

GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 25 JANUARY 2024

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, 25 JANUARY 2024 AT 10:00

Present

G Chapman – Chairperson (lay member)

M L Hughes

S J Bletsoe

RM Granville

Present Virtually

C Davies

SJ Griffiths

A Williams

AJ Williams

Lay Members:

B Olorunnisola

A Bagley

Apologies for Absence

None

Officers:

Carys Lord

Deborah Exton

Nigel Smith

Eilish Thomas

Martin Morgans

Alex Rawlin

Anthony Veale

Andrew Wathan

David Williams

Kate Pask

Chief Officer - Finance, Performance & Change

Deputy Head of Finance

Group Manager - Chief Accountant

Finance Manager - Financial Control & Closing

Head of Partnership Services

Corporate Policy & Public Affairs Manager

Audit Wales (External)

Head of Regional Internal Audit Service (RIAS)

Audit Wales (External)

Corporate Improvement Officer – Performance

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Stephen Griffiths  
Oscar Roberts

Interim Scrutiny Officer/ Democratic Services Officer – Committees  
Business Administrative Apprentice – Democratic Services

Declarations of Interest

None

**122. Approval of Minutes**

Decision Made	<u>RESOLVED:</u> The Minutes of the meeting on 9 November 2023 were approved as a true and accurate record.
Date Decision Made	25 January 2024

**123. Governance and Audit Committee Action Record**

Decision Made	<p>This report updated Members of the Governance and Audit Committee on follow-up actions requested on reports and issues considered by the Committee.</p> <p>Members provided comments on several issues related to Appendix A of the Action Record, including the following:</p> <ul style="list-style-type: none"><li>• Whether a date had yet been agreed for the presentation by the Department for Work and Pensions (DWP). It was noted that officers were still trying to find an appropriate date.</li><li>• The need to appoint a new lay member of the Committee. Members were informed that the required paperwork had been completed and the advert was due to be published.</li><li>• A Member requested input to the discussions about the project brief for the audit of governance issues in respect of the Capital Programme planned by the Regional Internal Audit Service (RIAS) in Q4. Another Member asked whether there was time for this work to be completed in Q4. The Head of RIAS confirmed they had the resources to undertake this work and that the project brief just needed to be fine-tuned. He also suggested that the comments of Members would be considered in finalising the brief. The Chairperson also reminded Members of the vital role of Scrutiny to look at this crucial area of work. The Chairperson of the Corporate Overview and Scrutiny Committee (COSC) confirmed he would address this issue at the next meeting of the committee on 30 January.</li></ul>
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	<ul style="list-style-type: none"><li>• A Member raised the issue of School Vehicles and whether the letter sent by the Director of Education to all schools was available to be shared with Members. The Head of RIAS indicated that he would chase that up. The Chairperson made it clear this issue would be addressed further later in the meeting.</li><li>• The issue of the Local Transport Strategy and its future was also addressed. A Member noted that the proposed budget suggested that, with the release of two vacant strategic transport planning posts, there would be no further work on the development of our strategic transport priorities. As such, this could result in a failure to comply with statutory duties in this area. Another Member observed that the Council has a local transport strategy that was demonstrably unachievable. In response, the <b>Chief Officer - Finance, Performance &amp; Change</b> indicated that the budget proposals would impact on the deliverability of a number of things that the Council has formally agreed to do. As such, it would be necessary to go back and review some of our key strategic documents and realign our aspirations within the resources available to us. The <b>Corporate Policy &amp; Public Affairs Manager</b> reminded Members that there was a corporate plan review process that sits behind the budget.</li></ul> <p><u>RESOLVED:</u></p> <p>The Committee noted the Action Record.</p>
Date Decision Made	25 January 2024

