

**GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 15 MARCH 2022**

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD REMOTELY - VIA MICROSOFT TEAMS ON TUESDAY, 15 MARCH 2022 AT 14:00**

Present

Councillor LM Walters – Chairperson

CA Green  
AJ Williams

JE Lewis  
P Davies

MJ Kearn  
TH Beedle

RM Granville  
A Hussain

Apologies for Absence

PA Davies

Officers:

Carys Lord	Chief Officer - Finance, Performance & Change
Deborah Exton	Deputy Head of Finance
Mark Thomas	Head of Regional Audit Service
Sarah-Jane Byrne	Local Government Manager, Wales Audit Office
Nigel Smith	Finance Manager
Joan Davies	Deputy Head of Regional Internal Audit Service
Rachel Keepins	Democratic Services Officer - Scrutiny
Derwyn Owen	WAO

Lay Member:

Mrs J Williams

303. DECLARATIONS OF INTEREST

None

304. APPROVAL OF MINUTES

RESOLVED:

That the minutes of the 28/01/2022 be approved as a true and accurate record subject to the following change:

“The lay member questioned whether the list of projects in the Digital Transformation programme was a bit light in terms of a cultural change and embracing and improving the culture.” Be changed to the following:

“The lay member asked whether cultural change is included in the digital transformation programme as per the Audit Wales recommendations as “the Digital Transformation programme report received was light in detail.”

305. GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

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

The Chairperson commented on the action from 9<sup>th</sup> September 2021 regarding complaints. The committee requested an update on the 10 cases that were listed as outstanding but it was not mentioned on the forthcoming report.

The Chief Officer – Finance, Performance and Change explained that this particular document had a typo in Appendix 3 and said that the table with the correct figures would be sent out to all Members following the meeting.

The Chair Person asked for an update on the lay member position.

The Chief Officer – Finance, Performance and Change stated that following the Local Government and Elections Act 2021, a third of the membership of the committee must be Lay Members. The advertisements had gone out for these positions and the recruitment process had recently been concluded, with four lay members being appointed. These Lay Members have a range of experiences including Local Government, other public sector, audit experience and banking which this was pleasing to see.

**RESOLVED:** The Committee noted the Action Record and provided comments upon this, as appropriate.

306. **UPDATE OF REVIEW OF THE CONCERNS AND COMPLAINTS PROCESS**

The Chief Officer – Finance, Performance and Change presented a report which updated the Committee on the work being undertaken to review the Authority's Concerns and Complaints process.

She advised that following the Committee receiving a report on the above, feedback from the Committee suggested they would like the Authority to take a more holistic view of complaints and explore whether there were digital options for complaints management.

The Committee established a working group, which consisted of Cllr Lyn Walters, Cllr Cheryl Green and Cllr Amanda Williams. The working group undertook research and spoke to other local authorities.

She advised that on 26 January 2022, the elected member working group met the Chief Officer - Legal, and Regulatory Services, HR and Corporate Policy to feed back their findings and views. These findings were then presented shortly after to the Corporate Management Board and it was agreed there to refer the matter to the Digital Transformation Board for further consideration.

She added that prior to presentation to the Digital Transformation Board, initial work has been undertaken to explore the opportunities of incorporating the current formal stage of concerns and complaints within the existing Customer Relationship Management (CRM) system which is used in Customer Services for recording all informal concerns and complaints. Work was now underway to look at developing the system so that all concerns and complaints are held and processed within the CRM system, rather than recorded in a standalone Excel spreadsheet with the aim of improving current reporting across the whole organisation. A copy of the complaints performance report that is provided each quarter to the Complaints Standards Authority Wales is also being reviewed to ensure the right data can be captured within the CRM system to simplify and improve the current reporting process.

A Member mentioned as part of the working group they wanted to look at compliments as well as these played a key part in the customer experience. Some areas that may have higher numbers of complaints than others may also have higher numbers of

compliments to the service and so logging these would give a fuller picture. The Chief Officer – Finance, Performance and Change agreed that it was an important aspect of the process and would be included in this piece of work.

A Member asked if the system included complaints that went to schools. It was highlighted that this was not the case as complaints to schools were monitored separately from those received by the Local Authority.

The Lay Member asked if we were compliant with the legislation on this and also what other Councils were doing with regards to recording complaints to schools. The Chairperson stated that she had spoken with the Corporate Director Education and Family Support this morning and he had confirmed that the guidance from Welsh Government was that Schools were to deal with the complaints themselves.

