



# WLGA Audit Committee

## Minutes

**24<sup>th</sup> October 2023**  
**16:00 to 18:00 via Teams**

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

**Present:** Cllr Bernie Attridge (Flintshire)  
Cllr Susan Morgan (Torfaen) deputising for Cllr Anthony Hunt  
Cllr Eluned Stenner (Caerphilly)

**Apologies:** Cllr Anthony Hunt (Torfaen)  
Cllr Maureen Webber (Rhondda Cynon Taf)

**WLGA Officers:** Dr Chris Llewelyn, Chief Executive  
Jon Rae, Director of Resources  
Karen Higgins, Head of Workforce and Executive Business Manager  
Paula Walters, Interim Head of Corporate Policy and Services  
Nathan Gardner, Finance Manager  
Gaynor Williams, Finance Manager  
Lee Pitt, Democratic Services Officer

**DC Officers:** Vitori Rumble

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

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

1. The Chair welcomed everyone to the meeting of the WLGA Audit Committee and noted Cllr Hunt and Webber's apologies.

### **Item 2. Minutes of the Audit Committee Meeting 16<sup>th</sup> May 2023 and matters arising**

2. The minutes were approved as an accurate record,

#### **3. Resolved:**

- 3.1 The minutes of the WLGA Audit Committee, held 16<sup>th</sup> May 2023 be approved.

### **Item 3. Appointment of WLGA External Auditors for 2023-24**

4. Jon Rae introduced the item, recommending Bevan & Buckland be reappointed for the 23-24 accounts and suggesting procurement route is found thereafter.
5. Cllr Morgan queried how long Bevan & Buckland had been the auditors for to which she was informed it was at least 12 years. All present agreed to re-appoint Bevan & Buckland for this financial year and to seek the procurement route following that.

#### **6. Resolved:**

- 6.1 Bevan & Buckland be appointed to the role of Auditors for 2023-24.**
- 6.2 WLGA go out to procurement for auditors for subsequent years**

### **Item 4. WLGA Draft Financial Statements 2022-23**

7. Harri Lloyd-Davies ran through the papers, noting there was a year-on-year reduction in income from £33 million last year, to £28 million this year driven by the project income decrease. He summarised that the WLGA made a small deficit of £147k, but after adding on the interest receivable, this dropped to £62k.
8. Harri drew the Committee's attention to the movement on the pension scheme. He noted this showed a gain of £9.2 million, confirming that the pension liability has been wiped out and there is a theoretical surplus of £2.5 million instead.
9. Harri noted there is one critical point to be highlighted which was the decision on whether to recognise the pension assets. He stated there are fine judgements in whether to recognise them or not and the Audit Committee may need to spend time with an actuary to delve deeper into this. Whilst the assets are higher than the expected and exceed long-term liabilities by over £2million, the question Bevan and Buckland had was whether to recognise that as an asset or not. The decision not to do so is on the basis it is not clear there will be a long-term benefit (ie reduced employer contributions). As currently this is not clear, the auditors took the decision not to recognise the pension assets.
10. Jon confirmed there is an employer's conference with Merseyside Pension Fund on 16th November which he will be attending and where issues such as this can be discussed.
11. Jon drew the Committee's attention to the fact there is no WLGA Council in the Autumn, so he proposes taking the Financial Statements to the Executive Board for approval at the end of November following scrutiny in this committee. This had been agreed with the auditor.

#### **12.Resolved:**

- 12.1 Audit Committee approved the Draft Financial Statements and thanked Harri for his time and effort.**
- 12.2 Agreed the Statements should be taken to the November WLGA Executive Board for approval.**

