

MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD HYBRID IN THE COUNCIL CHAMBER / REMOTELY - VIA MICROSOFT TEAMS ON THURSDAY, 26 JANUARY 2023 AT 10:00

Present

G Chapman – Chairperson (Lay Member)

Councillors/Lay Members

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

Officers:

Rachel Keepins	Democratic Services Manager
Carys Lord	Chief Officer - Finance, Performance & Change
Deborah Exton	Deputy Head of Finance
Mark Thomas	Head of Regional Audit Service
Samantha Clements	Audit Wales
Nigel Smith	Finance Manager
Eilish Thomas	Finance Manager - Financial Control & Closing
Jason Blewitt	Audit Wales
Joan Davies	Deputy Head of Regional Internal Audit Service
Alex Rawlin	Corporate Policy & Public Affairs Manager

48. DECLARATIONS OF INTEREST

None.

49. APPROVAL OF MINUTES

RESOLVED: That the minutes of the 10/11/2022 be approved as a true and accurate record.

50. GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

The Democratic Services Manager outlined the report which provided Members with an update on the Governance and Audit Committee Action Record.

The action record was attached at Appendix A of the report.

RESOLVED: That the Committee noted the report and the attached Action Record.

51. REGULATORY TRACKER

The above report was presented by the Corporate Policy and Public Affairs Manager and its purpose was to provide an update to the Governance and Audit Committee (GAC) on the regulatory tracker.

She stated that following feedback received on the Regulatory Tracker there was a focus on the link with Overview and Scrutiny Committees to ensure that the detail of the inspections and the actions on recommendations was adequately being covered. Therefore, she would arrange a meeting with Scrutiny colleagues to discuss and to

ensure regulatory information is picked up in future forward work plans that are presented to those Committees.

As an example, she stated that if it is felt that there was limited evidence of progress there needed to be a clear mechanism for dealing with that or referring it to an Overview and Scrutiny Committee.

The Corporate Policy and Public Affairs Manager also stated that there was a discussion required, in order to understand if going back two years in respect of the above was sufficient and as a result of this, the Estyn inspection from 2019 had been included as part of follow-up action.

She requested committee to treat the report submitted as a first progress report, with the summary report indicating the inspections and recommendations that have been added since that last report in November, as referred to in Appendix 1 to the report and as highlighted in paragraph 4.1.

It was stated that there was a new Care Inspectorate Wales report on the transformational Leadership Progress Programme Board and a possibility of 2 other reports on two of BCBC's care homes.

Paragraph 4.2 of the report confirmed that 18 recommendations had been closed, including 8 from recommendations of new audits.

There were a considerable number of regulator recommendations for the Council, with 18 of these now having been closed. These were subject to RAG status. Some of these were of an urgent priority to complete, she added.

The Corporate Policy and Public Affairs Manager stated that it was hoped that the Committee would be reassured that the regulatory tracker had been added to the quarterly corporate performance management arrangements and would therefore be monitored through this process. She concluded her submission by stating that the regulatory tracker had been considered by Corporate Management Board on the 16 January 2023.

A member queried how and where he could find information relating to a particular report being submitted to the relevant Overview and Scrutiny Committee within the regulatory tracker.

The Corporate Policy and Public Affairs Manager stated that while such a mechanism was not active at the time of the meeting, this would be something that she could link in with Officers on in order to try to implement this in the future.

A member queried who the lead officers on the Amber and Red categories would be and how it would be possible to identify officers responsible for the corrective plans and approval of recommendations, including related time scales for these. This was reinforced by the Chairperson who stated that the definitions for the Amber and Red categories needed to have specific timelines attached to them for their completion.

A lay member congratulated the lead officer for the work she had completed on the Regulatory Tracker and stated that he felt it would help the Governance and Audit committee to take charge or be able to discharge its functions in an improved way going forward. He queried the existence of an official definition between Red and Amber. He suggested that the definitions are annexed. He also stated it may be useful to have specific timelines for actions and recommendations, rather than keeping it open-ended as this would assist the committee for tracking purposes.