**124. Regulatory Tracker Update**

Decision Made	<p>The purpose of this report is to provide an update to the Governance and Audit Committee on the Regulatory Tracker.</p> <p>In response to the report, Members discussed the following issues:</p> <ul style="list-style-type: none"><li>• A Member noted that the Council was in a much better position than it was a year ago in terms of visibility and transparency, and he wanted to thank officers for making good progress.</li><li>• Another Member drew attention to two issues:<ul style="list-style-type: none"><li>○ The one item in red – namely, ensuring children are not placed in unregulated services and the need to identify suitable, registered placements. A Member suggested that the Children’s commissioning strategy and in particular the issue of children being placed in unregistered services be referred to SOSC2 for further consideration.</li><li>○ One of the items in amber – namely, regional workforce planning and the need for more concrete ideas, proposals, and outcomes regarding that issue.</li></ul></li></ul>
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	<ul style="list-style-type: none"><li>• A Member asked how comprehensive the Regulatory Tracker was. In response, the Corporate Policy &amp; Public Affairs Manager indicated that it included all the key regulators of local government services, including Audit Wales, Care Inspectorate Wales, and Estyn.</li><li>• A Lay Member, whilst welcoming the development of the tracker and suggesting that it helped the Committee discharge its duties, thought it would be useful to know more about future actions (and not just the one identified) and have one or two lines to say what is planned in terms of future actions and where the next deliverable data is.</li></ul> <p><u>RESOLVED:</u></p> <p>Governance and Audit Committee considered the summary points and detailed regulatory tracker and raised issues of concern for follow-up.</p> <p>Given the Committee already operated a referral process in terms of specific audits / recommendations to the relevant Subject Overview and Scrutiny Committee, the Committee accepted the proposal in paragraph 3.1 of the report – namely, that the Committee receive a short report every six months as to what has happened in terms of the Scrutiny process of referred items.</p>
Date Decision Made	25 January 2024

**125. Audit Wales Governance and Audit Committee Reports**

Decision Made	<p>The purpose of this report is to submit to the Committee reports from Audit Wales.</p> <p>In response to the report, Members discussed a number of issues, including the following:</p> <ul style="list-style-type: none"><li>• The financial sustainability of local government.</li><li>• Legislation passed by the Welsh Government which imposes mandatory duties on local authorities without providing the resources to implement them.</li><li>• The governance of the Fire and Rescue authorities and in particular, the potential value of recruiting independent members.</li><li>• Wider issues of governance in public bodies in Wales.</li><li>• Good practice and the relevance of national audit reports.</li><li>• The proposed work on capital programme management.</li></ul>
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	<p>The Chairperson noted that in terms of governance, Bridgend was doing the best it could with the resources available to it.</p> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the Audit Wales Governance and Audit Committee Reports at Appendix A.</p>
Date Decision Made	25 January 2024

**126. Corporate Risk Assessment**

Decision Made	<p>The purpose of this report was to provide the Governance and Audit Committee with an updated Corporate Risk Assessment.</p> <p>In response to the report, Members discussed a number of issues, including the following:</p> <ul style="list-style-type: none"><li>• A Member expressed the view that it was hard to know where to start in terms of risk given the current budget situation. As a result, there will probably be a need to substantially revise the risk register. The Member noted that there was nothing that we could do as a Council to alleviate these risks by good management. The Chairperson responded to this by noting that there was a perfect storm because everything is coming at the Council at once: the workforce issues, all of the finance issues, and increased demand across Bridgend for some of the key services.</li><li>• In respect of the two COVID-related legacy risks that were proposed for deletion, a Member suggested that given the risk of future pandemics and health emergencies, there was a need to capture this in the register.</li><li>• A Member suggested there was a missing risk which related to financial decisions that are made leading to a growing risk of not meeting statutory requirements.</li><li>• It was proposed that the risk register could be linked to the well-being objectives. This would provide a wider and valuable view of the impact of the risks on the wider community.</li></ul> <p>In response to the discussion, the Chief Officer - Finance, Performance &amp; Change suggested that, in terms of the next iteration of the register, the focus should be on how it is presented, its focus, and how it is reported now that we're in such a risky period.</p> <p>A lay member suggested that whilst the issues of the budget, finance, and staffing were not risks, in one essence they're not the risks, the risks are that we cannot deliver or do something, and the cause is actually the lack of the budget or the lack of staff. He also thought that there was a presentational issue in terms of the priority in the list. The</p>
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	<p>one that stood out for him was the one with the biggest risk related to social services, and it was at the bottom of the Register.</p> <p><b><u>RESOLVED:</u></b></p> <p>The Committee considered the Corporate Risk Assessment (Appendix A); and it agreed to the deletion of the risks detailed in para 3.2 prior to submission of the Corporate Risk Assessment to Council for approval on 28 February.</p>
Date Decision Made	25 January 2024