## **Item 5: Treasury Management Report 2022-23**

13. Jon Rae introduced the paper, commenting that the WLGA's cash flow can be quite erratic, and it can clearly be seen in one of the charts that the cash balances jump up significantly when we get large grants in, or with the timing of subscription income. He noted the intention was to ask Audit Committee's agreement to increase the level that can be held in CCLA's deposit account to £10million, confirming the intention not to move to this position immediately. He added that any increases in the holdings would require approval from the Senior Management Team so what was being sought was the agreement to increase the upper limit available.
14. Cllr Attridge queried what the driver was for this and why it should be approved, to which Nathan Gardner stated that the account currently provides an additional 3.11% over the existing HSBC deposit. Nathan stated that if we call it an additional 3%, it means for each additional £2million, that means £60,000 investment income per year which equates to £5,000 per month, so if we held an additional £4million for just a 2 month period, it would mean additional income of £20,000 whilst being in an ethical fund and no greater level of risk.
15. The Chair noted it could lead to lower subscription levels in the future with additional investment income to which Chris Llewelyn confirmed the WLGA are sensitive to the challenges individual authorities face, but adding there will also be some cost implications relating to the Senior Management Review. It was noted that subscription levels are looked at on an annual basis and certainly additional income helps.

### **16. Resolved:**

- 16.1 Agreed the limit for funds to be held in CCLA could be increased to a maximum of £10million**
- 16.2 Agreed other accounts should be explored to provide further information and spread of deposits to minimise risk.**

## **Item 6: WLGA Financial Regulations**

17. Nathan Gardner ran through the paper, highlighting the key changes made to the Financial Regulations and the training that had been undertaken. Nathan noted that he viewed the updating of the regulations as being an iterative process and further work would be undertaken to explore utilising Quickbooks online to generate purchase orders and authorisation in the future.
18. To a query from the Chair regarding non-compliance, Jon noted that in most instances it is linked to a return to the office and needing to be reminded of the correct way to claim or purchase processes such as not getting items delivered to anywhere other than the office without prior approval from a director.
19. The Chair queried why the sponsorship guidance had been included and whether that sat better within the employee code, to which Jon stated it serves to ensure people think before we accept sponsorship to ensure values align. He added it is a light touch guidance so people consider who is approaching them and in line with the Nolan principles. Chris Llewelyn added that post-Covid, the role of LAs is understood more and so private companies are looking for opportunities to gain access to Leaders,

Cabinet Members etc. He noted that given the financial context, the guidance ensures the organisation brings in additional funds but in a managed, above-board way.

**20. Resolved:**

**20.1 Members accepted the paper and noted the training that had been undertaken.**

**Item 7: WLGA Senior Management Review**

21. Chris Llewelyn gave the Committee the background to the review, noting that around a year ago the leaders asked us to commission Jack Straw to look at our Senior Management Structure. This was presented to the May Executive Board and the recommendations from the report were accepted.

22. Chris noted that the WLGA was formed in 1996 and whilst the world around us has changed, with the Senedd becoming a legislative parliament for example, the structure of the WLGA remains largely the same.

23. Some of the changes looked at include Leaders expressing the view it would be good if the WLGA engaged more in policy development. We will also be looking at how often to convene members of the executive board and how we can delegate to cabinet networks for some things.

24. For internal processes a full-scale job evaluation exercise has not been undertaken since formation. A slight gender pay gap has been identified so we need to be sure that our staff roles, job titles and job descriptions align with what the staff actually do. Chris confirmed he is hoping the job evaluation work will commence in November and will be undertaken by the LGA. Chris added that there is some tinkering with the senior management, with the intention being that everything relating to that is finished by the end of the financial year.

25. Cllr Morgan raised the issue of agile working, with Chris Llewelyn commenting that everyone in the public sector was grappling with the same issues and is in the same position. Karen Higgins drew attention to the Workforce Partnership Council report which can be found at [Workforce Partnership Council \(WPC\) report: agile and flexible working \[HTML\] | GOV.WALES](#). She added that the review of the Agile and Flexible Working Policy is due for discussion at the next meeting of SMT looking at workforce issues and it may be appropriate to provide feedback to the Audit Committee once that discussion has taken place. She suggested looking at benchmarking data for similar organisations and offered to link separately about any further information the Committee wants brought back to the next meeting and ensure it is on the agenda accordingly.

