

MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD HYBRID IN THE COUNCIL CHAMBER - CIVIC OFFICES, ANGEL STREET, BRIDGEND, CF31 4WB ON THURSDAY, 27 APRIL 2023 AT 10:00

Present

G Chapman – Chairperson (lay member)

S J Bletsoe	S J Griffiths	A Wathan	A Williams
C Davies	D M Hughes	M L Hughes	RM Granville

Lay Members

B Olorunnisola A Bagley

Apologies for Absence

None

Officers:

Mark Galvin	Senior Democratic Services Officer - Committees
Michael Pitman	Technical Support Officer – Democratic Services
Carys Lord	Chief Officer - Finance, Performance & Change
Deborah Exton	Deputy Head of Finance
Nigel Smith	Group Manager - Chief Accountant
Sara-Jane Byrne	Audit Wales
Rachel Freitag	Audit Wales
Joan Davies	Deputy Head of Regional Internal Audit Service
Alex Rawlin	Corporate Policy & Public Affairs Manager
Andrew Wathan	Head of Regional Internal Audit Service
Kate Pask	Corporate Improvement Officer – Performance
Michael Spanswick	Information and Systems Support Officer – Performance

61. DECLARATIONS OF INTEREST

None

62. APPROVAL OF MINUTES

RESOLVED:

The minutes of the previous meeting of the Governance and Audit Committee dated 26 January 2023 were approved subject to two amendments: the need to distinguish between Members and Lay Members both in the minutes of the last meeting and on the agenda for the meeting and removing 'Councillor' from the Chair's name (both done on the BCBC website in advance of the meeting).

A Member drew attention to the minute on the regulatory tracker (page 4) detailing the need for a narrative around the Amber and Red categories, especially how it would be possible to identify officers responsible for the corrective plans and approval of recommendations. The Chairperson suggested that officers could have a look at this in discussions about the regulatory tracker.

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

The Senior Democratic Services Officer - Committees presented the report, noting that its purpose was to provide Members with an update on the Governance and Audit Committee Action Record. This had been devised to assist Members in tracking the decisions made by the Committee, to include any follow up actions where required.

A member requested a report on cyber security, and it was agreed this could be considered as part of the discussion on the Forward Work Programme.

The Chairperson suggested that some of the matters in the report would be dealt with in the meeting because there were comprehensive reports under Item 5, Audit Wales Governance and Audit Committee Reports but he wanted to draw attention to two items:

- The Annual Governance Statement. The Chairperson asked for confirmation this had been dealt with, which was provided.
- Corporate Complaints. The Chairperson noted that the internal update report on this matter was due to be submitted to Members at this meeting. It was agreed the report would be added to the Forward Work Programme for submission to the June meeting of the committee.

A representative from Audit Wales noted there was an action for Audit Wales relating to rough sleeping and homelessness. In response, she noted that in terms of performance measures and metrics, that Welsh Government sets the national performance measures for homelessness and rough sleeping, and they have also been collating monthly data. These have been shared with the Chief Executive and those could be shared more widely with Members of the committee to provide further information around the topic.

A Lay Member drew attention to those actions related to the Corporate Risk Assessment 2022-23 that were classified as 'Ongoing' in terms of when they would be brought to the committee and whether it was necessary to have this in the Action Record. Items of this kind would be on the Action Record permanently.

In response it was noted that the corporate risk assessment was reviewed very regularly, and it is due to come back to this committee in June. It is currently being updated, taking account of comments that were made by Members last time with regard to presentational issues.

RESOLVED:

The committee noted the Action Record and provided comments on this, as appropriate.

It was agreed to request that the Chief Executive circulate the data arising from the performance measures and metrics (including the monthly data) arising from the national performance measures for homelessness and rough sleeping set by the Welsh Government.

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

The purpose of the report was to submit to the Committee reports from Audit Wales, including an update on the financial and performance audit work undertaken, and due to be undertaken, by Audit Wales, along with the management response to the Performance Management Review.

