

**GOVERNANCE AND AUDIT COMMITTEE - FRIDAY, 28 JANUARY 2022**

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD REMOTELY - VIA MICROSOFT TEAMS ON FRIDAY, 28 JANUARY 2022 AT 09:30**

Present

Councillor LM Walters – Chairperson

CA Green  
PA Davies

JE Lewis  
P Davies

MJ Kearn  
TH Beedle

AJ Williams

Apologies for Absence

RM Granville and A Hussain

Officers:

Carys Lord	Chief Officer - Finance, Performance & Change
Deborah Exton	Deputy Head of Finance
Mark Thomas	Head of Regional Audit Service
Samantha Clements	Audit Wales
Mark Galvin	Interim Democratic Services Manager
Andrew Rees	Democratic Services Officer - Committees
Nigel Smith	Finance Manager
John Llewellyn	Financial Audit Team Leader, Wales Audit Office
Frances Mantle	Finance Manager - Governance and Exchequer
Martin Morgans	Head of Performance and Partnership Services
Philip O'Brien	Digital Transformation and Customer Services Manager
Joan Davies	Deputy Head of Regional Internal Audit Service

Lay Member:

Mrs J Williams

291. CARYS LORD

The Chairperson welcomed Carys Lord, Chief Officer Finance Performance and Change and Section 151 Officer to her first meeting of the Committee, since commencing her employment with the authority.

292. ELECTION OF VICE-CHAIRPERSON

The Chairperson placed on record her thanks to Councillor Venables, the previous Vice-Chairperson for her service to the Committee and wished her well for the future.

RESOLVED: That as no nominations had been received, the role of Vice-Chairperson be not appointed to.

293. DECLARATIONS OF INTEREST

None.

294. **APPROVAL OF MINUTES**

**RESOLVED:** That the minutes of the Governance and Audit Committee of 11 November 2021 be approved as a true and accurate record, subject to the Committee's thanks and good wishes being recorded to Gill Lewis, Interim Chief Officer Finance Performance and Change and Section 151 Officer for her service to the Committee and to the authority.

295. **GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD**

The Interim Democratic Services Manager presented a report which provided Members with an update on the Audit Committee Action Record, which was appended to the report.

Samantha Clements of Audit Wales presented an update on the Action Record further to the last meeting of the Committee on discussions they have had with Welsh Government on providing more financial certainty to local authorities to enable them to improve their forward planning, particularly after the Covid-19 Pandemic. She informed the Committee that Audit Wales had conducted Financial Sustainability reports of all Councils, looking at the difficulties faced by local government in managing austerity. The Public Services report in 2021 looks at how services in local government are under stretch pre-pandemic and how Councils are managing pressures and its recovery from the pandemic. Councils had received £5 billion of support from the Welsh Government and the report looked at how Councils were coping with the new business as usual. Assurance had been received from the Senedd Public Accounts Committee in relation to financial certainty of local government, the status of which is of high importance to the Welsh Government. In addition to that, Audit Wales had commented on short term funding in the Wellbeing of Future Generations report prior to the pandemic calling on the Welsh Government to provide certainty on long term funding allocations. She believed that the Welsh Government had listened to this in terms of the latest provisional settlement and indicative funding is now provided for 3 years.

**RESOLVED:** That the Committee noted the report.

296. **AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS**

The Audit Wales representative reported on an update on the Financial and Performance Audit work undertaken, and due to be undertaken, by Audit Wales.

John Llewellyn of Audit Wales provided a summary of the Financial Audit work undertaken, in that the audit of the Council's 2020-21 Statement of Accounts had been completed and an Audit Opinion had been provided to the Council in July 2021. Audit work had also been completed on the 2020-21 Returns for the Porthcawl Harbour Authority and the Coychurch Crematorium Joint Committee, with Audit Opinions having been provided in July and September 2021 respectively. The Audit of the Council's 2020-21 Grants and Returns was ongoing. Planning work had commenced for the 2021-22 financial accounts audit, and it was hoped to shortly agree the timeline for the audit of accounts and the delivery of the draft accounts.

Samantha Clements of Audit Wales provided a summary of the Performance Audit work undertaken. In respect of the Assurance and Risk Assessment, a presentation will shortly be made to the Corporate Management Board outlining findings and an output report will be provided to this Committee during the summer. Field work had recently been completed on the Springing Forward review, and Audit Wales are in the process of collating the findings prior to a report being published in March. The follow up review of

## GOVERNANCE AND AUDIT COMMITTEE - FRIDAY, 28 JANUARY 2022

Disabled Facilities Grants will feature as part of the Assurance and Risk Assessment. With regards to the review relating to the Cwm Taf Morgannwg Health partnership work, the field work has been finished, and a workshop is to be held with the 4 partner bodies during March. Audit Wales had recently published an LG study report on emergency services and this is available on its website.

