

**GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 9 SEPTEMBER 2021**

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD REMOTELY - VIA MICROSOFT TEAMS ON THURSDAY, 9 SEPTEMBER 2021 AT 14:00**

Present

CA Green	JE Lewis	MJ Kearn	RM Granville
AJ Williams	PA Davies	P Davies	TH Beedle
A Hussain			

Apologies for Absence

LM Walters and E Venables

Officers:

Deborah Exton	Interim Deputy Head of Finance
Samantha Clements	Audit Wales
Andrew Rees	Democratic Services Manager
Gill Lewis	Interim Chief Officer – Finance, Performance and Change
Michael Pitman	Democratic Services Officer - Committees
Nigel Smith	Finance Manager
Eilish Thomas	Finance Manager - Financial Control & Closing
John Llewellyn	Financial Audit Team Leader, Wales Audit Office
Joan Davies	Audit Client Manager
Kelly Watson	Chief Officer Legal, HR and Regulatory Services

Lay Member:

Mrs J Williams

269. ELECTION OF CHAIRPERSON FOR THE MEETING

RESOLVED: That Councillor AJ Williams be elected Chairperson for the meeting.

270. DECLARATIONS OF INTEREST

None.

271. APPROVAL OF MINUTES

The lay member referred to minute number 265 - Corporate Risk Register, specifically the audit of risk management services whereby an audit opinion of reasonable assurance had been given, however there was no audit opinion shown in the current audit plan so asked whether Internal Audit agreed with the minutes and where risk management is in the programme. The Audit Client Manager clarified that the audit report on risk management, which provided an opinion, had been issued in 2020/21. Risk Management is included again on the 2021-22 Internal Audit Plan but has not commenced which is why no audit opinion is on the current plan.

A member of the Committee requested an update on staff being pinged by the test and trace service. The Interim Chief Officer Finance, Performance and Change informed the Committee that the pinging issue had now been largely resolved, however some areas

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were still facing difficulty with resources. An amended risk would be reported to the November meeting of the Committee.

A member of the Committee requested an update on risk 16 - Welsh Community Care Information System (WCCIS). The Interim Chief Officer Finance, Performance and Change updated the Committee on the WCCIS in that there had been significant work undertaken to the system, together with a great deal of testing in moving the system to another platform. Whilst the risk had not been signed off completely, the system would be updated on 14 October and going live on 18 October. The risk was now a controlled risk and by November it is anticipated that it would be downgraded to a Directorate risk.

RESOLVED: That the minutes of the Governance and Audit Committee of 22 July 2021 be approved as a true and accurate record, subject to an amendment being made to minute number 265 – Corporate Risk Register to reflect that the audit of risk management by Internal Audit work was from last year.

### 272. GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

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

Samantha Clements of Audit Wales presented an update to the Action Record from the perspective of Audit Wales, which could now be regarded as complete and could be removed from the Action Record. In respect of Action 214, this was now complete. The report on the Bridgend Financial Sustainability Assessment was being presented to today's Committee. In respect of Action 252, the springing forward project is a performance audit project, there is no financial audit involvement in this review and this project is included in Audit Wales' performance audit work programme update. Audit Wales has confirmed with the Interim Chief Officer Finance, Performance and Change that the Chief Executive, Section 151 Officer and Head of Internal Audit are key contacts for Audit Wales reports, as well as the Leader. Also, as a minimum, links to these reports are included in performance updates. In respect of the report on Digital Strategy, this will be progressed by officers in responding to the Audit Wales report and should not be classified as an Audit Wales action. In respect of action 261, this is included in Audit Wales' performance audit work programme update, but because of the quarterly reporting, the national report is due to be published by the end of September and will be available for the next committee.

RESOLVED: That the Committee noted the report.

### 273. CORPORATE COMPLAINTS

The Chief Officer Legal, HR and Regulatory Services presented a report on the corporate complaints process and for the Committee to determine whether it wished to make any recommendations in relation to the Authority's ability to handle complaints effectively.

She reported that the Authority's Concerns and Complaints Policy is designed to deal with corporate complaints, whilst there are separate processes for dealing with social services complaints, Elected Member conduct concerns and school complaints. She informed the Committee that in 2019 the Public Services Ombudsman for Wales (PSOW) gained new powers under the Public Services Ombudsman (Wales) Act 2019 in relation to complaints handling procedures and had published a Statement of Principles concerning complaints handling procedures and a model complaints handling

policy together with associated guidance on the implementation of a new model Concerns and Complaints Policy.