Audit Wales provided a number of reports for the Governance and Audit Committee to consider. These are:

The Audit Wales Work Programme and Timetable (Appendix A) – under the Local Government and Elections (Wales) Act 2021, the Auditor General is required to produce a work programme update for each financial year for each principal council covering both his functions and those of 'relevant regulators' (Care Inspectorate Wales and Estyn). At the meeting of the Governance and Audit Committee in July 2021, Audit Wales reported that they will provide an updated version of this report to the Council on a quarterly basis. **Appendix A** is an updated position as of 31st March 2023.

Annual Audit Summary 2022 (Appendix B) – this report shows the work completed since the last Annual Audit Summary, which was issued in January 2022. The audit summary forms part of the duties of the Auditor General for Wales.

Performance Management Review (Appendix C) – the report covers the review of the Council's performance management arrangements, undertaken in order to establish how well they inform the Council of progress in meeting its priorities which was issued in February 2023. The management response to this report is attached as **Appendix D**.

The Audit Manager from Audit Wales briefly introduced the financial audit section of the first report noting their audit of the 2021-22 financial statements and 2021-22 grants work was now complete.

She acknowledged that they were late signing last year's accounts due to a number of national issues and that planning work was getting underway now for the 2022-23 financial audit.

In terms of the 2022-23 financial statements, she noted they were hoping to bring an outline audit plan to the next committee meeting and that there will be a more detailed plan following that upon the conclusion of the planning work. Due to a revised audit approach this year, it was necessary to go through the motions and work out what the audit risks are in detail before a fully-fledged plan is finalised.

The Performance Audit Manager at Audit Wales provided a brief overview of the performance audit aspects of the report.

In terms of Audit Wales's assurance and risk assessment process, this is work conducted across all twenty-two Councils to look at a range of services and arrangements. This allows Audit Wales to determine whether councils have proper arrangements and are meeting their sustainable development principle, but it also helps shape future work.

The financial position at all twenty-two councils is an ongoing piece of work.

In terms of capital programme management, Audit Wales is hoping that a project brief will go out to the Council fairly shortly, setting out the scope of that work. That would be a piece of work that will be done across all twenty-two councils. It is intended that there will be a local report as well as a national output.

There will also be a thematic piece of work around the use of performance information. Again, that will be done across all twenty-two councils. It has a specific focus, looking at

the information around the service user perspective and outcomes. Audit Wales is currently getting that work set up.

She also reported that Audit Wales had planned to do a piece of work around the setting of wellbeing objectives. As a result of focusing on other areas of work it has been decided to defer that work until 2023-24, and officers have been made aware of that.

In terms of other pieces of work, there is a thematic review around unscheduled care. This is being done jointly with health colleagues. Again, this is being done across Wales, and although they were due to report in April, it will now be May.

There is also a piece of work about digital strategy across all twenty-two councils. The aim is to complete that work over the summer.

The rest of the report covered performance management and an overview of some of the local government studies and where we are with those, as well as the work of the other regulators.

A Member drew attention to the section of the report (in Appendix B) dealing with the Transformation Leadership Programme Board of the Cwm Taf Morgannwg region. In particular, the Member drew attention to what the action points were in respect of ensuring its planning is more integrated and longer term, strengthening aspects of its governance arrangements, and being more ambitious in using its combined core resources to have greater impact on the region.

The Chairperson suggested this was a question for the Director of Social Services and that officers could consult with the Member to explore this issue further.

The committee moved on to consider Appendix C, Performance Management Review – Bridgend County Borough Council.

The Chairperson suggested that it was for officers to respond to this report as clearly Audit Wales has done its work and an action plan has been prepared.

In future, from an officer point of view and from the committee's perspective, it would be valuable to have an update report as to the actions that have been taken to address the recommendations. It was important for the committee to see what has happened to date, who has done what and what are the next stages, because at least then Members would have a complete picture of the plan and what is being done.

The Corporate Policy & Public Affairs Manager suggested that officers responsible for any regulatory recommendations could be invited six months after a report to update Members on progress. She further suggested this would form the basis of a recommendation to Members when the regulatory tracker was considered by the committee in July 2023.

In terms of the recommendation (R4) to make better use of performance information by prioritising more data analysis and a broader range of information to understand performance, a Member drew attention to the work of Data Cymru.