RESOLVED: That the Committee noted the Audit Wales Governance and Audit Committee Reports at Appendix A and Appendix B.

### 297. PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021-22

The Deputy Head of Regional Internal Audit presented a position statement detailing progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2021-22.

The Deputy Head of Regional Internal Audit informed the Committee that the Internal Audit Plan for 2021- 22 was approved by the Governance and Audit Committee on 18 June 2021, which outlined the assignments to be carried out which will provide sufficient coverage to provide an opinion at the end of 2021-22. She detailed the progress and status of each review for the period 1 April to 31 December 2021, whereby 14 audits had been completed with an opinion being provided. A further audit has been completed, the draft report issued and feedback was awaited from the Service Department. A total of 12 audits were currently on-going with another 13 allocated to auditors for commencement shortly. She stated that based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance had been given to 3 completed reviews and an opinion of reasonable assurance to the other 11 completed reviews.

The Deputy Head of Regional Internal Audit reported that there are some items included on the audit plan which have yet to be allocated. Some of these areas such as Project Management and General Data Protection Regulations (GDPR) will be covered within the scope of other audits to allow some assurance to be given. She stated that service areas are under pressure and two planned audits, employee code of conduct and performance management, had been deferred. Any audits that remain unallocated by the year end will be included within the risk assessment process for the 2022-23 audit plan.

The Deputy Head of Regional Internal Audit informed the Committee that a total of 25 medium priority recommendations had been made to improve the control environment of the areas reviewed and 32 low priority recommendations. The implementation of these recommendations was being monitored to ensure that the identified and agreed improvements are being made and progress will be reported to Committee.

The lay member referred to the ongoing status of the reviews and questioned, out of 7 audits to take place in the Social Services and Wellbeing Directorate, why 3 had yet to be allocated and none completed. The Deputy Head of Regional Internal Audit informed the Committee that some breathing space had been given to the Directorate due to the pressures it had faced during the pandemic, although a piece of work had been commenced on Direct Payments. Discussions are taking place with the Director on the approach to the audits in the plan. She stated that the Director understands the need for some audit work to commence. The Deputy Head of Regional Internal Audit commented that an audit on WCCIS will not commence this year, and neither would the audits of Halo and Awen. The Head of the Regional Audit Service informed the Committee that this approach of pausing audits within Social Services was not unique to Bridgend as Internal Audit is mindful of the pressures Social Services Departments have

faced across the region during the pandemic. It was hoped there would be a return to business as usual in the next year.

A member of the Committee asked whether the impact of Covid was within the remit of audit to be looked at, particularly with services to the elderly in care and in schools. The Deputy Head of Regional Internal Audit informed the Committee that assurance had been received from schools and advice and guidance is given to other Directorates. The Head of the Regional Audit Service commented that there had been no visits to care homes or schools during the pandemic, but work had taken place on changed arrangements and governance, however work had not been done on the impact of Covid on those client groups.

A member of the Committee asked whether the Committee will have an update report on the Arbed scheme. The Head of the Regional Audit Service stated that he was aware that a summary report had been published on the Council's website and he would look at what could be brought to the Committee. The Chairperson requested that a report be submitted to the next meeting of the Committee, prior to the end of this Council term. The Head of the Regional Audit Service stated that he would have discussions with the relevant officers as to what can be brought to the next Committee.

The Chairperson asked for an update on the re-structure plans for the Internal Audit Service. The Head of the Regional Audit Service informed the Committee that the re-structure had been completed prior to Christmas and all staff had been matched to posts. Vacancies will be advertised next week. A member of the Committee asked whether staff within the service had been redeployed during the pandemic to support other services. The Head of the Regional Audit Service informed the Committee that some staff within Internal Audit were redeployed on a short-term basis to support critical services such as the Test, Trace and Protect project but they had now returned to their roles.

**RESOLVED:** That the Committee note the content of the report and the progress made against the 2021-22 Internal Audit Annual Risk Based Plan.

