

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO: THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE**

**SUBJECT: AUDIT COMMITTEE - 2ND MARCH, 2021**

**REPORT OF: DEMOCRATIC SUPPORT OFFICER**

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**PRESENT: COUNCILLOR S. HEALY (VICE-CHAIR IN THE CHAIR**

Councillors S. Healy (Vice-Chair)  
D. Davies  
P. Baldwin  
D. Hancock  
J. Hill  
W. Hodgins  
J. Holt  
J. Millard  
J. C. Morgan  
M. Moore  
B. Summers  
S. Thomas  
L. Winnett  
T. Edwards  
M. Veale

**WITH: Audit Wales  
Mike Jones**

ITEM	SUBJECT	ACTION
No. 1	<b><u>SIMULTANEOUS TRANSLATION</u></b>  It was noted that no requests had been received for the simultaneous translation service.	
No. 2	<b><u>CHAIR</u></b>	

	It was reported that the Chair, Mr. T. Edwards was experiencing technical difficulties, and it was agreed that the Vice-Chair, Councillor S. Healy would Chair the meeting.	
<b>No. 3</b>	<p><b><u>APOLOGIES</u></b></p> <p>Apologies for absence were received from Councillors H. Trollope.</p>	
<b>No. 4</b>	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>The following declarations of interest were reported:</p> <p>Councillor B. Summers - Item No. 7 Statement of Accounts 2019/20 (<i>Silent Valley Waste Services</i>)</p> <p>Councillor J. Hill - Item No. 7 Statement of Accounts 2019/20 (<i>Silent Valley Waste Services</i>)</p>	
<b>No. 5</b>	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the special Audit Committee held on 2<sup>nd</sup> February, 2021 were submitted, whereupon:</p> <p>A Member reported that the figure listed on page 3 of the minutes under Item No. Action Sheet, should be amended to read £8,200.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<b>No. 6</b>	<p><b><u>ACTION SHEET - 2ND FEBRUARY, 2021</u></b></p> <p>There were no actions arising from the meeting held on 2<sup>nd</sup> February, 2021.</p>	
<b>No. 7</b>	<p><b><u>AUDIT PLAN PROGRESS REPORT – JANUARY TO FEBRUARY 2021</u></b></p> <p>Consideration was given to report of the Professional Lead Internal Audit.</p> <p>The Professional Lead Internal Audit presented the report which provided an update on progress against the Internal Audit Plan for the period 1st January 2021 to 28th February, 2021. Activities</p>	

during the period were set out in Appendix A to the report, and the format showed a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate. Where individual audits were graded as Limited Assurance or No Assurance, an Internal Audit Summary Report was presented at Appendix B.

A Member asked whether the Audit Section were on target to complete the levels of audit coverage sufficient to form an opinion at the end of the year.

The Officer explained that the progress report presented at the last meeting was based on work over a 9 month period, and the Section was currently on track to complete all financial audits for the end of March 2021.

In response to a further question raised the Officer reported that the Flying Start and SIMS School audits had been delayed due to services being reprioritised, but it was intended to progress those now and hopefully they would be completed towards the end of the year. In relation to the Thematic Review, the Officer said this was a pilot audit looking at numerous systems across a range of areas. As this was a new area of work there was no definitive timescale to complete the audit as it was about exploring whether it would add value and prevent duplication of work. The results of the pilot would be reported to a future meeting of the Audit Committee.

The Member then referred to Appendix B Community Care Audit and sought clarification on the summary of findings.

The Officer confirmed that Community Care Management and internal controls operated effectively. The majority of the findings highlighted weaknesses in relation to quality assurance processes, however, these had now been redesigned as a result of the audit.

RESOLVED that the report be accepted and the findings within the attached Appendices, and progress on activities for the period 1st January, 2021 to 28th February, 2021 be noted.

**No. 8**

**STATEMENT OF ACCOUNTS 2019/2020**

Consideration was given to the report of the Senior Business Partner Capital & Corporate Accounting.

It was agreed that Item Nos. 7 and 8 be considered simultaneously.

The Senior Business Partner presented the Council's Statement of Accounts for 2019/20. He reported that during the initial stages of the Covid 19 pandemic critical services were prioritised with staff being redeployed into those critical services to support the Council's response. As a result, the completion of the Statement of Accounts was delayed with Welsh Government recommending that LA's prepare their draft accounts by 31<sup>st</sup> August, 2020 and publication of final audited accounts by 30<sup>th</sup> November, 2020.

The Council's draft Statement of Accounts were reported to Audit Committee on 29<sup>th</sup> September and since that time, a number of adjustments have been identified and are reported to Audit Committee.

As required under Section 11 of the 2014 Regulations and Section 29 of the 2004 Act, the Accounts and other documents were made available for public inspection for 20 working days, from Monday 5<sup>th</sup> October until Friday, 30<sup>th</sup> October, 2020 inclusive and no requests for information or inspection were received during that period.

The Officer confirmed that Audit Wales had now finalised the detailed financial audit of the Accounts and prepared its statutory Audit of Accounts Report (International Standards on Auditing or ISA 260 report), Item no. 8 on the agenda.