Members discussed the complaints procedure for schools and asked that an update be provided at the next committee meeting on how school complaints were recorded and ensuring they were recorded effectively.

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

307. **ARBED SCHEME CAERAU**

The Head of Regional Internal Audit presented a report which updated the Committee on the work undertaken by Internal Audit relating to the Arbed scheme, as requested by this Committee on 28 January 2022.

He explained that at the request of the former Chief Executive in 2018, the Council's Internal Audit team conducted an audit review to ascertain the extent to which the Council's policies and procedures had or had not been applied in respect of the Arbed funded scheme in Caerau for the period September 2012 to April 2013. Concerns were raised by the then Chief Executive specifically relating to an apparent absence of an audit trail and whether there would be any circumstances that would explain this.

He added that to provide assurance that there was no evidence that these issues were widespread, Internal Audit undertook a further review of the procurement and governance aspects of 10 externally funded schemes from 2018 onwards. This report was presented to the Governance and Audit Committee in January 2021. An audit opinion of reasonable assurance was given and only four minor recommendations were made. No significant issues were identified. It was found that, from the sample selected and reviewed, the concerns arising from a previous externally funded Arbed scheme had not been replicated. Further background was at section 3 of the report.

The Head of Regional Internal Audit stated that the document published on the Council's website on 26 January 2022 was attached at Appendix A and outlined the findings and conclusions from the work undertaken by Internal Audit in relation to the Arbed scheme. The report identified several significant concerns relating to the governance, decision making, procurement, monitoring and control aspects of the Arbed Scheme and the conduct and role of a Councillor as a Director of Green Renewable Wales Ltd. The report therefore made recommendations, all of which have been implemented by the Council. He added that the report was shared with the police in August 2019 but it was determined that no action was needed to be taken by themselves. Recently a senior investigating officer within the Economic Crime Unit has reviewed the internal audit report and documents again and has confirmed that they support the assessment made in 2019. There has been no change in circumstances and no fresh evidence which would impact on that decision.

The Head of Regional Internal Audit outlined the wider issues in respect of governance, decision making, and procurement and these were subject to further audit as part of the 2020/21 audit plan. This report identified the 10 schemes reviewed and the findings and recommendations made as a result of the work. It was found that, from the sample selected and reviewed, the concerns arising from a previous externally funded Arbed scheme had not been replicated.

Documentation was available to support compliance with the Council's Contract Procedure Rules and the involvement of Corporate Procurement when engaging contractors. There was also evidence of supplier monitoring, reporting and governance across all the projects. An audit opinion of reasonable assurance was given, that is that key controls exist but there may be some inconsistency in application. As a result, only 4 minor recommendations were made. The full audit report was presented to the Governance & Audit Committee in January 2021.

The Head of Regional Internal Audit added that Appendix B summarised the 11 audits undertaken within the same service area which administered the Arbed scheme, that related to either capital schemes, grant funded schemes, project management and/ or procurement as well as strengths and weaknesses identified. These audits had been undertaken during the period November 2011 to October 2021.

He also highlighted the comments from Audit Wales as per the report.

A Member asked in relation to 3.1 of the report that the former Chief Executive requested a review and why this was the case. She was aware of correspondences among Chris Elmore MP and the Leader concerning delays on this almost 12 months prior due to what appeared to be ongoing investigations by Officers. Could it be confirmed whether that was the reason. The Head of Regional Internal Audit stated that the email that was received by his counterpart before he was in post prompted the investigation into certain aspects of the scheme in relation to the audit trail and procurement for example. He confirmed that Internal Audit had no correspondence of complaints prior to this and therefore were unaware of such complaints.

A Member followed on from this and asked if reasonable assurance could be given that processes were in place to prevent this happening in the future, as the Council may be at risk of compensation claims. The Head of Regional Internal Audit explained that an Audit was undertaken on 10 recent schemes and assurance was given that the ARBED scheme was a one off and issues experienced were not replicated or observed in any of the other schemes.

A Member asked why the document from the police confirming that they were content that no further action needed to be taken, was not included in the report as this would have given additional assurances to the public. The Head of Regional Internal Audit explained that the document was only received after the report was published.

A Member asked in relation to correspondence sent to the Chief Executive and the Monitoring Officer, why this would not have been sent to the Leader. The Head of Regional Internal Audit explained that it was sent to key officers as this was normal practice, drafts were not normally sent to Members and as this was in the very early stages it was not necessary to do so.