298. **DIGITAL TRANSFORMATION**

The Chief Officer Finance Performance and Change provided an update on the Council's Digital Transformation Programme and highlighted the key activities and actions following the Audit Wales "Review of the Council's Arrangements to Become a 'Digital Council' – Bridgend County Borough Council".

She reported that since the Digital Transformation Programme was established in 2016, it has grown significantly and currently has 15 projects within its remit, and Directorates have at least one project aligned to the Digital Transformation Programme which evidenced its support not just for the Digital Citizen but for the Digital Place and Digital Council.

The lay member questioned whether the list of projects in the Digital Transformation programme was a bit light in terms of a cultural change and embracing and improving the culture. The Head of Partnership Services informed the Committee that this was the most difficult part of the programme to achieve, however the aim is one of inclusivity where systems can perform automated tasks to enable staff to perform more high-level functions. He stated that the change in culture starts with the Chief Executive who drives that change from the top of the organisation down and consultation takes place with the Trade Unions on change.

The lay member asked whether benefits had been seen from home working as a result of the pandemic. The Head of Partnership Services explained that pre-lockdown in March 2020, 10 – 30 staff worked routinely from home and following lockdown, the ICT Department moved swiftly to provide 1,700 staff with laptops to enable them to work from home. He stated that during lockdown, the Council had successfully operated its contact centre remotely and staff had benefitted with the flexibility of working from home, which resonates with a hybrid model being considered. Lockdown had also seen the homelessness presentations go live remotely. In order to support staff with their wellbeing, the Council had appointed a Wellbeing Officer to ensure the right tools are available to staff.

The lay member requested that the table of projects should contain more definition to include the financial resource committed and the level of completeness for each project. The Head of Partnership Services stated that this information is available and can be provided in the next report. The Group Manager Transformation and Customer Services reassured the Committee that this information is at hand and will be included in future reports.

The Chairperson referred to the management of complaints and that a Working Party had been set up with the Monitoring Officer and it had been agreed by the Working Party that the Complaints system will be looked at within the Digital Transformation Programme.

**RESOLVED:** That the Governance and Audit Committee considered the report, acknowledge the work completed to date and note the planned actions to continue to support and deliver Digital Transformation across the Council.

299. **TREASURY MANAGEMENT STRATEGY 2022-23**

The Chief Officer Finance Performance and Change reported on the draft Treasury Management Strategy (TMS) 2022-23, which included the Borrowing Strategy 2022-23; Investment Strategy 2022-23 and Treasury Management Indicators for the period 2022-23 to 2024-25.

The Chief Officer Finance Performance and Change reported that the draft TMS 2022-23 confirms the Council's compliance with the CIPFA Code, which required that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities. She stated that the draft TMS had been updated to reflect the current economic context, including the ongoing impact from coronavirus together with higher inflation and higher interest rates following the Bank of England's increase in the interest rate to 0.25% in December 2021.

The Chief Officer Finance Performance and Change informed the Committee that the maturity of long-term debt had been included, and it was forecast that the Council may need to borrow over the next 3 years to support the Capital Programme. To date the Council has been able to use reserves to support its capital expenditure, known as internal borrowing. However, this position is a short-term one and, as reserves are used and balances reduced, it would be necessary to borrow. This will be closely monitored during the year as changes to the Capital Programme will influence this. She stated that as at 31 December 2021, the Council held £96.87 million of borrowing and £77.50 million of investments.

## GOVERNANCE AND AUDIT COMMITTEE - FRIDAY, 28 JANUARY 2022

The Chief Officer Finance Performance and Change informed the Committee that the TMS 2022-23 will be presented to Council for approval in February 2022 and whilst the main body will remain unchanged, there may be variations to some of the figures if there are any changes (such as to the capital programme) to reflect the most up to date information.

A member of the Committee referred to the Council's external debt and investment position as at 31 December 2021 and asked how the Council's net debt of £36.7m compared to other local authorities in Wales and to last year in order to assess the ongoing impact of Covid on debt levels. The Chief Officer Finance Performance and Change informed the Committee that she would provide this detail to the Committee in writing. The Deputy Head of Finance informed the Committee that the Council's net debt for the previous year was £53.5m.

RESOLVED: That the Committee:

- Gave due consideration to the draft Treasury Management Strategy for 2022-23; and
- Recommended that it is presented to Council for approval in February 2022.

### 300. CORPORATE RISK ASSESSMENT 2022-23

The Chief Officer Finance Performance and Change reported on an updated Corporate Risk Assessment 2022-23 and updated Corporate Risk Management Policy and provided an update on Incident and Near Miss occurrences.