The Chief Officer Legal, HR and Regulatory Services reported that the Ombudsman had written to all 22 local authorities in September 2020 explaining how the Ombudsman's Complaints Standards Authority (CSA) created within the PSOW had engaged with representatives from all local authorities to put in place a raft of measures designed to support and enhance complaint handling. These measures included bespoke training and support which has been taken up by officers and a process for all local authorities to report complaints statistics to the PSOW on a quarterly basis. All local authorities were encouraged to reflect on how their current practices and procedures comply with the Statement of Principles, model complaint handling process and guidance published on the PSOW website. A review of the Concerns and Complaints Policy had taken place in November 2020. The authority also has a separate Unreasonable or Vexatious Behaviour Complaints Policy which is rarely utilised, but provides officers and Elected Members with support and advice on managing situations when someone's actions are considered unreasonable.

The Chief Officer Legal, HR and Regulatory Services informed the committee that the Information Team is responsible for the management of the Authority's corporate complaints process and she set out performance data in relation to corporate complaints for the period 1 April 2020 to 31 March 2021. She stated that the number of complaints against the Authority for the period 2019-2020 was 34 compared with 33 in 2018-19, none of the complaints proceeded to investigation.

The Chief Officer Legal, HR and Regulatory Services reported that Section 115 of the Local Government and Elections (Wales) Act 2021 sets out a provision for the Governance and Audit Committee to "review and assess the authority's ability to handle complaints effectively and to make reports and recommendations in relation to the authority's ability to handle complaints effectively". It was proposed that the Committee receive an Annual Report on complaints under its Terms of Reference. The Chief Officer Legal, HR and Regulatory Services reassured the Committee that complaints are treated very seriously.

The lay member asked if a complainant is not happy with the outcome, is there an opportunity on the conclusion of the process for the complainant to feed back to the authority. The Chief Officer Legal, HR and Regulatory Services informed the Committee that the authority does not ask the complainant for feedback following the conclusion of the complaints process.

A member of the Committee asked whether the number of complaints received is typical for an authority of this size. The Chief Officer Legal, HR and Regulatory Services informed the Committee that the Ombudsman provide comparative data on the number of complaints received by each local authority and that Bridgend is second in the list out of 22 with 34 complaints received, which equates to 0.23 per 1000 residents.

A member of the Committee on behalf of the Chairperson of the Committee asked if there is a definition of a complaint. The Chief Officer Legal, HR and Regulatory Services stated that the definition is set out in the policy. A member of the Committee asked whether Member referrals are recorded as complaints. The Chief Officer Legal, HR and Regulatory Services informed the Committee that Member referrals are not recorded as complaints, complaints are logged if a resident requests it to be treated as a complaint.

In response to a question from a member of the Committee as to the shortfall of 10 cases out of a total of 370 cases, the Chief Officer Legal, HR and Regulatory Services stated that she would check on this with the Information Team.

The Committee considered that the number of complaints recorded were low and whether there is a culture of recording complaints accurately. The Chief Officer Legal, HR and Regulatory Services informed the Committee that it was down to residents whether they wish to take their complaint down the formal complaints process. A member of the Committee asked whether themes of complaints had been identified. The Chief Officer Legal, HR and Regulatory Services informed the Committee that the Information Team has begun work on identifying themes of complaints received.

A member of the Committee, on behalf of the Chairperson of the Committee, stated that she would welcome the opportunity to meet officers or have a small working party of Governance and Audit Committee members set up to ensure all complaints are monitored and recorded accurately as the Committee considered there is an under recording of complaints. The Chief Officer Legal, HR and Regulatory Services stated she would meet with Members, however there was not much leeway as complaints handling is a statutory function and there is not much scope for amending the policy.

A member of the Committee expressed concern that schools appear to be sending complaints received to the authority when they should be following the same guidelines and dealing with the complaints themselves. The Chief Officer Legal, HR and Regulatory Services stated that she would take this matter up with the Corporate Director of Education and Family Support that schools deal with complaints directly and not through the corporate complaints process.

A member of the Committee requested that in addition to Cabinet receiving a report on Corporate Complaints that Council receive a similar report. The Chief Officer Legal, HR and Regulatory Services informed the Committee Corporate Complaints is a Cabinet function but would present an information report on Corporate Complaints to Council.

**RESOLVED:** That the Committee noted the report and it determined that it wished to set up a Working Party to ensure all complaints are monitored and recorded accurately as the Committee considered there is an under recording of complaints and that an information report on Corporate Complaints be presented to Council.

**274. AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE**

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

The Audit Wales representative outlined its work programme and timetable, which the Auditor General is required to produce in accordance with the Local Government (Wales) Measure 2021. The work programme will be reported to the Council on a quarterly basis and a full update will be presented to this Committee in November 2021.

