

AUDIT AND CORPORATE SERVICES REVIEW COMMITTEE

12 February 2020

Present: Councillor D Clements (Chair)
Dr R Heath Davies, Mr G Jones, Councillor P Kidney, Councillor R Owens and Councillor M Williams.

(NPA Offices, Llanion Park, Pembroke Dock: 10.00am-11.50am)

1. Apologies

Apologies for absence were received from and Councillor P Baker, Mrs S Hoss and Councillor M James.

2. Disclosures

There were no disclosures of interest.

3. Minutes

The minutes of the meeting held on the 6 November 2019 were presented for confirmation and signature.

It was **RESOLVED** that the minutes of the meeting held on 6 November 2019 be confirmed and signed.

4. Health and Safety Group: report of meeting

Members considered the report of the meeting of the Health and Safety Group held on 5 December 2019.

Members asked that further information be provided in respect of RIDDOR incidents, so that Members could be reassured that appropriate action had been taken and lessons learned.

It was **RESOLVED** that the report of the meeting of the Health and Safety Group held on 5 December 2019 be received.

5. Internal Audit Report 2019/20

The Chairman welcomed Mr Jonathan Maddock from TIAA to the meeting. He explained that the report was the result of work completed against the Block 2 of the 2019/20 operational audit plan previously approved by the Committee, and covered the areas of Risk Management, Key Financial Controls (Banking arrangements, Treasury/Investments and Fixed Assets), Health and Safety and Operational Review – Rangers. It was noted that a Reasonable assessment had been provided for all except Health and Safety which had received a Limited assessment

Members considered each of the recommendations, focussing particularly on those with a priority 1 or 2 rating. With regard to the Health and Safety



issues highlighted in the report, the HR Manager advised that the fire evacuation and monitoring procedures were being redrafted and these would include twice yearly fire drills. All other points raised were being addressed.

The Finance Manager explained that it had been intended to bring the report to the previous meeting of the Committee, however due to technical issues it had not been received in time. This problem had now been rectified.

Members thanked the Auditors for a thorough and useful report. They noted that although it reviewed actions identified in previous reports, they wanted to ensure that these were acted upon promptly, and asked that an Action Plan for any Priority 1 actions identified by the Authority's Internal Auditors be reported to each meeting of the Committee.

It was **RESOLVED** that the report be noted, but that an Action Plan for any Priority 1 actions identified by the Authority's Internal Auditors be brought to the next, and future, meetings of the Committee.

6. Performance Report for the Period ending 31 December 2019

The report followed the structure of the Corporate and Resources Plan for 2019/20. This followed the approach of the Well-being of Future Generations Act with seven well-being objectives, with an additional section providing general governance information. The report presented the performance to date up to 31st December 2019 and included quarter 1, 2, and 3 statistics (April – December) for some data sets.

The Performance and Compliance Co-ordinator took Members through the report, highlighting areas in respect of the Local Development Plan, planning and enforcement, the new website, Parkwise training, Walkability, Education, engagement with young people and Health and Safety.

Thanking the officer for a comprehensive report, Members asked questions regarding a number of the areas highlighted. In particular some Members disagreed with the red RAG rating in respect of the percentage of Member decisions against officer advice as it was felt that this was a reflection of democracy. The officer replied that the Measure and Target were set by Welsh Government and were required by them for benchmarking against other Authorities.

NOTED

7. Annual Audit Letter 2018-19

The Auditor General for Wales' Annual Audit letter detailed his statutory responsibilities under the Public (Wales) Audit Act 2004 and the Code of



Audit Practice. The letter, which confirmed that the Authority had complied with its responsibilities relating to financial reporting and the use of resources, was presented to Members for information.

It was noted that the Auditor General had commented on the Authority's overall financial position in his letter, pointing out that reserves had increased significantly as a consequence of unexpected additional Welsh Government grants received at the year-end. Some Members took this as a cautionary statement from the Auditor regarding the level of the Authority's reserves, however the Finance Manager stated that this had been highlighted in the Authority's budget considered at the Authority meeting the previous week, in particular his report had contained a graph which compared viability with cash backed reserves showing the impact of a flat line grant on the Authority's budget over the next 5 years which would see general reserves depleted.

One Member asked about the Audit fees and was advised that they were approximately £44,000 for both performance and financial audits. Representations had been made regarding the proportion of the Authority's budget spent on these fees, however Members asked to whom and when, and suggested that further representations be made at a higher level, possibly to the Deputy Minister.

NOTED.

