

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO:        THE CHAIR AND MEMBERS OF THE COUNCIL**

**SUBJECT:         AUDIT COMMITTEE – 10<sup>TH</sup> SEPTEMBER, 2019**

**REPORT OF:       DEMOCRATIC SUPPORT OFFICER**

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**PRESENT:**        Mr. Peter Williams (CHAIR)

Councillors S. Healy  
                  G. Collier  
                  M. Cross  
                  L. Elias  
                  D. Hancock  
                  J. Hill  
                  J. Holt  
                  L. Parsons  
                  B. Summers  
                  S. Thomas  
                  H. Trollope  
                  J. Wilkins  
                  L. Winnett

**WITH:**            Chief Officer Resources  
                      Chief Accountant Corporate Services  
                      Head of Children's Services  
                      Communications, Marketing and Customer Access Manager  
                      Data Protection & Governance Officer  
                      Solicitor

**AND:**             **Wales Audit Office**  
                      Mike Jones  
                      Neal Hollis

**DECISIONS UNDER DELEGATED POWERS**

<b><u>ITEM</u></b>	<b><u>SUBJECT</u></b>	<b><u>ACTION</u></b>
<b>No. 1</b>	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
<b>No. 2</b>	<p><b><u>APOLOGIES</u></b></p> <p>An apology for absence was received for Councillor K. Rowson.</p>	
<b>No. 3</b>	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>The following declarations of interest were reported:</p> <p>Councillor J. Hill - <i><u>Item No. 6 – Update on the External Audit of Financial Statements 2018-19 – Blaenau Gwent County Borough Council</u></i></p> <p>Councillors S. Thomas, G. Collier, H. Trollope and the Communications, Marketing and Customer Access Manager - <i><u>Item No. 11 – Performance Coaching Review – Managing Director</u></i></p>	
<b>No. 4</b>	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 23<sup>rd</sup> July, 2019 were submitted for accuracy points.</p> <p>A Member referred to page 3 of the minutes and whilst he was unable to attend the meeting, he referred to the previous discussions and reiterated the point that the service reviews had not been reported through the Scrutiny process. In relation to the Officer response that they were reported within the quarterly Revenue Budget Report, he said this report would not have included the amount of detail necessary for proper scrutiny to be undertaken. He said the Leader of the Council admitted that the reports had not gone through the Scrutiny process, but had gone through the Council Forward Work Programme. He reminded Members that very recently WAO had criticised the</p>	

	<p>Authority's scrutiny function, particularly around the review of leisure services.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<b>No. 5</b>	<p><b><u>ACTION SHEET</u></b></p> <p>It was noted that there were no actions arising from the meeting of the Audit Committee held on 23<sup>rd</sup> July, 2019.</p>	
<b>No. 6</b>	<p><b><u>UPDATE ON THE EXTERNAL AUDIT OF FINANCIAL STATEMENTS 2018/19 – BLAENAU GWENT BOROUGH COUNCIL</u></b></p> <p>Consideration was given to the Wales Audit Office report.</p> <p>The WAO representative presented the report and highlighted points contained therein. He referred to the non-material uncorrected misstatements and confirmed that these would not impact on the Council's usable reserves. He also pointed out that should Members not agree to correct the misstatements, WAO would ask that a reason be provided. A number of corrected misstatements had also been identified and these were detailed at Appendix 1.</p> <p>He commended Blaenau Gwent on being able to produce the accounts for audit by 31<sup>st</sup> May, 2019. However, WAO would be making detailed recommendations for improvements in order for the Council to meet its future statutory deadlines, and a further report would follow.</p> <p>In response to questions raised by a Member the Chief Accountant Corporate Services explained that the Council had always accounted for the Ebbw Vale Multi Storey Car Park as an Operating Lease, and WAO's view was that this should be accounted as a Finance Lease. However, the Council was proposing to not make this adjustment until implementation of the new Accounting Standards. In relation to the Senior Officers' Remuneration, the Officer confirmed that this had no financial impact.</p>	

	<p>The WAO Representative confirmed that all the corrected misstatements have been amended.</p> <p>A Member expressed concern regarding the misstatements identified. He said during the budget setting process Members based their conclusions on the updated position during the financial year, and the accuracy of this information was paramount for Members. He asked how many misstatements had been identified over the last 4-5 years and the value of these.</p> <p>In response the Chief Accountant Corporate Services said this varied year on year and depended on what WAO identified. He said there was always scope for error, and pointed out that 'sign-off' of the Accounts meant that they provided a true and fair view of the Authority's financial statements. However, he recognised Members' concerns, but assured that all the adjustments had been corrected, and there was no impact on the Authority's usable reserves, it was more a case of 'moving things about', and the misstatements and reclassifications had no impact on the bottom-line budget.</p> <p>The WAO Representative reported that since the preparation of the report, the Police confirmed that they would be taking no further action in terms of the issues raised by the Whistleblower. In terms of next steps he confirmed that WAO would be considered how that information would be reported, and working with the Team to get the outstanding accounts signed-off.</p> <p>RESOLVED that the report be accepted and the information contained be noted.</p>	
<p><b>No. 7</b></p>	<p><b><u>STATEMENT OF ACCOUNTS 2018/19</u></b></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Accountant Corporate Services presented the report and highlighted points contained.</p> <p>A Member expressed concern regarding the Understatement of Depreciation of the Highways Network Asset and said whilst it</p>	

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was considered not to be material in terms of the budget for the financial year, it would have implications moving forward.

