

**COUNTY BOROUGH OF BLAENAU GWENT**

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

**SUBJECT: GOVERNANCE & AUDIT COMMITTEE - 27TH JULY, 2021**

**REPORT OF: DEMOCRATIC SUPPORT OFFICER**

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**PRESENT: T. EDWARDS (CHAIR)**

Councillors S. Healy (Vice-Chair)  
D. Davies  
D. Hancock  
J. Hill  
W. Hodgins  
J. Holt  
J. Millard  
M. Moore  
K. Rowson  
B. Summers  
H. Trollope  
L. Winnett

**WITH:** Audit & Risk Manager  
Service Manager Accountancy  
Senior Business Partner - Capital and Corporate Accounting  
Professional Lead – Internal Audit  
Principal Accountant  
Senior Auditor  
Finance Officer  
Data Protection & Governance Officer

**AND:** Mike Jones, Audit Wales

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<b>ITEM</b>	<b>SUBJECT</b>	<b>ACTION</b>
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<p><b>No. 1</b></p>	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
<p><b>No. 2</b></p>	<p><b><u>APOLOGIES</u></b></p> <p>Apologies for absence were received for Councillors J.C. Morgan, S. Thomas, P. Baldwin and Mr. Martin Veale.</p>	
<p><b>No. 3</b></p>	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	
<p><b>No. 4</b></p>	<p><b><u>GOVERNANCE &amp; AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 29<sup>th</sup> June, 2021 were submitted.</p> <p>RESOLVED that the minutes be accepted as a true record of proceedings.</p>	
<p><b>No. 5</b></p>	<p><b><u>ACTION SHEET</u></b></p> <p>There were no actions arising from the meeting held on 29<sup>th</sup> June, 2021.</p>	
<p><b>No. 6</b></p>	<p><b><u>INTERNAL AUDIT PLAN 2021-2026</u></b></p> <p>Consideration was given to report of the Audit &amp; Risk Manager.</p> <p>The Audit &amp; Risk Manager presented the report which provided the strategic Audit Plan for the period 2021-2026, and the rationale for implementing a one-year operational plan.</p> <p>The Officer reported that a number of changes had been made to the Plan this year, however, it still complied with the Public Sector Internal Audit Standards (PSIAS) and the criteria as detailed in section 2.2 of the report. The main differences for this year were highlighted at section 2.4 onwards, and the Officer highlighted the key points contained therein.</p> <p>A Member asked whether there would be greater focus on overspending Portfolios moving forward, particularly in light of</p>	

discussions at the Joint Scrutiny (Budget Monitoring) Committee held the previous day regarding the Environment Portfolio.

In response the Officer confirmed that any overspends would be considered as part of the risk matrix. However, she explained that whilst a particular Portfolio may score high on the budget position, it may score lower in other areas of the matrix and balance out. In terms of the Environment Portfolio, some systems were rated high risk but not the Department as whole.

Another Member pointed out that a number of the high risk budgets had been mitigated by the Welsh Government Hardship Fund. He asked whether these budgets would now be removed from a high risk rating, and also whether the Council's spend of WG Hardship Funding would be audited.

The Officer explained that an area would not be removed because it received WG Hardship Funding. The risk assessment was based on a broader range of issues, and not just finance. In terms of auditing the Council's spend of WG Hardship Funding, this was dependent on the requirements for audit under the terms of funding, or whether we choose to undertake an audit due to the money involved, as was the case with the NNDR Grants provided as part of the Covid pandemic support. Due to the large sums of money being passed through the Authority it was felt appropriate to consider those as part of the Plan last year.

RESOLVED that the report be accepted and the Committee note the basis for audit selection / prioritisation as described in section 2, and approve the audit plan attached at Appendix A, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.

**No. 7**

**DRAFT STATEMENT OF ACCOUNTS 2020/2021**

Consideration was given to the report of the Chief Officer

The Senior Business Partner Capital and Corporate Accounting presented the Draft Statement of Accounts 2020/21 and the Authority's financial standing as at 31<sup>st</sup> March, 2021 (subject to audit).

The Officer went through the report and highlighted points

contained therein.

He reported that under Section 10A of the amended regulations, the deadline for the preparation of the draft Statement of Accounts was 31<sup>st</sup> May, 2021, and publication of the final audited accounts was 31<sup>st</sup> July, 2021. However, in recognition of the continuing impact of the Covid-19 pandemic, Welsh Government acknowledged that additional work could be required to finalise local authority accounts for the 2020/2021 financial year, and consequently Local Authorities are now able to prepare their accounts to the extended timetable implemented for 2019/20, i.e. preparation of Draft Statement of Accounts by 31<sup>st</sup> August, 2021 and publication of the final audited accounts by 31<sup>st</sup> November, 2021.

The Officer confirmed that the Draft Statement of Accounts 2020/2021 was prepared and certified by 18th June, 2021 which represented a significant improvement on the previous year. Following detailed examination by Audit Wales it was anticipated that the Accounts will be re-presented to the Governance & Audit Committee for approval in September 2021. Following approval at that meeting the Chair was required to sign and date the Accounts on behalf of the Council.

A Member enquired as to the implications for the Council in not meeting the statutory deadlines.