The Chairperson wished it noted that he endorsed the above comments. He also added it would be useful to know the names of the officers who would be responsible for delivering the recommendations and a timeline of when the recommendations would be completed, including target dates for completion.

The Corporate Policy and Public Affairs Manager responded stating that she would look at having these details included in the tracker following the discussion with scrutiny colleagues regarding the links with the Overview and Scrutiny process.

RESOLVED : That the Governance and Audit Committee agreed the summary points and detailed regulatory tracker and raised the above issues for follow up.

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

The Financial Audit Manager from Audit Wales presented the report, the purpose of which was to submit to the Committee reports from Audit Wales, to include an update on the financial and performance work already and due to be undertaken by Audit Wales.

Her colleague, a senior auditor from Audit Wales, advised that the purpose of the Baseline Governance Review Of Cwm Taf Morgannwg Regional Partnership Board had been to gain assurance that the Health Board and three Local Councils are working effectively through the Transformation Leadership Board to support regional integrated working across the Cwm Taf Morgannwg region. This included building on the work undertaken in the last 18 months, as well as looking at more long-term thinking moving forward and ways to better resource the region. It was considered that more effective strategic planning was required in the future.

Paragraph 4.1 of the report gave information on the reports that Audit Wales had produced for the Committee to consider, namely:

- The Audit Wales Programme and Timetable (Appendix A to the report);
- Transformational Leadership Programme Board – Baseline Governance Review – Cwm Taf Morgannwg Regional Partnership Board (Appendix B)

The Corporate Director – Social Services and Wellbeing provided a response to the elements of the Audit carried out which related to Appendix B above, and had responded in full at the report at Appendix C.

The Audit Wales representative also made reference to the 7 recommendations as detailed in the Audit Wales report (at page 6 of Appendix B) and briefly gave an overview of these for the benefit of members.

A member queried the reason for the delay in setting up the board for the Governance Cross Cutting programme which was expected in July 2022. The Senior Auditor with Audit Wales stated that the purpose of the study was to gain assurance that the Health Board and the three councils work together through the Transformation Leadership Partnership Board (TLPB). He stated that the fieldwork was undertaken from November 2021 to January 2022 after which their findings were presented in March 2022.

The conclusion was, as depicted in the report, building on the productive working relationships over the past 18 months, which had also encompassed the challenges of COVID, the TLPB was well placed to develop a strong regional working approach and there needed to be more long term thinking strengthening aspects of governance arrangements and improving regional and innovative use of resources.

Seven recommendations were made at that time and subsequently presented back to the new Integrated Leadership board on the 1st of December 2022. The Corporate Director, Social Services and Wellbeing added since the field work was undertaken and the report was published, a review of governance had been undertaken.

A new integrated leadership board chaired by the Chief Executive of the Health Board and attended by very senior officers across organisations has been established to ensure cross cutting work around finance, workforce, capital and buildings. She stated that the workforce is an area still in need of further work. The arrangements were in place in terms of performance management.

The priorities within it were translated into a refreshed area plan and the performance dashboards across all of the supporting infrastructures. She stated that the results were in varying levels of maturity. However, whilst there was a time scale of completion of September, there has been work completed.

The Corporate Director for Social Services stated that there was further work to be done in that area and the same in terms of risk management which is focused on the risk around funding, particularly because the RPB is responsible for short term grant funding with tapering requirements. The ambition of the Regional Partnership Board is very clear in that it is not just to be about the Regional Integration Fund, but the use of core budgets and the opportunity to explore further pooled funds across the region. As part of that vision around integration, more work by the end of the financial year is to be undertaken.

A member stated that since becoming a Councillor in 2022 he had observed good progress on the collaboration around the whole area of governance arrangements and improving regional resources. He welcomed the focus on the five years plus planning linking in between the Council's Local Development Plan and the Plans of the Health Board.