He indicated he had been following up with the organisation, which was established to support local councils in the use of data. He indicated that Data Cymru is happy to put in extra people and resource, as well as share best practice to support activities like those suggested in Appendix D.

The Chairperson thanked the Member for contacting Data Cymru. He thought it would be especially useful if there is some resource out there that could be used. In terms of good practice, the Council could see whether or not it wishes to adopt it.

Returning to Appendix B, a Member drew attention to the 'Time for Change' – Poverty in Wales report, published in November 2022. The Member welcomed the report and was pleased that two aspects of work in Bridgend had been highlighted in it. He asked what Audit Wales made of the Council's response to the report.

The Performance Audit Manager at Audit Wales suggested that Audit Wales had not done any further work on this issue since the report was issued. Since the report had only been issued in the autumn, it was necessary to give a bit of time for councils to look at it and consider their response. It was suggested that officers would be in a better position to respond in terms of specific actions.

As part of Audit Wales' follow up, what they do is go back to councils to ask them how they have considered their reports. Audit Wales wrote to governance and audit committee Chairpersons about 18 months or so ago to emphasise the need for active consideration of reports. In time, Audit Wales will seek to check that there has been some kind of consideration and response. This would be done by looking through the regulatory trackers that councils produce. Audit Wales might also come back to ask a council what actions and progress have been made against the recommendations.

The Corporate Policy & Public Affairs Manager also responded by pointing out that these matters would not be picked up in our regulatory tracker because that picks up specific recommendations to the Council. However, the corporate plan has a specific aim around tackling poverty and supporting people in need, which will have commitments and PIs against it for the next five years.

The Member came back to suggest that he disagreed with almost everything that was written in the paragraph summarising the report in Appendix B, and especially the section that claimed, "due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty". The Member drew attention to all the grants and discretionary spending from multiple sources that supported people in the county and was clear these could be used to start the process of utilising data to understand what is being done to address poverty locally and across Wales.

The Chairperson responded that it was for other committees, including the scrutiny committees, to address these matters. The committee's role was to look at the assurance mechanisms that are in place in regard to delivering on these issues. He noted that he was sure officers would pick this up with their other colleagues in regard to those points.

The Chief Officer - Finance, Performance & Change responded by stating that the Member was correct in claiming that they could pull together a list of those grants which tackle the poverty agenda although the support provided is not all grant-funded. She noted that she had some sympathy with the comment about how complex it is and tracking it through. But given this is an area of concern, the committee might wish to refer it on for consideration by other committees.

Referring to the Audit Wales report on Joint Working between Emergency Services (January 2022), a Member indicated that he was one of two representatives from the Council to the South Wales Fire Authority. Joint working was top of the agenda and there was a huge amount of work going on in terms of IT and the back office. To

illustrate the value of joint working, he also highlighted a successful example involving the ambulance and fire services in Maesteg, who share a premises.

The Member also drew attention to the Direct Payments report (April 2022) which explored the alternative to local authority-arranged care or support. He commented that the system is such a shift in ensuring that we manage, and we support vulnerable people in our county. He added that he understands that the system does come at a considerable cost in terms of resources and in terms of staff and that we are very much in a transitional process. He asked if there was any indication of the amount of extra resource that is going into this process in Wales.

The Chief Officer - Finance, Performance & Change responded by indicating she would be happy to discuss this further with the Member offline.

Referring back to comments about data security earlier in the meeting, a Member wanted to highlight other work looking at best practice in other councils about data quality and data management. He thought the council was in the middle of the pack as far as these matters were concerned amongst the twenty-two councils. In terms of best practice, some councils have established specialist data teams who then own the topic of data governance, data quality across the whole authority, not just in a specific area. He suggested the council should explore setting up a dedicated data team. He thought there was a positive business case because they find problems within the data which then reflect lost revenue or spend which is unnecessary spend.

The Chairperson suggested that the Chief Officer - Finance, Performance & Change could consider taking this to the management team for further consideration. The Chief Officer - Finance, Performance & Change suggested that the Member had picked up on a key issue, but she wanted to reassure Members that it was already on the radar of the Council. Discussions about all the data the Council holds and about how it could be pulled together so that we can first of all check it, analyse it, see what it is telling us, and act on it. There are discussions going on now about how we manage data across the authority, and where it is best sited, and what is the best way of doing it.