The Chief Officer Finance Performance and Change informed the Committee that Corporate Risk Assessment had been reviewed in consultation with the Corporate Management Board. The document identified the main risks facing the Council, their link to the corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015, and the likely impact of these risks on Council. She stated that there are currently 12 Risks on the Corporate Risk Register, of these risks, 7 are scored as high, 4 risks are scored as medium, and 1 is scored as low.

The Chief Officer Finance Performance and Change highlighted the amendments made to the Corporate Risk Assessment in that:

- No new Risks have been added since the last Governance and Audit Committee review
- The Risks have been re-numbered in line with the recommendation from this year's South West Audit Partnership (SWAP) Internal Audit report to recognise the department, the year the risk was identified, and the risk number. This numbering will be used by all departments going forward.
- Risk COR-2019-02 has been updated to include reference to the Climate Emergency.
- Risk SS-2019-01 has been updated to reflect the ongoing safeguarding actions.
- Risk reference 'COR-2020-03'-'Public Health/Protecting the Public' (formerly risk 12) has been amended to reflect that Welsh Government funding is available to support the ongoing actions.

The Chief Officer Finance Performance and Change reported that the Corporate Risk Management Policy had been amended to refer to the new internal Risk Management guidance document which has been approved by the Corporate Management Board.

## GOVERNANCE AND AUDIT COMMITTEE - FRIDAY, 28 JANUARY 2022

The Chief Officer Finance Performance and Change informed the Committee that the Insurance team maintained a log of near misses in line with the current Near Miss Reporting procedure, and that no incidents were reported during the period January 2021 to December 2021. She stated a Near Miss Reporting E-learning module has been developed to promote awareness of the policy and procedure that needs to be followed. Officers are currently in the process of identifying the key staff that will need training and e-learning roll-out will follow in the coming months.

A member of the Committee expressed concern at the significant media coverage due to the recent closure of car parking areas at some of the new build schools, which had been on the advice of the Health and Safety Executive. Its closure had been made due to significant concerns to child safety and asked when this risk would be placed on the risk register. The member stated that the closure could be in breach of the planning conditions for the sites. The Chief Officer Finance Performance and Change informed the Committee that the Corporate Director Education and Family Support is managing this risk and should it be necessary, the risk would be escalated to corporate level and be placed on the risk register. She also stated that risk register had been updated prior to the recent closure of the parking areas at schools. The Chief Officer Finance Performance and Change informed the Committee that she would take this away and discuss with the relevant Corporate Directors.

The lay member expressed concern at the lack of changes made to the risk register, in that the evaluation scores remain the same, apart from the re-numbering of risks and presentational changes, with the exception of reference to the Climate Emergency. The Chief Officer Finance Performance and Change assured the Committee that the risk register had been reviewed and updated by the Corporate Management Board, the evaluation scores had been reviewed and had remained the same.

The Chairperson referred to the increase in the gross score for safeguarding but that the net score remained the same, due to the actions that are underway and asked that an update be provided. The Chief Officer Finance Performance and Change informed the Committee that the Corporate Director Social Services and Wellbeing had reviewed the scores and was happy with scores, but she nevertheless stated that she would take this away and come back to the Committee with information on the scores for this risk.

The Chairperson requested an update on the WCCIS system. The Chief Officer Finance Performance and Change informed the Committee that there are significant issues on the system and that upgrade work is being carried out at the weekend. She stated that the matter is a concern, and the Head of Partnership Services is monitoring the situation.

RESOLVED: That the Committee considered the Corporate Risk Assessment 2022-23 and approved the updated Corporate Risk Management Policy, including the timeline.

### 301. UPDATED FORWARD WORK PROGRAMME 2021-22

The Deputy Head of Finance sought approval for the proposed Updated Forward Work Programme for 2021-22 and highlighted the core functions of an effective Governance and Audit Committee. She highlighted the items scheduled to be presented at the Committee's next meeting on 31 March 2022 and requested the Committee endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required. She also informed the Committee that a report on Disabled Facilities Grants would be presented to the June meeting of the Committee and that items on the Forward Work Programme which are not ticked are ad-hoc items.

**RESOLVED:**

1. That the Committee considered and approved the proposed Updated Forward Work Programme for 2021-22.
  2. That a report updating the Committee on progress being made in recruiting lay members to serve on the Committee be presented to the next meeting.
302. **URGENT ITEMS**

There were no urgent items.

The meeting closed at 10:54