The Authority anticipated receiving an unqualified signed audit opinion from the Appointed Auditor. At this stage, Audit Wales are unable to issue a certificate of completion of audit for 2019/2020, pending the certification of audits in respect of prior financial years.

He concluded that if agreed by the Audit Committee, the Statement of Accounts would be signed-off by the Chief Officer Resources and the Chair of the Audit Committee.

The Audit Wales Officer then presented the Audit Wales Blaenau Gwent CBC 2019-20 Audit of Accounts report.

He said overall this was a positive report and confirmed that Audit Wales intended to issue an unqualified audit opinion on this year's

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Accounts. He then went briefly through the report and highlighted points contained therein.

He said Auditors could never provide complete assurance that accounts are correctly stated, and instead worked to a level of 'materiality', which was set to try to identify and correct misstatements that might otherwise cause a user of the accounts to be misled, and the level of materiality was £2.66m for this year's audit. However, there were some areas of the Accounts that may be of more importance to the reader, and in this regard a lower materiality level had been set for these, i.e. Senior Officer pay £1,000 and Related Parties £100,000.

The Audit Wales Officer said the Covid pandemic had had a significant impact on all aspects of society and continued to do so, and this resulted in the draft accounts being completed for audit by 23rd September, 2020, some three months after the original timetable. However, he pointed out that Audit Wales were grateful to the Council's Finance Team for their support during the audit.

He said the Covid pandemic had affected the audit and the main impacts were summarised in Exhibit 1 and this was provided for information purposes only to help understand the impact of the pandemic on this year's audit process.

In terms of the audit opinion he reported that there were initially misstatements in the draft accounts that had now been corrected by Management and these were set out in Appendix 3.

Also during the course of the audit a number of matters relating to the Accounts were considered and reported as significant issues arising to the Council. Whilst the impact of the Covid pandemic was recognised and the challenges this posed to the Council, the need for improvement in key areas remained, and the Recommendations relating to these issues were outlined in Appendix 4. He confirmed that Management had responded to the Recommendations and progress against them would be followed-up during next year's audit. Any actions outstanding would continue to be monitored and would be reported in next year's report.

The Audit Wales Officer concluded that an unqualified audit opinion was intended for this year's Accounts, however, the Certificate of Completion would remain open due to the ongoing work in relation to Silent Valley. However, he reported that this

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work had been completed and the draft report was out for consultation with individuals identified in the report.

A Member referred to section 3.3 of the Accounts where it stated that in December 2017 the Council had made an in-principle decision to transfer Silent Valley back to the Council, and asked what impact this would have on the Council's Accounts.

The Audit Wales Officer explained that the ongoing work with Silent Valley would have no impact on the Accounts presented to the Audit Committee.

The Chief Officer Resources confirmed that the report referred to by Audit Wales was around the ongoing investigation into the relationship between Silent Valley Waste Services and the Council and was not related to any work being done internally around future operations at Silent Valley.

A Member asked whether the extra funding for reserves had been included in the budget papers presented to the Joint Scrutiny Committee, and Council for consideration on Thursday, 4<sup>th</sup> March.

In response the Chief Officer Resources explained that the adjustments had only recently been finalised. The budget papers submitted for consideration by Council related to the 2020/21 financial year, and did not reference specific information around reserves. However, the Quarter 2 outturn for 2020/21 and general and earmarked reserves levels had increased since the forecast

A Member referred to the ongoing investigation around Silent Valley and asked whether it was possible for an individual to attempt to delay progress.

In response the Audit Wales Officer said hopefully this would not happen, but individuals may have legitimate concerns that they would need to seek advice on. He said this was the purpose of the legal progress to provide assurance to individuals, and also offered a reasonableness test to ascertain whether any further delay was justified.

A Member referred to the impact of the Covid pandemic and asked how Blaenau Gwent compared to other LA's in terms of the quality of its Accounts and whether any lessons could be learned.

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In response the Audit Wales Officer said Blaenau Gwent was one of the last LA's to provide its Accounts, and Audit Wales' Recommendations suggested that improvement in the quality of working papers was needed. However, he said the direction of travel seemed positive, and he was aware that an appointment had recently be made and there was commitment from the Council to take that forward. He also pointed out that the Council had been dealing with queries over the past 3 years which had had an impact, and when completed Council would have the opportunity to move forward and improve.

The Member then referred to page 54 of the Accounts and said the figure for termination packages of £245k seemed quite high, and asked whether there was a cap on termination packages and if approval was needed from Welsh Government for potentially large sums.

The Chief Officer Resources reported that for the year of the Accounts there were no caps in operation, however, any termination packages in excess of £100k would be reported to Council for approval. For 2021, and until the £95k cap was withdrawn by Welsh Government, any termination packages over that amount would have been reported to Welsh Government for approval but there were none during that period.

The Member then sought clarification on Officers' Remuneration listed in the table on page 51 of the Accounts, and the Senior Business Partner confirmed that the information was correct.

RESOLVED that the report be accepted and the External Auditor's report, the Accounts be approved by the Audit Committee under the delegated authority of the Council.

**No. 9**

**AUDIT WALES - BLAENAU GWENT CBC 2019-20 AUDIT OF ACCOUNTS REPORT**

Consideration was given to the report submitted by Audit Wales.

RESOLVED that the report be accepted.