The Chairperson asked for clarification about which committee would look at these matters as plans in this area come together. The Chief Officer - Finance, Performance & Change suggested it would be a matter for the Corporate Overview and Scrutiny Committee.

The Corporate Policy & Public Affairs Manager provided an overview of the Council's response to the Performance Management Review (Appendix C).

She acknowledged that there are issues to tackle but added that there were some mitigating factors to bear in mind.

Firstly, the review was carried out late summer when the performance team was down to one person. Secondly, there were no surprises in the report. It echoed exactly what had been picked up in the Council's own self-assessment. And then thirdly, following the team's move to the Corporate Policy & Public Affairs Manager's team in November, a performance management improvement plan has been developed, which has been considered by CMB and CCMB. The top priorities have been outlined as capacity of performance management, both in the corporate performance team and working on performance across the Council, and the performance Management Framework.

It also includes issues that Audit Wales raised like PIs that do not cover the breadth of our wellbeing objectives, PIs that are focused on commitments rather than what we are actually trying to achieve and the lack of focus on outcome data. It covers data quality

and accuracy, including developing Pi definition documents and evidence and better benchmarking data, as well as improving our performance culture, and more clearly defining roles and responsibilities. Finally, it covers the performance management system, which is an old system that is not being used to its full potential.

There are some quick wins and things that are already underway.

In terms of building capacity in the team, the officer on secondment has been replaced and four graduates have been appointed. CPA reporting has changed, so summary recommendations are reported as well as the detailed performance information and we have added a meeting back into the calendar for Quarter 3.

Internal Audit were asked to conduct a PI audit, which reported back in draft form this week. This provided reasonable assurance in a number of areas including accuracy and sensible reporting.

The regulatory tracker was created so that all the Council's audit inspection and regulation feedback is in one place and overseen by Governance and Audit Committee.

Additional information is collected quarterly as part of the usual quarterly performance measurement to improve our self-assessment process for the year ahead.

In addition, a different approach to corporate planning and the establishment of a corporate plan delivery plan is being developed, which includes pre-decision scrutiny and lots of involvement and engagement with Members and other stakeholders.

As well as that, it is intended that the still vacant post in the team will be filled, and a permanent home for the performance team will be found.

The team will also develop a new updated performance framework for the Council and provide updated guidance on roles, responsibilities, and reporting dates and requirements. The team also want to raise awareness of the corporate plan and the corporate plan delivery plan through induction, eLearning, and staff briefings.

There are also actions for business support and performance teams in directorates, which in the short term will be about time scales and accuracy of data and commentary, responses to challenge and also supporting the development of the new indicators for the corporate plan delivery plan.

In the longer term, the improvements needed are more significant and more strategic, so there is more of a focus on things like culture and as such will need to be led from the top by CMB. Those are things like developing a stronger challenge culture, improving Member scrutiny of performance, and considering a replacement of the performance management IT system.

A Member noted this was an important topic because the performance of the Council cannot be measured unless we have the core data, and this is the Chief Executive's responsibility. He went on to say this was a massive programme of work, extremely challenging, extremely broad and about the culture of the Council, which comes from the Chief Executive. As such, the Member requested that those who set and review the Chief Executive's objectives include a specific one around PIs for this programme of work.

In response the Chairperson suggested that, although it was not a matter directly for this committee, they could certainly request that the Cabinet consider this matter and whether it could be included in any future appraisal of the Chief Executive.

Another Member noted the very concerning information in the report by Audit Wales, especially how the Council got into a situation where there was only one Member of staff in the Team. He thought part of the role of the Committee was to make sure that was not replicated, and that it was imperative that departments are properly staffed. He made it clear he fully supported the actions and recommendations put forward by the Corporate Policy & Public Affairs Manager.

The Chairperson noted that the Chairperson of the Corporate Overview and Scrutiny Committee had raised this issue with the Chief Executive and that the Corporate Policy & Public Affairs Manager was the responsible officer. He hoped committee Members had received assurance that this is being addressed and another report will be presented in due course on the progress being made.