He stated he had observed that Health was an end-to-end provision and the problems that emergency departments faced were caused potentially by a lack of workforce in the field of social care, especially since the pandemic. He was assured however by the Corporate Director - Social Services and Wellbeing with the Department's plans for progress, as referred to in her report.

The Chairperson stated that it would be useful to know what arrangements had been put in place in terms of governance and queried if it was known who would deal with the performance management and any related delays on the traffic light system of alerts. He suggested that there was core budget based work undertaken to address issues faced with resources within the local authority and in particular, the area of Children's and Social Services.

The Corporate Director - Social Services and Wellbeing, agreed that an action plan which would reflect more within the regulatory tracker, as well as working towards progressing a national specification for what integrated Community services needed to be shaped like going forward.

RESOLVED : That Members noted the Audit Wales Governance and Audit Committee reports including the Corporate Director – Social Services and Wellbeing report, and the attachments at Appendix A, B and C.

53. **CORPORATE RISK ASSESSMENT 2023-24**

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The Chief Officer – Finance, Performance and Change presented a report, the purpose of which was to provide the Governance and Audit Committee with an updated Corporate Risk Assessment 2023-24 and an updated Corporate Risk Management Policy.

The Corporate Risk Assessment, attached at Appendix A to the report, had been reviewed in consultation with the Corporate Management Board. It identifies the main risks facing the Council, their link to the corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015, the likely impact of these risks on Council services and the wider County Borough, and identifies what actions are being taken to mitigate the risks and who is responsible for the Council's response. The risk assessment is aligned with the Medium Term Financial Strategy.

The Chief Officer – Finance, Performance and Change stated that there were currently 11 risks on the Corporate Risk Register. Every Risk had been reviewed by CMB.

The Risk Management Policy had also been amended to reflect the introduction of new Risk tracking and reporting software during 2023.

The Corporate Risk Management Policy timeline, included in Appendix B to the report, had been amended for 2023-24.

The Corporate Director, Social Services and Wellbeing stated that the issues in terms of pressures in the health and social care system were not new but the reason for escalating this to the corporate risk register at this time, was due to the level of risk within this volatile service area.

She stated that there were action plans in place focussing on the two areas depicted in red within the report which were of high risk.

There was a Social Work Review being conducted by the Head of Adult Social Care which would look at the configuration of teams and resources across adult services, with the view of improving the service area going forward.

The Corporate Director then went on to mention the challenges faced in the recruitment market within Social Care, where there was a difficulty with recruitment and retention. This was not just common to BCBC but was an issue across the whole of Wales.

She explained that the Council were therefore taking steps to combat this, by 'growing its own' and linking in with Bridgend College and Universities, in order to better promote Bridgend from a marketing perspective. This will hopefully attract younger people to forge a career in Children and Adult Social Care, particularly as Bridgend, in this area of work, was becoming an ageing workforce.

A real focus for the Service was rebuilding capacity and the reablement services. A reduction had been seen post COVID or during COVID, to a point where the service was delivering around 1,000 hours less a year of reablement than was being delivered prior to the pandemic. If individuals did not go through those reablement pathways, they were likely to require more care and support on an ongoing basis.

In relation to strategic work around workforce, there was a large focus in terms of marketing and work linking in with Bridgend College around their health and social care students. For reasons expressed above, there was a need to get more younger people into care related job vacancies.

To this end, job descriptions had been reviewed and the market supplement application was due to be submitted this month, in order to address the very challenging market around the care workforce.

The Corporate Director – Social Services and Wellbeing stated that strategically, on a regional level, she would look to shift resource into those areas where there were gaps in terms of services offered locally. She added that there was a need to look to block book interim placements where it could be seen that people needed that level of support.