In response the Officer explained that the Council had failed the statutory deadline of 31<sup>st</sup> May, 2021 by two weeks, however, Audit Wales had extended the deadline for the Draft Statement of Accounts until the end of August, and that deadline had been met. The Statutory deadline for publication of the final accounts by 31<sup>st</sup> July, 2021 would not be met as the audit would not be completed by that time, however, the Council will publish a set of draft Accounts with a notice stating that they will be audited over the Summer period and presented back to the Governance & Audit Committee in September.

The Member also asked whether the Council had received the monies from Welsh Government for the railway investment.

The Officer confirmed that the £71m had been received at the end of March. The money had been put into short term investments ahead of due diligence being completed on the project. In the

event of the project not being agreed, the money would be paid back to Welsh Government.

The Audit Wales Officer said prior to the Covid pandemic there were concerns around the timeliness of the Accounts process, not only with Blaenau Gwent Council but also other Councils. However, he assured Members that Blaenau Gwent was in a different place this year and well placed in comparison with other Councils. He said the Council had been working towards the extended deadline and timeliness of the Draft Accounts had improved.

RESOLVED that the report be accepted and the Committee receive the Draft 2020/2021 Statement of Accounts for information, prior to the anticipated consideration for approval in September.

**No. 8**

**ANNUAL GOVERNANCE STATEMENT 2020/21**

Consideration was given to the report of the Audit & Risk Manager.

The Audit & Risk Manager presented Members with the Draft Annual Governance Statement (AGS) for 2020/21 (attached at Appendix A).

The Officer went through the report and highlighted points contained therein. She confirmed that the AGS had been collated following an evidence gathering exercise which called upon a number of sources including Internal and External Regulatory Reports; Annual Report of the Audit and Risk Manager; and an Evidence Framework illustrating how the Authority complied with the core principles of the Code of Governance.

As a consequence of Covid, some of the ways the Council operated changed during 2020/21, e.g moving to agile working, however, these changes have not weakened the governance framework. The AGS has been produced to reflect these changes, with notable updates being to the engagement activities conducted for the period under Core Principle B, development of wellbeing objectives under Core Principle B, expansion of self-assessment requirements under Core Principle D and changes to the Governance and Audit Committee under Core Principle G.

A Member referred to engagement activities and expressed

	<p>concern regarding complaints received from members of the public regarding the time taken to contact the Council. Members had also experienced difficulties in contacting Officers.</p> <p>In response the Officer explained that the engagement activities outlined in the AGS was the broader engagement undertaken by the Council. The complaints referred to was an operational issue and the Officer undertook to refer this matter to the relevant Officer.</p> <p>RESOLVED that the report be accepted and the Committee approve and adopt the Draft AGS having considered and challenged the content, ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.</p>	
<p><b>No. 9</b></p>	<p><b><u>INTERNAL AUDIT CHARTER</u></b></p> <p>Consideration was given to the report of the Audit &amp; Risk Manager.</p> <p>The Professional Lead Internal Audit presented the revised Internal Audit Charter for 2021/22 to the Committee.</p> <p>The Officer went through the report and highlighted points contained therein. The report outlined the basis for production of the Internal Audit Charter, incorporating amendments to reflect changes since the last update.</p> <p>In response to a question raised by a Member regarding future changes to the Committee membership, the Audit &amp; Risk Manager explained that the Terms of Reference for the Committee would reflect the changes in membership. This document outlined how the Internal Audit Section operated in terms of its purpose and responsibilities.</p> <p>RESOLVED that the report be accepted and the Committee approve the Audit Charter in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).</p>	
<p><b>No. 10</b></p>	<p><b><u>AUDIT WALES – BLAENAU GWENT COUNTY BOROUGH COUNCIL ANNUAL AUDIT SUMMARY 2020</u></b></p> <p>Consideration was given to report of Audit Wales.</p>	

The Audit & Risk Manager presented the Audit Wales - Blaenau Gwent County Borough Council Annual Audit Summary 2020 (attached at Appendix 1). The report was submitted by the Democratic Services section and provided an annual summary of the work undertaken by Audit Wales. The Officer said there was an error within the report in relation to the number of Members of the Council and confirmed that this would be amended.

RESOLVED that the Committee note the Annual Audit Summary published in May 2021.

No. 11

**AUDIT WALES - 2021 AUDIT PLAN – BLAENAU GWENT COUNTY BOROUGH COUNCIL**

Consideration was given to report of Audit Wales.

The Audit Wales Officer presented the report which provided the 2021 Audit Plan for Blaenau Gwent.

The Officer went through the report and highlighted points contained therein. The COVID-19 pandemic continued to have a significant impact across the UK and on the work of public sector organisations. As in 2020, it was likely to significantly impact on the preparation of the 2020-21 accounts, the financial audit and performance audit work. Consequently, while this Audit Plan sets out an initial timetable for completion of the audit, the ongoing uncertainties around the impact of COVID-19 meant that some timings may need to be revisited, and any amendments to the proposed timetable would be discussed with the Council moving forward.

A Member said in light of the continued impact of the Covid pandemic he felt this year should be more about 'steadyding the ship' rather than continuous improvement as outlined in the Plan.

In response the Officer said there was a requirement for the Council to have a plan for continuous improvement, and Audit Wales would be looking to ensure that was in place.

In response to a question raised by a Member, the Service Manager Accountancy confirmed that the fees for Audit Wales were paid from the Corporate Management budget within the Corporate Services Portfolio.

RESOLVED that the information contained in the report be noted.
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