He added that this work, alongside the suggestions made by another Member, on the value of data and performance, could allow Bridgend Council to demonstrate good practice be seen as an exemplar once we come to the end of this work.

RESOLVED:

The Committee noted the Audit Wales Governance and Audit Committee Reports at **Appendices A, B and C**, and the management response to the Performance Management Review at **Appendix D**.

The committee recommended that officers provide updates as appropriate to committees on how BCBC is tackling the poverty agenda and responding to the Audit Wales report, 'Time for Change' – Poverty in Wales (November 2022).

65. **PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2022-23**

The purpose of the report was to provide Members of the Committee with a position statement on progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2022-23.

The Internal Audit Plan for 2022-23 was submitted to the Governance and Audit Committee for consideration and approval on 22nd June 2022. The Plan outlined the assignments to be conducted which would provide sufficient coverage to provide an opinion at the end of 2022-23.

The Plan was flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

Progress made against the approved Plan for the period 1st April 2022 to 31st March 2023 is attached at Appendix A. This details the current status of each planned review, the audit opinion, and the number of any high, medium, or low priority recommendations that have been made to improve the control environment.

It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee/ Corporate Management Board (CMB) reporting. This is because the audit work conducted in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion, although in some instances recommendations are made.

Appendix A illustrates that a total of seventeen audits have been completed with an audit opinion whilst a further six audits have been issued as draft. Feedback is awaited from the service departments in respect of the management action plans for these draft audits and once received the reports will be finalised. In addition, ten audits are under

review with the draft audit reports due to be issued imminently. Therefore, it is estimated that the audit opinion of thirty-three audits will feed into the overall annual audit opinion for 2022-23.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment the audit opinions for the seventeen audits are as follow: five have been given substantial assurance, eleven reasonable assurance and one audit has been given an audit opinion of limited, that is only limited assurance can be placed on the current system of internal control.

This last one was in respect of a primary school and details are included within the report, but the key issues were in respect of governance arrangements. This audit was undertaken in October 2022. Although some strengths were identified, it was noted that the school was significantly affected by the pandemic and key issues were found. These were in respect of the Governing Body which had failed the statutory requirement to meet termly during the 2021/22 academic year due to Membership and attendance issues making it non quorate. As a result, there was no evidence that some key issues such as budget and policies had been reviewed and agreed by the Governing Body. There were also issues identified in respect of the school's private fund.

All the recommendations made at this school have been agreed and another audit visit will be undertaken to ensure that progress is being made and the identified risks are mitigated.

Appendix A also identifies the audits that have not been completed during 2022/23. Of these, two have commenced and are being carried forward whilst a further nine did not start but will be considered in the 2023/24 plan. One audit was not undertaken and will not be included in the 2023/24 plan, this was a review of grant schemes from Welsh Government which were allocated during and after the pandemic.

Appendix A identifies that to date forty-one medium priority and forty-nine low priority recommendations have been made to improve the control environment. The implementation of these recommendations is monitored to ensure that the identified and agreed improvements are being made.

As reported during the year the Regional Internal Audit Service (RIAS) has successfully recruited new audit staff during 2022-23 but as previously highlighted, the new staff have not had an impact on the current resource available to deliver the internal audit plan due to the support and training that has been required. The plan was compiled assuming a full establishment and although SWAP Internal Audit Services have assisted, nine planned audits have not been undertaken during 2022/23.

However, it is estimated that thirty-three audits will be completed with audit opinions. These, together with other sources of assurance such as external assessment reports from Care Inspectorate Wales, Estyn and our own controlled risk self-assessments completed by all schools, will provide a level of coverage that is sufficient to allow the Head of Internal Audit to provide an opinion on the Council's arrangements for internal control, governance and risk management arrangements throughout 2022- 23.