The Audit Wales representative also outlined the financial sustainability assessment, phase 2 of which had resulted in a local report for each of the 22 principal councils in Wales. A national report on financial sustainability is being compiled and will be presented at the next meeting of the Committee in November 2021.

The Audit Wales representative informed the Committee that the Council has been assessed as having maintained a strong financial position during the pandemic and has strengthened its Medium Term Financial Strategy. The immediate impact of COVID-19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding. The Medium Term Financial Strategy has also been strengthened to better reflect medium-term budget pressures and forecast changes in demand for

services. She stated there are no apparent risks to the Council's financial sustainability in relation to its use of useable reserves which continue to be at a comparatively high level. In recent years, the Council has consistently underspent its annual budget and expects to underspend again in 2020-21. The Council has a track record of delivering the majority of its in-year planned savings. However, in common with other councils, identifying and delivering future savings will be more challenging. The Council has a positive liquidity ratio placing it in a good position to meet current liabilities.

A member of the Committee asked what a good percentage would be to have in reserves. The Audit Wales representative stated that this was difficult to gauge, however the Council's level of reserves was towards the higher end compared to other local authorities. The Interim Chief Officer Finance, Performance and Change stated that the authority is in a good position in relation to its level of reserves, which was down to careful budgeting and a careful approach towards risks, bearing in mind it was difficult to predict when the world would emerge from the pandemic. She informed the Committee that the Council was consistently trying to find budget savings for future years and that the Council had received significant levels of funding from the Welsh Government during the pandemic. She welcomed the report on financial sustainability and looked forward to the national report, for which a response will be provided. The Audit Wales representative informed the Committee that the national report will be available on 28 September 2021.

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

275. **PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021-22**

The Audit Client Manager reported on a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2021-22.

The Audit Client Manager 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. The proposed plan continued to recognise particular risks arising from COVID-19, availability of audit and service staff and challenges arising from remote ways of working. It also allowed flexibility to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

The Audit Client Manager detailed the progress and status of each review as at 31 August 2021. 7 items of work had been completed of which 4 audits had resulted in an opinion being provided. A further 3 audits had been completed and draft reports issued, with feedback awaited from Service Departments. A total of 9 audits were currently on-going with another 12 having been allocated to auditors, with work commencing 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 2 completed reviews and an opinion of reasonable assurance to the other 2 completed reviews. Five medium priority recommendations had been made to improve the control environment of the areas reviewed and 2 low priority recommendations. Implementation of all recommendations is being monitored to ensure that improvements are being made.

The lay member asked how many audits are yet to be allocated. The Audit Client Manager informed the Committee that audits have been allocated to the staff in post and are indicated in the appendices. The remaining audits will be allocated as staff

resources become available Some of those audits could be allocated externally following the completion and award of a recent tender for external assistance.

The lay member questioned the position on the audit of the WCCIS. The Audit Client Manager informed the Committee that this audit had yet to be allocated, however it would take place during quarter 4 of the financial year. The lay member referred to the amount of ICT related work and also the ICT Audit heading within the plan and asked whether this approach was fragmented and could they be linked and whether there is also capacity to review those ICT systems. The Audit Client Manager stated that Internal Audit has a computer auditor who would be undertaking the audits of identified ICT systems allocated undertaking the ICT Audit. The audit of Revenues and Benefits is much wider than an audit of that ICT system it will also look at the expected controls and risks of other aspects of the service area. The lay member asked whether these audits could be grouped together in the plan to enable the Committee to have a better understanding of which are audits of ICT systems. The Audit Client Manager informed the Committee that the audits are currently grouped together in the plan according to Directorate but undertook to consider the suggestion of grouping ICT systems audits together in the plan.

A member of the Committee referred to the Financial Scheme for Schools and questioned whether authority is obtained from the Section 151 Officer when assets over a certain level are given away as those assets belong to the authority and whether an audit of this had been undertaken. The Audit Client Manager informed the Committee that an audit on this specific area had not recently been undertaken but assets and their disposal in schools could potentially be picked up in this year's plan. The Deputy Head of Finance informed the Committee that if the asset is of low value, approval must be sought initially by the school from its governing body. The disposal of assets would also be subject to the terms and conditions of grant funding.

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

276. **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 Audit Committee. She highlighted the items scheduled to be presented at the Committee's next meeting on 11 November 2021 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.

**RESOLVED:**

- (1) That the Committee considered and approved the proposed Updated Forward Work Programme for 2021-22.
- (2) That the proposed Working Group to look at Corporate Complaints be considered at the November meeting of the Committee
- (3) That the structure and membership of the Governance and Audit Committee be reported to the November meeting of the Committee.

277. **URGENT ITEMS**

There were no urgent items.

The meeting closed at 15:28