**127. Treasury Management Strategy 2024-25**

Decision Made	<p>The purpose of this report was to present to the Governance and Audit Committee the draft Treasury Management Strategy 2024-25, which includes the Borrowing Strategy 2024-25, the Treasury Investment Strategy 2024-25, and the Treasury Management Indicators for the period 2024-25 to 2026-27.</p> <p>In response to the draft Treasury Management Strategy 2024-25, Members discussed the following issues:</p> <ul style="list-style-type: none"><li>• The liability benchmark.</li><li>• The voluntary revenue provision and whether, if our overall borrowing plans were reduced if we cut our planned capital programme, this would provide the Council with more money for the revenue budget.</li><li>• The borrowing open to District, Town or Community Councils and whether the Borough Council could loan to them. Officers acknowledged that whilst this was possible the Council had never done it. Town and Community councils could borrow from the Public Works Loan Board (PWLB).</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee:</p> <ul style="list-style-type: none"><li>• Considered the draft Treasury Management Strategy for 2024-25; and</li><li>• Recommended that the final updated Treasury Management Strategy, reflecting the latest financial information available as at 31 December 2023, be presented to Council for approval on 28 February 2024.</li></ul>
Date Decision Made	25 January 2024

**128. Audited Statement of Accounts 2022-23**

Decision Made	<p>The purpose of this report was to present to the Governance and Audit Committee the audited Statement of Accounts for 2022-23 for approval, which was due to be certified by the external auditors, Audit Wales, along with the associated Letter of Representation of the Council, the Annual Governance Statement included as part of the Statements, and the auditors' letter in relation to the audit of the accounts.</p> <p>An amendment to the report was noted:</p> <p><i>The Independent auditor's report of the Auditor General for Wales to the Members of Bridgend County Borough Council contained within the Statement of Accounts at pages 79 – 82 (179 - 182 of the pack) is to be replaced by the updated report contained in Appendix B – the Proposed Audit Report at pages 9 – 12 (225 – 228 of the reports pack). This is to update this to the current year's audit report following the conclusion of the audit.</i></p> <p>In response to the report, Members noted with pleasure that Audit Wales intend to issue an unqualified opinion once they receive the letter of representation, discussed the extent to which unqualified opinions were the default in Wales, and, given that budget proposals for next year could result in significant reductions in the head count in Finance, whether officers were confident they will be able to finalize the accounts in a similar timeframe next year.</p> <p>A lay member noted there was a picture caption (Bridgend Bus Station) on page 103 of the Statement of Accounts without there being a picture. It was agreed this would be removed.</p> <p>A lay member noted that in the section on Disabled Facility Grants on page 108 of the Annual Governance Statement, there was a need to correct the reference to the Council implementing a contractors' framework during '2023-23' to read '2023-24'.</p> <p><b><u>RESOLVED:</u></b></p> <p>The Committee:</p> <ul style="list-style-type: none"><li>• Approved the audited Statement of Accounts 2022-23 (Appendix A).</li><li>• Noted the appointed auditors' Audit of Accounts report (Appendix B).</li><li>• Noted and agreed that the final Letter of Representation to Audit Wales be signed by the Chairperson of the Committee and Section 151 Officer (Appendix C).</li><li>• Requested that a 'lessons learned' report be submitted to the next meeting of the Committee.</li></ul>
Date Decision Made	25 January 2024