Referring to the issue of cyber security, a Member highlighted that in his other professional work he had visited a number of large European companies over the last year, and they are terrified at the moment, especially around the issue of ransomware. He noted this could have a potentially existential impact on the Council, which means that if we were to be hit by one of these, we could, for example, have all our officers not being able to open up their laptops. He cited the example of Maersk, the big container

shipping firm, which had to shut down its business for two months. If we had to shut down all those services for even a week, then the impact would be devastating.

The major vector for this is Russian hacking and unfortunately the ransomware and associated attacks are not specific, so they can be targeting one company, but actually they hit everybody else. The Member was concerned that we may be hit as a casualty outside the actual targets of Russian hackers.

He requested that cyber security work be assigned the highest level of priority because this risk is both extremely likely and also extremely high impact. It is the one thing that would close the Council.

The Chairperson noted that the Council should not wait for an audit on this matter if it is of that importance. He was confident it was already on the agenda of the management team. He hoped that this could be picked up again through one of the scrutiny committees and the management team because local authorities have been hit and it is vital to ensure that systems are robust enough to deal with whatever comes into the authority. He noted that if an IT specialist were at the meeting, they would acknowledge that BCBC was attacked 10/15/20 times a day. But he did not think it was a matter for the committee.

In response, the Chief Officer - Finance, Performance & Change, made two points: firstly, by way of reassurance, an external review had been completed and the feedback needed to be considered to determine if the Council needs to take any action with regards to this matter. Secondly, the committee is due to receive the updated corporate risk assessment in June and the way this has been done recently is to do a deeper dive into one or two of the issues at the committee because it brings the issues alive for Members. It would be appropriate to do a deeper dive into cyber security at the next meeting and our IT staff could be invited to attend.

The Chairperson suggested that apart from officers being present at the meeting, the Cabinet Member with responsibility for IT could also attend so Members understand the issue in the round.

Moving on, a Lay Member requested that some sort of prioritisation over the audits and also the number of days allocated to them, is assigned.

In respect of the discussion about cyber security and IT, he wondered about its current risk profile. He noted it was just a matter of time until something happens and then what would be the reaction plan. It was necessary to be able to just pick it up and run with it. He thought it would help to see the risk register at the next committee.

Coming back to the overall plan, he noted that nine particular audits had not been conducted as a result of resource issues, and he questioned if any sort of reconciliation in terms of the days lost through vacancies, sickness etc had been conducted.

The Deputy Head of RIAS responded to observations about cyber security by noting that the 2022-23 plan refers to work undertaken in respect of cyber security as 'under review', that is an audit had been undertaken on vulnerability and patch management and once reviewed a draft report will be issued, and an opinion will be put into the 2022-23 overall plan. It should also be noted that cyber security as well as an ICT audit programme will be on the plan for 2023-24.

She also noted that the service had one qualified IT auditor, and another had commenced training.

In respect of the nine outstanding audits, there were a number of reasons why they could not be conducted, including resources, service requests and timing issues. SWAP had covered some work, but the outstanding audits will be included in the 2023-24 plan.

The Chairperson referred back to the point made by the Lay Member about prioritisation. He noted that if an audit was high priority in 2019-2020 and it is still high priority then clearly this should be included in the 2023-24 audit plan.

Another Member highlighted the issue of self-awareness and a capacity for self-assessment is key in being able to conduct an audit.

A Member asked about the references to fraud/ error/ irregularity and the meaning of the empty box against 'Irregularity Investigations - Reactive work where suspected irregularity has been detected.'

The Deputy Head of RIAS explained that they allocate some days in case there are investigations that come forward during the year. In that case there were days assigned to a particular issue about Accuracy of Data & Caseloads. It was not a specific audit but an investigation.

Recommendations were made to improve the control environment. There were two medium and one low recommendation made as a result of that work.

Another Member asked how the decision was made not to do the nine audits.

The Head of RIAS confirmed this was a decision by Internal Audit Management who would then inform the CMB. On occasions, they postpone an audit to accommodate service managers. Sometimes they have higher priorities than receiving an audit and the service tries to understand and accommodate that. There are also occasions when there is not the resource to undertake the work.

