

**GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 28 SEPTEMBER 2023**

**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, 28 SEPTEMBER 2023 AT 10:00**

Present

G Chapman – Chairperson (lay member)

S J Bletsoe

A Williams

C Davies

M L Hughes

MJ Williams

RM Granville

S J Griffiths

Lay Members:

B Olorunnisola

Apologies for Absence

Mr A Bagley

Officers:

Carys Lord

Chief Officer - Finance, Performance & Change

Deborah Exton

Deputy Head of Finance

Nigel Smith

Group Manager - Chief Accountant

Rachel Freitag

Audit Wales (External)

Rachel Keepins

Democratic Services Manager

Simon Roberts

Senior Fraud Investigator

Joan Davies

Deputy Head of Regional Internal Audit Service

Alex Rawlin

Corporate Policy & Public Affairs Manager

Andrew Wathan

Head of Regional Internal Audit Service

Michael Pitman

Technical Support Officer – Democratic Services

Stephen Griffiths

Democratic Services Officer - Committees

Oscar Roberts

Business Administrative Apprentice – Democratic Services

99. APOLOGIES FOR ABSENCE

A Bagley

100. DECLARATIONS OF INTEREST

None

101. APPROVAL OF MINUTES

RESOLVED:

The Minutes of the meeting on 26 July 2023 were approved as a true and accurate record.

102. GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

This report was introduced by the Democratic Services Manager and its purpose was to provide members with an update on the Governance and Audit Committee's Action Record.

In response to a number of updates on actions from the last meeting provided by the Chief Officer – Finance, Performance and Change in advance of the meeting, a member noted that he saw no useful purpose in pursuing an early payback of the PFI associated with Maesteg Comprehensive School.

**RESOLVED:**

The Committee noted the Action Record and provided comments, as appropriate.

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

This report was introduced by an Audit Manager from Audit Wales (AW).

She noted that performance audit colleagues had been unable to join the meeting. They had provided her with notes, and she would try to answer questions. If necessary, she might have to refer back to colleagues to provide Members with answers to particular queries.

She indicated that the attached report was a quarterly update from 30<sup>th</sup> June and that the September update would be published shortly.

On the financial audit work, the audit of the Council's statement of accounts was ongoing and it was hoped they would be complete by the end of January.

In terms of grant returns, these are ongoing and not completed. Errors were noted, including Non Domestic Rates (NDR) and the teachers' pension. That work was ongoing and not complete, and the housing benefit work would follow. She did not think they were going to make the DWP's usual deadline, and AW are in correspondence with them centrally to let them know that, so there should not be any sort of implications in terms of withholding subsidy.

In terms of performance audits, she indicated that, in terms of the capital programme management work, they had undertaken this work at one local authority but had now decided not to do this as part of their work this year. They would defer it to next year or the year after.

In terms of performance information, they had finished work on this and had recently issued the final report to the Council. This piece of work was undertaken at all local authorities, so a national summary report would be published.

In regard to work for 2023-24, Audit Wales was planning to undertake two thematic reviews. These would involve all local authorities, so it would be possible to benchmark performance. This work was being scoped and the timescales were not confirmed. They were also scoping a local piece of work.

In respect of local government studies work, they recently published a report: *'Cracks in the Foundations' – Building Safety in Wales*.

In terms of the Corporate Joint Committees, they had issued separate letters to each of them, and a summary report would be published in October.

Members noted and drew attention to a number of issues in response to the report:

- The timeliness and availability of reports and whether they could be made available to members as they were published and not have to wait for them to be presented at the next available committee meeting.

- In particular, given the building safety issue involving the Rhiw Market, the AW report would have been extremely useful. The Chairperson drew further attention to this by asking whether the issue of Reinforced Autoclaved Aerated Concrete (RAAC) had been picked up in the building safety report. He thought it would be useful to receive an update at the November meeting on how this issue is being picked up by AW.
- The issue of tourism in the county. The representative from AW indicated she would refer this back to her colleagues for an update.
- The review of the governance of Fire and Rescue Services in Wales and the importance for BCBC of keeping track of the way Members are appointed.
- The usefulness of the AW blogs and the fact they have dried up recently.
- In terms of the work on capital programme management, a member asked about the scope and suggested there was an opportunity to influence whether it would be possible to look beyond the sector to utilities or other regulated sectors.