A Member asked if confirmation could be given regarding Green Renewable Wales Ltd on whether or not an invalid VAT number was found. The Head of Regional Internal Audit explained that this was true, however the GRW Ltd were effectively overseeing

and sub-contracting work out and so a payment was never made by the Council using the invalid VAT number.

A Member stated that it seemed evident that the Contract Procedure Rules were not followed and that it was a conscious decision made. She asked if this could be confirmed. The Head of Regional Internal Audit agreed that it was clear that the CPRs were not followed but it was not clear whether it was intentional or not. Members of the Committee shared the same concerns in that due process was not followed, but reassurance was given in that these issues were in fact not seen before, nor had been replicated since.

The Lay Member asked if there was any indication on the motivation behind what happened, whether deliberate or not, and was there any information on this. The Head of Regional Internal Audit explained that Officers involved were consulted on this and asked various questions as to how and why. One of the key things that was evident was that the funding from Welsh Government that contributed towards these schemes had a very short time span in which it needed to be spent, and that may have led to some of the issues along the way in terms of process not being followed.

A Member commented on the delay of receiving the report before the Committee, and that it almost did not make it before the new term of office. He made the suggestion that reports be seen by the Governance and Audit Committee as soon as practicable to ensure due process.

A Member asked if it were possible to perform an Audit on this department on a yearly or bi yearly basis and if it were in the scope of the Regional Internal Audit service to do so. The Head of Regional Internal Audit explained that the Audit plan was to cover all areas of the Council and departments across the Council. It was not possible to focus on one area as that would take the focus and resources away from effective audit of the rest of the Council.

**RESOLVED:** That the Committee:

- noted this update report on the work undertaken by Internal Audit relating to the Arbed scheme.
- noted the assurance provided by Internal Audit that the issues identified within the Arbed scheme during 2012/2013 were not identified during any other work undertaken by Internal Audit at the Council from 2011 to date.
- noted the observations of Audit Wales in relation to the Arbed scheme.

308. **FORWARD WORK PROGRAMME 2022-23**

The Deputy Head of Finance presented a report which sought approval for the proposed Forward Work Programme for 2022-23.

She advised that in order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the proposed Forward Work Programme for 2022-23 is attached at Appendix A.

Committee Members were asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

She highlighted the items that were currently scheduled at the next planned meeting which was due to take place on the 9 June 2022. The items were listed at 4.2 of the report.

The Deputy Head of Finance explained that there may be additional agenda items presented to the Committee as the Local Government and Elections (Wales) Act 2021 comes into effect, particularly in respect of the Committee's new responsibilities in relation to performance and self-assessment, and these will be added to the Forward Work Programme as necessary.

She advised that the FWP was not a rigid programme and that the schedule was subject to change should there be any other items that the committee wish to consider. The current meeting dates were also subject to approval of Council at the annual meeting which was due to be held on 18 May 2022.

The Lay Member mentioned that there were 4 agenda items due to be scheduled for the meeting this month that had not been considered. 2 of the items, the Internal Audit quarterly report and the Fraud Risk Assessment were especially important and were now scheduled for later months. She believed this to be late and should be seen earlier if possible.

The Deputy Head of Finance explained that due to the new responsibilities of the Governance and Audit Committee as a result of the new Act, the Corporate Management Board would now review the Fraud Risk Assessment on a quarterly basis and any significant issues arising would be fed through the Corporate Risk Assessment for the Committee to consider.

The Head of Regional Internal Audit commented on the Internal Audit Quarterly Report and stated that it was due to be considered by the committee at the end of the month, when the original meeting was due to take place. However, as this meeting was brought forward to today, there was not enough time to prepare the report in time to be considered by the Committee. The expected progress report would be included in the Annual report coming to the June meeting.

**RESOLVED:** That the Committee considered and approved the proposed Forward Work Programme for 2022-23.

309. **URGENT ITEMS**

None

A word from the Chairperson, Cllr Lyn Walters

As this was the last meeting of the Governance and Audit Committee before the Local Government Elections of 2022, Cllr Lyn Walters thanked the Committee for the support in her role as Chairperson over 4 of the 5 years of this Council term. She thanked all of the Members and Lay Member for their participation and commitment to the Committee. As Mrs J Williams was coming to the end of her 2<sup>nd</sup> term as Lay Member, she thanked her for her input and expertise and healthy challenge to the Committee. She thanked all the Officers and Audit Wales colleagues for their support, advice and guidance over the years and ensuring that BCBC was in the best position that it could be. She wished all the Members who were standing as Councillors in the elections the best of luck, and a safe and happy retirement for those who were not standing.

The meeting closed at 4:05pm