In terms of the planning process, the service does identify whether an audit is high, medium, or low risk and that would be shown in the plan. He noted they would provide more information about how they prioritise audits when the committee receives the plan for 2023-24 in June. On occasions a high priority audit gets postponed to the following year and then an annual risk assessment is conducted in terms of the planning process to make sure those are covered first. In response, the Chairperson noted that when the list of audits to be conducted in 2023-24 comes forward in June, if there are any matters which have been outstanding for a number of years and they are still a priority, the Committee ought to say that those audits should be done that year. An audit review is an opportunity and not a threat. The team conducting the audit could pick up some very valid points that contribute to enhanced performance and service delivery.

RESOLVED:

That Members of the Committee noted the content of the report and the progress made against the 2022-23 Internal Audit Risk Based Plan.

66. **REGIONAL INTERNAL AUDIT SERVICE CHARTER 2023-24**

The purpose of the report was to present to Members of the Governance and Audit Committee the Regional Internal Audit Service Charter for 2023-24 for approval.

The new Head of RIAS noted that this was an important document as it sets out the governance arrangements that are in place.

The RIAS Charter establishes the position of internal audit activity within each Council along with reporting lines. It is a formal document that defines the purpose, authority, and responsibility of internal audit activities.

The Charter defines the purpose, authority, and responsibilities of the RIAS across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The Charter was fully reviewed and amended for 2020-21 to develop a consistent charter for the four Councils and to be consistent with the objectives of the Shared Service, that is, to eliminate duplication and apply best practice.

The Charter establishes the position of internal audit activity within each Council, along with reporting lines, authorising access to records, personnel, and physical property relevant to the performance of audit work and defines the scope of internal audit activities.

The Head of Internal Audit is responsible for reviewing the Charter and presenting it to each Council's Governance and Audit Committee annually for review and approval in line with the Public Sector Internal Audit Standards.

RIAS is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to the Governance and Audit Committee.

The Charter has been updated to include in Section 2.17, "in addition to the Code of Ethics staff must comply with the Seven Principles of Public Life and the Vale of Glamorgan Council's Code of Corporate Governance which are referred to in Annex 3 – Additional Requirements."

Paragraph 4.11 of the Charter relating to External Assessment has also been updated to reflect that a comprehensive and detailed self-assessment has been conducted during 2022 and shared with the external assessors in November 2022. The external assessment of the RIAS is currently in progress and is due to be completed in April 2023.

In response to the presentation, a Member, referencing section 2.12, "The Head of Internal Audit will aim to have sound working relationships and channels of communication with Elected Members and in particular, Governance & Audit Committee, Cabinet and Scrutiny Committees," asked how this would work in practice, and whether there were pointers in terms of best practice.

The Head of RIAS indicated that this demonstrated his independence and that of his team. If any elected Member has any concerns about how Council business is operating, then they can come to him and discuss concerns. He made it clear he was part of the whistle blowing procedure so if an elected Member had a serious concern about an irregularity or inefficiencies, they could come directly to him.

As a follow up, the Member asked how this could be communicated to all elected Members. The Head of RIAS indicated they would consider how to communicate this as part of work in 2023-24. The Chairperson asked if this was a matter for the Democratic Services Committee and left it with officers to consider.

Another Member asked whether, since the Head of the RIAS had attended a couple of other Governance and Audit Committees since taking up his post, whether any points had been raised at those meetings which may be of interest to Members.

In response, the Head of RIAS, noted that there had been comments and suggested he could prepare a summary of all the points raised across the four committees and then present them at a future meeting.

One of the Lay Members wondered if, instead of just presenting changes to the Charter in the covering report, they could be highlighted in the text of the document. The Head of RIAS suggested they would consider that and take it on board for 2023-24.

The Chairperson added one further point about the relationship between RIAS and elected Members, indicating that it was also necessary to consider Lay Members as well. The Head of RIAS made it clear he would take that on board for the review of the 2023-24 Internal Audit Charter and report back accordingly.

RESOLVED:

That Members of the Committee considered and approved the Regional Internal Audit Service Charter for 2023-24 as attached in **Appendix A** to the report.

67. **ANTI TAX EVASION POLICY**

The purpose of the report was to present the updated Anti tax Evasion Policy to the committee prior to the Policy being presented to Cabinet for approval in June 2023.