A brief discussion ensued when the Chief Officer Resources explained that the prudential borrowing for the highways works was based on 20 years.

In response to a question raised by a Member, the Chief Accountant Corporate Services confirmed that work would be undertaken around the valuation of assets

When considering the Options for Recommendation within the report, a Member proposed Options 2 and 5, and this proposal was seconded.

Another Member proposed that Options 1 & 3 be approved (the preferred Options as outlined in the report), and this proposal was seconded.

Upon a vote being taken it was:

RESOLVED that the report be accepted and the Audit Committee approve the following:

Agree with the Officer recommendation not to amend the following misstatements identified by the Wales Audit Office on the basis that these would not have a material impact on the accounting statements (Option 1)

- Pension Liabilities related to the McCloud Judgement;
- Classification of the Ebbw Vale Multi-Storey Car Park Lease; and
- Understatement of Depreciation

And

Further to the certification (or absence of certification) of these Accounts by the Chief Officer Resources and on consideration of the report and the External Auditor's report, the Accounts be approved by the Audit Committee under the delegated authority of the Council (Option 3).

	<p><b><u>RECORDED VOTE</u></b></p> <p>Councillors S. Thomas, H. Trollope, L. Winnett, M. Cross, L. Elias &amp; D. Hancock requested that their names be Recorded in support of Options 2 &amp; 5.</p>	
<b>No. 8</b>	<p><b><u>REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000</u></b></p> <p>Consideration was given to report of the Head of Legal &amp; Corporate Compliance.</p> <p>The Solicitor presented the report and highlighted points contained therein.</p> <p>A brief discussion ensued when the Solicitor and Officers clarified points raised by Members.</p> <p>RESOLVED that the report be accepted and the Audit Committee accept the information in the report which is given as assurance that appropriate oversight and monitoring is taking place (Option 1).</p>	
<b>No. 9</b>	<p><b><u>WALES AUDIT OFFICE: WELL-BEING OF FUTURE GENERATIONS REVIEW</u></b></p> <p>Consideration was given to report of the Head of Children's Services.</p> <p>The Officer presented the report and highlighted points contained therein.</p> <p>In response to comments made by a Member, the Head of Children's Services confirmed that transformation funding was coming through for development of specific elements of the wellbeing programme, and part of that work was the development of services for children presenting with emotional and mental health problems, and reports on the progress of this initiative would be submitted to the Social Services Scrutiny Committee in due course.</p> <p>In response to a further question the Officer confirmed that a</p>	

	<p>new performance framework for measuring wellbeing would be in place by 2020. However, in relation to flying start, statistics were published on an annual basis comparing all 22 LA's in Wales, and the Officer confirmed that Blaenau Gwent performed very well and were in the top quartile.</p> <p>RESOLVED that the report be accepted and the information contained therein be noted.</p>	
<b>No. 10</b>	<p><b><u>WALES AUDIT OFFICE CERTIFICATE OF COMPLIANCE FOR THE AUDIT OF BLAENAU GWENT COUNTY BOROUGH COUNCIL'S 2019-20 IMPROVEMENT PLAN</u></b></p> <p>Consideration was given to report of the Head of Governance and Partnerships.</p> <p>The Chief Officer Resources presented the report.</p> <p>RESOVLED that the report be accepted and the Audit Committee note the compliance certificate dated July 2019.</p>	
<b>No. 11</b>	<p><b><u>PERFORMANCE COACHING REVIEW – MANAGING DIRECTOR</u></b></p> <p>Councillors S. Thomas, G. Collier, H. Trollope and the Communications, Marketing and Customer Access Manager declared an interest in this matter and left the meeting while the item was being considered.</p> <p>Having regard to the views expressed by the Proper Officer regarding the public interest test, that on balance the public interest in maintaining the exemption outweighed the public interest in disclosing the information and that the report should be exempt.</p> <p>RESOLVED that the public be excluded whilst this item of business is transacted as it is likely there would be a disclosure of exempt information as defined in Paragraph 12, Schedule 12A of the Local Government Act, 1972 (as amended).</p> <p>Consideration was given to report of the Head of Organisational Development.</p>	

	RESOLVED that the report be accepted and the information contained therein be noted.	
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