal operations and the Business Continuity Plan attached at Annex 1 is designed to enable WLGA to identify the key actions required to reduce the impact and resolve any issues which would otherwise pose a significant risk to the key business operations in the event of a severe disruption. The aim is to ensure minimum disruption to members and maintain business flow.
21. The plan has been used for the current crisis now that there is a national lockdown and Local Government House has had to close. Staff have been able to work remotely from home and suppliers have been paid.
22. The Association is still very much in the response phase and not has an opportunity to reflect on how effectively plans and systems have worked but this time has essentially turned out to be a trial run of how the Association will potentially operate once the accommodation review is implemented.

### **23. Resolved that:**

- 23.1 Members approved the WLGA's Business Continuity Plan**

## **Item 6. Any other business**

24. The WLGA Budget – A paper went to WLGA Management Sub-Committee at the end of February and was due to go to full WLGA Council at the end of

March which had to be postponed. The Budget was subsequently sent to all Council members and approved electronically. A 3% increase in subscriptions was agreed. Positive to see the Association's constitutional obligations could be fulfilled electronically.

25. The LGA advised that a virtual Council could be held. This suggestion was discussed first with Group Leaders and then all Leaders agreed the approach for the budget approval.
26. The Chair thanked everyone for their attendance and hoped that everyone would stay safe at these uncertain times.