8. Annual Governance Statement 2019/20

It was reported that the Authority's draft Annual Governance Statement (AGS) was appended to the report, and Members comments on it were sought.

The AGS set out the Authority's governance framework in terms of its decision making structures, as well as the actions taken in respect of the significant governance issues identified in the previous year and thus the report also set out actions for the coming year. The Statement also contained a review of effectiveness of the Authority's governance framework, including the system of internal control, based on the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Corporate Governance.

It was reported at the meeting that some comments had been received from Members prior to the meeting with regard to creation of the Members Support and Development Committee and training which had taken place on the code of conduct, and these would be included. Further suggestions made at the meeting included a request for a timeframe for the actions identified in the table of significant governance issues to be addressed in the coming year, and with regard to the issue of



responding to the impact of Brexit, it was suggested that greater clarity should now be available to update the action to be taken.

NOTED.

9. Budget Performance Report 9 Months to December 2019

The report presented budgetary performance information for the period to 31 December 2019. The detailed net revenue budget was provided which showed that actual and committed expenditure was £3,351k, £51k under the profiled budget, with the reasons for the variances set out in the report. The Finance Manager advised that the net budget figures for 2019/20 shown in the first column of the table his report were incorrect, however the narrative was accurate.

One Member noted that the car park figures for Saundersfoot were down year on year, and it was speculated that this was due to the number of season tickets sold. The Finance Manager advised that season ticket sales were included in the car park operations budget line and were not disaggregated by site. The Chair believed that the Authority had to balance the needs of visitors with those living in the community in terms of those using its car parks and the revenue generated.

It was noted that the 2019/20 Revenue Forecast had been impacted by a number of unbudgeted expenditure items, include additional seasonal staff, purchase of pay and display equipment and unplanned building maintenance which had been mitigated by savings of approximately £40k. It was also anticipated that total income would be in excess of that budgeted which, in aggregate, meant that the current revenue forecast was a breakeven for the year in line with the original budget.

The report went on to outline the position of the Capital Programme, which had been extended due to the additional funding from Welsh Government, increasing from £1.1m to £1.2m as a result. The report set out details of the projects and equipment to be funded.

Finally the report set out the position with regard to the Authority's reserves. General Reserves were expected to reduce to £1003k, Earmarked Reserves were expected to fall by £1,037k to £2914k, although the some of the expenditure on projects funded by Welsh Government was likely to cross over into the 2010/21 financial year and consequently the reserves levels would increase in relation to that element of the unspent funds as at 31 March 2020. Capital Receipts were also expected to fall to £358k at the end of 2019/20 as they had been used to fund various capital projects.

NOTED.



[Councillor M Williams tendered his apologies and let the meeting at this juncture.]

10. Risk Register

Members were asked to consider the latest risk register, which had been reviewed by both the Management and Leadership Teams. Increasing and decreasing trends in risks were highlighted in the Register. The Finance Manager apologised that some updates requested at the previous meeting of the Committee had not been actioned and this would be corrected in the report to the next Committee.

One Member suggested that the decision taken at the recent meeting of the Authority to provide funding for the new Destination Management Organisation for Pembrokeshire posed both a financial and reputational risk. The officer agreed to add this to the Register.

Members also asked to be kept informed of actions in respect of Ash Die Back disease and were advised that a report would be made to a meeting of the Operational Review Committee in the coming months, and copies of these papers would be sent to Members of the Audit and Corporate Services Review Committee for their information.

NOTED

11. Delegation of any issues for consideration by the Continuous Improvement Group

It was **RESOLVED** that there were no issues of concern that the Committee wished to delegate to the Continuous Improvement Group for consideration.

12. Any Other Business

a) Internal Audit Provision

The Finance Manager reminded the Committee that the Authority's Internal Audit Provision had been contracted to Gateway Assure until March 2020, however TIAA had taken over the business in late 2019. A two-stage tender process in respect of future Internal Audit provision would be initiated this week, whereby suitable companies would be shortlisted and Members would be involved in the appointment process. Details of this would be provided in due course.

NOTED.

b) Insurance

Members were reminded that the three Welsh National Parks had arranged joint procurement for their insurance cover, with the current arrangements ending in March of this year. The advice received from the



Authority's brokers, Marsh UK, was that the markets were currently challenging, and should the Authority's go out to full tender, premiums were likely to rise considerably. They recommended that the existing arrangements be extended for twelve months. As this contravened the Authority's Financial Standards, a report would be made to the next meeting of the Authority.

Members agreed that this seemed a sensible way forward.

NOTED.