**26. Resolved:**

**26.1 Karen Higgins to send out an update once the Agile and Flexible Working Policy has been discussed at the Workforce SMT and:**

**26.2 Once this has been completed, liaise with the Audit Committee as what further information they may wish brought to the next meeting and agenda accordingly.**

**26.3 An update on the job evaluation and senior management review to be provided at the next meeting.**

**26.7 Officers to consider benchmarking data in comparing performance of WLGA against other organisations.**

**Item 8: WLGA Strategic Risk Register**

27. Chris Llewelyn informed the Committee that Risk 1 links to the review undertaken to ensure the WLGA adds value to local authorities. He noted that the Inquiry will be going on for a significant number of years, having just started module 2 and will result in a significant burden in terms of work involved.

28. Chris confirmed Risk 2 relates to full Membership. Whilst the feedback from the Jack Straw review showed the work the WLGA do is valued, there is a need to ensure we are delivering for all 22 authorities. Key to this is the local government settlement and influencing to ensure we get as much as we can to the benefit of the people we serve.

29. Regarding Risk 3, Chris noted that because of changes in Flintshire who have nominated a Liberal Democrat to the WLGA Council, this means they will now form a political group.

30. For Risk 4 Chris confirmed the WLGA always emphasises it is a member led organisation. He noted there is more work to be done, notably that we need to improve our social media offering and this is now happening in conjunction with work on improving the website as well.

31. For Risk 5, Jon Rae highlighted he had changed the score for the residual risk, putting the likelihood up to 4 from 3. Jon noted the rise was mostly in relation to grant funded teams though it was also linked to our unincorporated status and how that impacts on GDPR. Jon confirmed that other than that heightened residual risk he feels that as a smallish organisation the WLGA has good resilience.

32. Jon confirmed there is no change to Risk 6. He added there is still the outstanding issue about our own risk approach, and he is hoping to have that fully implemented by the next Audit Committee. Jon added there is some further action around ICT support this does not affect the risks.

33. For Risk 7, Effective People Management, Karen Higgins confirmed they are working on the HR policies review, job evaluation and line manager capability. Karen stated all the new policies should be drafted by the end of October, but they then need to go through a process internally through HR, then SMT followed by consultation with unions and staff. Karen added that they are also completing a new onboarding programme for new starters.

34. Regarding Risk 8, Jon updated the committee about recent Welsh Government correspondence relating to the WLGA's unincorporated status. Jon confirmed legal advice was sought and a response sent to WG. Karen added that a data management audit was commissioned from Cardiff which is nearing completion, and an action plan will be developed from that. Karen also drew attention to the fact there is a new suite of training on DP issues and the WLGA is also linking with Cardiff IT to get an ICT security audit completed.

35. Cllr Evans queried whether there is anything that can be done to minimise the risks of Section 114 notices being issued in Wales and whether there should be something

more in the risk register about inflation and the cost of living within especially in the way it impacts on the most vulnerable.

36. Chris confirmed that regarding the 114 notices, WLGA have spoken with the Welsh Government because we feel this is a shared problem if a local authority gets into difficulty. The WLGA are to hold a Finance Seminar on the 23rd of November where there will be discussions about financial pressures and there'll be a presentation from one of the English Commissioners.
37. Jon Rae added that CIPFA have already presented to Treasurers with the profession's view of how they are being applied in England and the common causes.
38. Regarding the cost-of-living point, Jon confirmed that at the WLGA conference it was a well-attended break-out session and showed how important it was for elected members. It is for the Association to consider how that agenda is taken forward.

**39. Resolved:**

- 38.1 Members noted the update to the Risk Register.**

**Item 9: Forward Work Programme**

40. Nathan Gardner quickly ran through the forward work programme and it was agreed Members should think about what they feel needs to be covered and e-mail through to Nathan so items can be added to the agenda for future meetings.

**41. Resolved:**

- 40.1 Members agreed the proposed future work programme but will email Nathan Gardner with any additions they feel should be included.**

**Item 10: Any Other Business**

42. The Chair noted the next meeting time should be firmed up and placed in diaries as soon as possible.