The Chairperson concluded this agenda item by drawing attention to two issues:

- He expressed his concern that the audit opinion for the accounts would not come out until the end of January.
- He noted the performance audit work regarding the thematic review of the financial stability of the authority. He wondered what the Auditor General's view was as to the number of English authorities being declared bankrupt and the indication that a number of Welsh Authorities are facing significant financial pressures in the coming years. In response, members discussed the very difficult decisions that will need to be made to produce a balanced budget this year, the increase in pressures on social care and the additional responsibilities, especially in England, that the government has put on local authorities, and the risks associated with equal pay settlements for discrimination, like that in Birmingham. A member asked if it might be possible to receive, in writing, an analysis of the size of the risk BCBC might be carrying in respect of that type of judgement.

**RESOLVED:**

The Committee noted the Audit Wales Governance and Audit Committee Report at Appendix A.

104. **CODE OF CORPORATE GOVERNANCE**

The purpose of the report was to present for approval, the Council's Code of Corporate Governance as at Appendix A.

Members raised and discussed issues such as the Mod.Gov app and when it would be fully rolled out, the issue of openness and the use of reserves and contingencies, data quality, and the need to be more explicit in the document about the climate emergency and the net zero strategy.

A lay member raised the issue of whether a) the attached document was a first draft and if not then it would be helpful to include a statement of changes when it was reviewed; b) the Code would be subject to frequency of change guidelines [it was noted that the document is subject to an annual review]; and c) the reference on p.66 to 'strong public management' could be reworded as 'strong public financial management'.

The Chairperson noted that some minor changes, especially in regard to net zero and data, could be made to the document.

**RESOLVED:**

Governance and Audit Committee considered and, subject to some minor changes, approved the Council's Code of Corporate Governance.

105. **ETHICAL INVESTMENT POLICY**

The purpose of the report was to present the Ethical Investment Policy at **Appendix A**, for consideration. It was proposed that the Ethical Investment Policy would be incorporated into the 2024-25 Treasury Management Strategy, which would be presented to Council for approval in February/March 2024.

A Member welcomed the document and noted that it showed what a positive difference that could be made when councillors came together, shaped policies, and worked together with officers for the betterment of this authority. He asked if it would be a live document and was assured that was the case.

Another Member thanked and congratulated the team that drafted the document. He thought that net zero had been treated in a balanced way: it didn't override other factors but formed a part of the Council's approach.

Another Member welcomed the fact that certain categories of investment had not been excluded from the policy.

**RESOLVED:**

The Governance and Audit Committee considered the Ethical Investment Policy and agreed its inclusion in future Treasury Management Strategies.

106. **PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2023-24**

The aim of this report was to provide Members with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2023-24.

A Member requested that more of the information be presented in graph format, which would be considered as more cumulative data is presented.

The Chairperson drew attention to section 3.6 of the report on school vehicles. He noted that the audit, which included 7 schools, identified that in one case the weight of the vehicle was unknown so compliance with the guidance could not be verified. In addition, some of the schools failed to regularly review staff driving licences to ensure validity and some vehicles had been driven by staff who did not hold the correct vehicle category on their driving licence, or the licence was out of date which invalidated the insurance. He thought this was a matter of grave concern and could expose the authority to a huge claim if any of these matters arose in the event of an accident.

He suggested waiting for the final report before deciding what course of action should be taken by the Committee.

A Member thanked the Chairperson for raising this issue and wondered if this involved school, local authority, and contracted services.

The Chairperson responded by noting that as part of their contractual responsibility, the authority should be checking the buses and ensuring they are fit for purpose: they

should have the relevant MOTs, are driven by the right people, and have the correct number of escorts should they be required.

The Chairperson clarified that once the full report had been issued to the Director and the schools, and the action plan was agreed, then if the Committee was satisfied that the issues were being addressed so be it. However, it was possible there was a piece of work that needed to be undertaken by the Director of Education in regard to all schools to reassure Members about the status of their vehicles and drivers.

**RESOLVED:**

Members of the Committee noted the content of the report and the progress made against the 2023-24 Internal Audit Risk Based Plan.

**107. INTERNAL AUDIT RECOMMENDATION MONITORING**

The purpose of this report was to provide Members with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are outstanding.

A Member asked about the consequences for overdue actions.