Though a full assessment had not been undertaken around long-term placements, the aim was to try and improve the situation and the flow through the whole system for individuals and to do that in a way which best meets the needs of individuals, but also reduces any compromise overall in terms of the whole system

The Corporate Director – Social Services and Wellbeing, referred to a project that was being overseen by the Welsh Government under the name 1000 bed equivalent. She confirmed that it was not about beds per se, but about bed equivalents. She concluded stating that an improvement has been seen through management arrangements in this area of the service.

She elaborated that to ensure statutory duties are met in a timely way 3 levels of escalation had been introduced, namely :

- Bronze – operational – service level – chaired by Head or Deputy Head of Service
- Silver - tactical – directorate level – chaired by Corporate Director
- Gold – strategic – corporate – chaired by Chief Executive

Once statutory duties were consistently met in a timely manner across the whole social care services the command structure will be stood down.

The Corporate Director – Social Services also stated that this linked into the Audit Wales review of unscheduled care, in order to ensure that the Service is systemically managing issues of business continuity. She stated that actions had been put in place and was happy to share these with the Committee upon request, as referred to in more detail as part of relevant action plans.

A member suggested that the three categories of risk mentioned be depicted by way of a coloured chart with the inclusion of a RAG status, to help for easier reading and understanding of progress being made in respect of risk categories. The member also queried the risks mentioned around workforce recruitment and supplier failure.

The Chief Officer, Finance, Performance and Change, responded by stating that management would take on board suggestions around presentation to facilitate ease of understanding, etc.

A member highlighted inflationary pressures, grant funding reliance, inflations costs for materials for works gone out to tender, cost of living challenges and non-payment of council tax. He felt that these were of particular high risk that required careful monitoring.

The Chief Officer, Finance Performance and Change, responded that these risks were becoming more significant and, when next reviewed, she would look at how best to address these, through perhaps splitting risks into more defined categories in future.

There was a discussion between a lay member and the Chief Officer, Finance, Performance and Change around how the Council addressed the various risks, the key

actions established, how they can be progressed and differentiated between risks and business as usual. He mentioned the implementation of target dates to enable focus on outcomes. The Chief Officer, Finance Performance and Change stated that while they have a very strong financial governance system in place which minimises the risks, she suggested that they could split the business as usual and any particular new actions that were brought forward because the risks move and will require alternative action.

A Lay member asked about the Policy and the changes that took place. He queried if the policy was new and how changes to the Policy would be recorded. The Deputy Head of Finance confirmed that the policy was not new but is an existing one reviewed annually, she confirmed that there were no changes in the last financial year. It was noted that any future changes to policy would be highlighted.

RESOLVED : That the Committee considered the Corporate Risk Assessment 2023-24 report together with the updated 2020-2023 Risk Management Policy.

54. **TREASURY MANAGEMENT STRATEGY 2023-24**

The Group Manager – Chief Accountant submitted a report on the draft Treasury Management Strategy 2023-24, that included the:

- Borrowing Strategy 2023-24
- Investment Strategy 2023-24
- Treasury management Indicators for the period 2023-24 to 2025-26

A Member asked the Chief Officer, Finance, Performance and Change about the risks and protections regarding lending to other authorities.

The Chief Officer – Finance, Performance and Change assured the Committee that such transactions only took place having had due regard to the advice from BCBC's Treasury Management Advisors.

A Member expressed that he wished to continue on from the previous question around Ethical Investment Policy and requested that the Chief Officer - Finance Performance and Change elaborate on the significant changes in interest rates for borrowing and lending.

The Chief Officer – Finance, Performance and Change stated that she could take away suggestions in relation to the Ethical investment Policy to enhance the Strategy going forward. She responded that in relation to borrowings, the current loans were on fixed rates and therefore the changes in interest rates did not have an impact on any Council financial commitments in the immediate future. The changes to interest rates would be reflected when new investments were made.

A member welcomed the changes in respect of lending to other authorities.

The Chief Officer – Finance, Performance and Change referred members to the changes to BCBC's Lending Policy which were contained in the report and were deemed as reasonable. She added that lending and borrowing by the local authority was carefully considered in conjunction with specialist advice from the Council's Treasury Management advisors.