The Chief Officer - Finance, Performance & Change indicated that the Council is committed to establishing and maintaining effective arrangements to prevent and detect acts of bribery, corruption, and tax evasion in relation to Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity, and this includes compliance with the relevant legislation.

The Council has in place Anti-Fraud and Bribery and Anti-Money Laundering policies to support effective arrangements to prevent and detect acts of bribery and corruption which are monitored and reviewed by the Governance and Audit Committee.

The government believes that relevant bodies should be criminally liable where they fail to prevent those who act for or on their behalf from criminally facilitating tax evasion. So, this tax evasion policy specifically addresses the prevention of tax evasion and provides a coherent and consistent approach for all employees and any person who perform services for or on behalf of Bridgend County Borough Council. The policy outlines the responsibilities of staff, and the commitment required at a senior level within the Council to implement the measures required to limit our exposure to this risk. It also addresses how concerns should be reported, the training and information which is going to be made available to staff in this regard and also how the policy will be reviewed.

The Cabinet approved the anti tax evasion policy in February 2021. The document presented to the committee is an updated policy. This review updates the policy and makes a number of minor changes. These include setting out that the Policy applies to Members and Officers, updating the role of the Deputy Head of Finance, which is no

longer interim, making it clear that the policy is to be reviewed biennially, and minor presentational changes and formatting.

Members of the committee are asked to consider the policy as part of their role to obtain assurance over the Council's corporate governance and risk management arrangements. The policy will be considered by Cabinet in June.

A Member queried how many people had been prosecuted in the last year for the non-payment of Council Tax. The Chief Officer - Finance, Performance & Change indicated she did not have the figure with her but could provide the Member with it outside the meeting.

Another Member discussed the challenge of identifying people 'associated' with the Council who perform services for or on behalf of it and whether or not any of them try to evade paying tax.

In response, the Chief Officer - Finance, Performance & Change reminded Members that the Council had very tight processes in place with regards to how people are paid. It is about staff being aware when they deal with something which is outside of our normal processes. If, for instance, somebody asked to be paid cash in hand rather than go through our normal payment processes, we have processes in place to check if that is happening, and also our staff are well trained and are able to raise any issues of concern. She went on to note that she did not think the Council have had any instances in relation to this particular issue in the last year, which would suggest that the processes are pretty tight.

Another Member suggested that it was his impression that the policy was very comprehensive. It included some particularly useful scenarios and examples. He was also encouraged that a section on outsourcing was included because of activities undertaken by organisations like the Awen Cultural Trust and Halo.

Another Member indicated that he wholeheartedly welcomed this report.

RESOLVED:

The Committee noted the updated Anti Tax Evasion Policy attached at **Appendix A** and recommended it be forwarded to Cabinet for approval.

68. **FORWARD WORK PROGRAMME 2023-24**

The purpose of this report was to seek approval for the proposed Forward Work Programme for 2023-24.

The Deputy Head of Finance indicated that the schedule of items for discussion at specific meetings may be subject to change, to take into account other items that need to be considered, and operational factors.

It should be noted that the meeting dates are subject to approval by Council at its Annual Meeting to be held on 17 May 2023.

In respect of specific items, the report on Corporate Complaints has been deferred until June and that is not on this Forward Work Programme, but that will come to June's meeting, and cyber security will be picked up as part of the corporate risk assessment. In addition, the statement of accounts will come to a future meeting, as appropriate.

GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 27 APRIL 2023

Members were asked whether there were any additional reports they would like on the Forward Work Programme, or any officers they would like to invite to meetings.

A Member indicated that it would be appropriate to receive an update on Disabled Facilities Grants.

RESOLVED:

The Committee considered and approved the Forward Work Programme for 2023-24.

It was agreed that the issue of data security would be included as part of the Corporate Risk Assessment, and that the Cabinet Member and officers with responsibility for these matters should be invited to the next meeting.

It was agreed the report on Corporate Complaints would be added to the Forward Work Programme for submission to the June meeting of the committee.

It was agreed to put an update on Disabled Facilities Grants on the Forward Work Programme in the coming year.

69. **URGENT ITEMS**

None