In response, the Head of Regional Internal Audit Service (RIAS) noted that in terms of the consequences, overdue actions were reported to the Governance and Audit Committee as well as Corporate Management Board (CMB), so they were reported at Director level. If the Committee wished, Directors or Heads of Services could be called in to account for their actions, especially where there is a risk to the authority if a recommendation is not implemented.

The Chairperson proposed that the overdue actions be referred to CMB as a matter of urgency and that each director was held accountable for the actions that were outstanding. He noted that some actions had been outstanding since 2021.

He requested a report back to the November meeting of the Committee, and if there were major issues for which they couldn't account then he proposed they should be called in to be questioned by Members in due course.

**RESOLVED:**

Members of the Governance and Audit Committee noted the content of the report and considered the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

Members of the Governance and Audit Committee agreed that Appendix B be referred to the Corporate Management Board as a matter of urgency and that a report on the outcome be submitted to the November meeting of Governance and Audit Committee.

**108. PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) - EXTERNAL PEER ASSESSMENT OF THE REGIONAL INTERNAL AUDIT SERVICE**

The purpose of the report was to provide Members with the Public Sector Internal Audit Standards External Peer Assessment of RIAS.

## GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 28 SEPTEMBER 2023

There were 305 best practice lines within the PSIAS; the Regional Internal Audit Service is currently conforming to 305 of the requirements, with no partial conformance or non-conformance areas.

The Chairperson congratulated RIAS on their performance.

### RESOLVED:

Members of the Governance and Audit Committee noted the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service at **Appendix A** and acknowledged and endorsed that it is fully conforming to those Standards.

## 109. GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23 - DRAFT

The draft report was introduced by the Head of RIAS.

The Governance and Audit Committee is required to approve an Annual Report for presentation to Council.

The report demonstrated how the Committee had met its terms of reference as per the Council's Constitution as set out in the Local Government Measure 2011 and the Local Government and Elections (Wales) Act 2021.

The Committee had achieved this by concentrating on its core responsibilities during 2022-23.

The outcome of the 2022-23 self-assessment process, consistent with previous years, demonstrated that the Council had sound arrangements in place in respect of its Governance and Audit Committee, noting that the level of knowledge and experience of members was good or satisfactory.

A member noted that there did not seem to be any strong improvements recommended as part of the report and wondered if there could be a section to do with how Members could do better next year.

The Chairperson proposed that members agree the report in principle, subject to any members of the committee wishing to make any comments they have on the draft report within 21 days. The final draft would be presented to the committee at its next meeting on 9 November.

### RESOLVED:

Members approved in principle the Governance and Audit Committee's Annual Report, subject to comments being sent to the Head of the Regional Internal Audit Service (RIAS) within 21 days. A final version will be submitted to the November meeting of the Governance and Audit Committee.

## 110. FORWARD WORK PROGRAMME 2023-24

This report was introduced by the Deputy Head of Finance.

In addition to the reports detailed in Appendix A, a number of decisions were made during the meeting that would be captured in the Forward Work Programme.

## GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 28 SEPTEMBER 2023

In terms of the next meeting in November the proposed agenda items were outlined in paragraph 3.2 of the report. Members were asked to note that the Disabled Facilities Grants report, that had been due to come to the September meeting, would be added to the agenda of the next meeting. In addition, the final draft of the Committee's Annual Report would be added to the agenda.

It was possible that the special meeting scheduled for December to sign off the statement of accounts would need to be cancelled.

The Chairperson asked about a possible presentation by the Department of Work and Pensions (DWP) and it was confirmed that they are willing to come and give a general briefing which would include the issues discussed at the last meeting. It was felt that the briefing should be open to all Members.

A member raised an issue about the frequency of two reports that didn't have a frequency against them. In response, the Deputy Head of Finance suggested they could be reviewed and brought back to the Committee annually.

Another member, building on the earlier discussions about building and fleet safety, asked if the committee was confident that matters of health and safety are adequately covered by their work. The Chairperson responded by indicating that the Committee had a very specific role and that some of the matters raised should be picked up by a scrutiny committee. He asked if the Chief Officer – Finance, Performance and Change could consider the issues raised.

### RESOLVED:

The Committee considered and approved the updated Forward Work Programme for 2023-24, subject to some amendments to take account of decisions made in the meeting.

### 111. URGENT ITEMS

None