**129. Porthcawl Harbour Return 2022-23**

Decision Made	<p>The purpose of the report was to present to the Governance and Audit Committee the audited Porthcawl Harbour Return for 2022-23 attached at Appendix A for approval.</p> <p>Members discussed a number of issues and raised several queries in response to the report, including:</p> <ul style="list-style-type: none"><li>• What the Council was required to do in terms of the accountancy procedures for Porthcawl Harbour. It was acknowledged that officers were required to prepare a separate annual statement of accounts relating to harbours activities and that was why the return was completed annually.</li><li>• The status of Porthcawl Harbour as a part of Bridgend County Borough Council. Officers confirmed there was not a requirement to operate it separately and for it to have for example, a separate bank account. It was confirmed that it was to do with do with the Harbours Act 1964. There is no requirement to run the Harbour as a separate entity. The Harbour formed part of the overall Council's accounts and the Statement in Appendix A was just an extract of our full accounts.</li><li>• The income generated, the lack of an obvious reserve, and whether it was being subsidized as a part of the Council.</li><li>• A Member suggested that Porthcawl Harbour should have been self-financing for years.</li><li>• The Chairperson suggested that, going forward, the cover report could provide a little bit more detail which would help Members to understand what is being reported, but also just to note that the actual harbour income and expenditure is also within the Council's Statement of Accounts.</li><li>• It was proposed that the report should be framed in a way that makes it easier for the public to understand it.</li><li>• The status of the harbour imposed an obligation to maintain it on the Council and, potentially, financial consequences if there was a major incident.</li><li>• A Member noted that the Council could be subsidising something that is providing a service for those who are fortunate enough to own boats.</li><li>• It was noted that there was an option to put additional disclosure notes in the return, such as background information on the statutory basis under which the accounts are prepared.</li></ul> <p><u>RESOLVED:</u></p> <p>The Governance and Audit Committee agreed to provide the Chairperson with delegated authority to approve the amended audited Porthcawl Harbour Return 2022-23 at Appendix A, subject to the inclusion of the changes discussed in the meeting.</p>
Date Decision Made	25 January 2024



**130. Progress Against the Internal Audit Risk Based Plan 2023-24**

Decision Made	<p>The purpose of this report was to provide members of the Committee with a position statement on progress being made against the audit work within the approved Internal Audit Risk Based Plan 2023-24.</p> <p>The Head of the Regional Internal Audit Service (RIAS) announced at the start of this agenda item that the agreement that led to the establishment of the Regional Internal Audit Service (RIAS) is due for renewal in April 2024, and that one of the partners, Rhondda Cynon Taf Council, has indicated that they do not wish to continue with the partnership when the first five-year agreement expires on 31<sup>st</sup> March.</p> <p>He sought to reassure Members about the future of the service by indicating that there were no issues in terms of the quality of service or in terms of relationships.</p> <p>Discussions with other local authorities were underway to join the partnership.</p> <p>In response, the Chairperson noted that Members would want to be reassured that normal service would continue, and that this development won't have a huge impact upon the regional service.</p> <p>The Chief Officer - Finance, Performance &amp; Change indicated that it was their intention to recommend to Cabinet that Bridgend County Borough Council (BCBC) continue in the joint agreement going forward.</p> <p>The progress made against the approved internal audit risk-based plan 2023-24 for the period 1st April 2023 to 31<sup>st</sup> December 2023 showed that 22 of 42 planned audit reviews have been completed to date which equates to a completion rate of 52%. The Regional Internal Audit Service has set a target of 50% completion by the end of quarter 3, which puts Bridgend in a good position to achieve its year end targets and enable an overall opinion to be given.</p> <p>Of the 22 audits, 19 have been given <i>Substantial</i> or <i>Reasonable Assurance</i> and 3 have been given <i>Limited Assurance</i>. Two of these have been completed since the previous report and details were included within the report.</p> <p>Included within this year's plan were 12 audits that were not undertaken or completed in 2022-23. 9 of the 12 audits were now completed with the remaining 3 in progress.</p> <p><u>RESOLVED:</u></p> <p>The Committee noted the content of the report and the progress made against the 2023-24 Internal Audit Risk Based</p>
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	Plan.
Date Decision Made	25 January 2024

**131. Internal Audit Recommendation Monitoring**

Decision Made	<p>The purpose of this report was to provide the Committee with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are outstanding.</p> <p>A total of 53 high and medium priority recommendations have been made following the conclusion of audits from the 2023-24 annual plan. All have been agreed and, to date, 16 have been implemented, 6 are overdue and 31 have a future implementation date.</p> <p>There were 6 overdue recommendations, all made during 2023-24 audits.</p> <p>13 recommendations made in 2021-22 and 2022-23 audits still have future implementation dates.</p> <p>In response to the report, Members explored a number of issues:</p> <ul style="list-style-type: none"><li>• A Member was concerned that the issue of Cyber Security was not really being addressed. The issue of appointing a new Chief Information Security Officer (CISO) meant that the issue could not be addressed with the urgency and seriousness required. He thought that the whole section on Cyber Security needed to be refreshed and brought back to the Committee for further consideration. In response, the Chairperson thought that this issue might have to come back as a specific item in April, or at least, update the Committee on progress. The Head of RIAS and the Chief Officer - Finance, Performance &amp; Change agreed to have further talks about the wording and agreed actions.</li><li>• The need to address the delays in the Council completing a new network agreement with the iTrent supplier. It was suggested that the Systems Manager needed to be invited to a future meeting of GAC to explain when the iTrent System would be implemented, given all the revisions to the original agreed implementation date.</li><li>• The role of private funds in schools and the guidance provided by Finance to support schools. Most schools have school private funds with specific financial guidance on their use being provided by the Finance Team.</li><li>• The high-risk associated with School Vehicles and the need to address urgently the issue of staff driving licences.</li></ul> <p>The Chairperson observed that there were a number of issues in the report that had been revised time and time again and that it was his opinion that this was not good enough and that people needed to be held accountable for matters</p>
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	<p>that have not been addressed. As such, he proposed that the Systems Manager and the relevant Director be invited to a meeting of the committee to explore the issues surrounding the iTrent system, and that the issue of school vehicles also needed to be addressed urgently.</p> <p>In regard to the school vehicles issue, the Chairperson requested that the Head of RIAS write an urgent letter to the headteacher and the governing body and advise them that if the issues are not addressed then they would be invited before the Governance and Audit Committee to account for the issues outlined in the report.</p> <p>The Chairperson proposed that the issues could be addressed in a single special meeting, and he asked for this to be organised by Democratic Services. In response to this, a Member made it clear that he wanted it minuted that he didn't want parents suing us as a corporate body for not doing our work.</p> <p>Adding to this, a Member suggested that the Committee make it known that any action owner who has an overdue action should be expected to attend the Governance and Audit Committee and account for themselves.</p> <p><b><u>RESOLVED:</u></b></p> <p>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.</p> <p>In addition, the Committee requested:</p> <ul style="list-style-type: none"><li>• That an additional meeting in February/ March be organised to explore some of the outstanding audit recommendations – namely, those relating to School Vehicles and the iTrent System - in the Internal Audit Recommendation Monitoring report.</li><li>• That the issue of Cyber Security would be considered in a separate item at the Committee's April meeting.</li></ul>
Date Decision Made	25 January 2024

**132. Disabled Facilities Grants - Progress Report and Position Statement**

Decision Made	<p>The purpose of this report was to update the Governance and Audit Committee on actions taken to progress improvements to the Disabled Facilities Grant (DFG) service and provide information on the position to date.</p> <p>In response to the report, a Member noted the positive improvements that have been made and explored the issue of contextual information and performance data to understand the Council's current position delivering the service.</p>
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	<p>It was also noted that the Council was maximising the funding available to it. The only way more jobs could be delivered was with additional capital.</p> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted progress to date to improve the DFG service and the current position and indicated that officers had fulfilled their responsibilities to the Committee and that the issue could be referred to the most appropriate Scrutiny Committee for consideration in the future.</p>
Date Decision Made	25 January 2024

**133. Forward Work Programme 2023-24 and 2024-25**

Decision Made	<p>The purpose of this report was to seek approval for the updated Forward Work Programme for 2023-24 and for the draft Forward Work Programme for 2024- 25.</p> <p>In addition to the items outlined in the report, three things had arisen in the meeting which would be added to the Forward Work Programme:</p> <ul style="list-style-type: none"><li>• A 'lessons learned' report in respect of the Statement of Accounts.</li><li>• The request for an additional meeting in February/ March to explore some of the outstanding recommendations in the Internal Audit Recommendation Monitoring report.</li><li>• That the issue of Cyber Security would be considered in a separate item at the Committee's April meeting.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>Subject to the amendments discussed in the meeting, the Committee considered and approved the updated Forward Work Programme for 2023-24 and the draft Forward Work Programme for 2024-25.</p>
Date Decision Made	25 January 2024

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**134. Urgent Items**

Decision Made	None
Date Decision Made	25 January 2024

To observe further debate that took place on the above items, please click this link for Part One and this one for Part Two.

The meeting closed at 13:48.