The member asked if BCBC could look at implementing an Ethical Investment Policy, to which the Officer replied that she would take this up with our above advisors, Arlingclose.

RESOLVED : That the Committee considered the Treasury Management Strategy for 2023-2024 and recommended that the final updated Treasury Management Strategy be presented to Council for approval in March 2023.

55. **STATEMENT OF ACCOUNTS 2021-22**

The Group Manager – Chief Accountant presented a report, the purpose of which was to present to the Governance and Audit Committee the audited Statement of Accounts for 2021-22, which is now due to be certified by our external auditors, Audit Wales, and the associated Letter of Representation of the Council.

Audit Wales also updated the Committee on their main findings from the audit, summarised the audit work carried out in respect of the 2021-22 financial year, and presented their Audit of Accounts Report, which requires the appointed auditor to report these key findings to those charged with governance.

The amended audited Statement of Accounts 2021-22 was attached at Appendix A to the report. The detail of all the amendments were contained within the Auditor's Audit of Accounts Report at Appendix B.

He explained that the audited Statement of Accounts 2021-22 was required to be signed by the Chief Financial Officer and the Chair of the Governance and Audit Committee as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2022.

Audit Wales have substantially completed their audit work and the Statement of Accounts are due to be signed by the Auditor General for Wales on 27 January 2023, subject to Governance and Audit Committee approval of the accounts.

The Group Manager – Chief Accountant further added that the Council Fund at 31 March 2022, as presented to the Governance and Audit Committee in July 2022, has not changed.

In line with the International Standard on Auditing (ISA) 260, the external auditor is required to communicate relevant matters relating to the audit of the financial statements to those 'charged with governance'. These matters were incorporated into the Audit of Accounts Report at Appendix B. This Appendix also contains the full list of adjustments made to the accounts as a result of the audit, as described in paragraphs 3.2 and 3.3 of the report.

A final Letter of Representation from the Council is required by the Appointed Auditor to complete the process and enable the accounts to be approved. This is included at Appendix C and is required to be signed by the Chair of the Governance and Audit Committee and Section 151 Officer.

A Lay member queried dates on the Audit report and a correction to the date was acknowledged. As a result of this, the Group Manager - Chief Accountant confirmed that the dates would be corrected from 2019 to 2021.

RESOLVED : That the Committee:

- Approved the audited statement of accounts 2021-22
- Noted the appointed Auditor's Audit of Accounts Report

- Noted and agreed the final letter of representation to Audit Wales to be signed by the Chairperson of the Committee and Section 151 Officer.

56. **GOVERNANCE AND AUDIT COMMITTEE SELF-ASSESSMENT OF KNOWLEDGE & SKILLS**

The Head of the Regional Internal Audit Service presented a report, in order to set out the skills & knowledge self-assessment questionnaire feedback provided by Government and Audit Committee Members to inform the development of a learning and development plan for the Committee.

Following the report's background information, he advised that the Governance and Audit Committee members were requested to consider ten statements and to indicate whether their level of knowledge / experience was either 'good', 'satisfactory' or 'little' knowledge in relation to each.

Paragraph 4.3 of the report, gave some feedback on the results of this.

The results indicated that Governance and Audit Committee members have an overall sound base of knowledge and experience in the areas of responsibility for this Committee.

The questionnaire also asked Governance and Audit Committee members to indicate what knowledge and skills they had which will add value to the work of the Governance and Audit Committee.

The table in paragraph 4.6 of the report, provided a summary of the feedback received in respect of areas of knowledge/skills. The feedback indicated that there is experience and knowledge, at varying levels, across all key areas.

The Self-Assessment Questionnaire was attached at Appendix A to the report, while the responses from the ten returned questionnaires were at Appendix B and were summarised in the covering report.

With the agreement of Members, it was suggested Officers would draft a learning and development plan for reporting to the next meeting for review and, if deemed appropriate, sign off which would include risk management and counter fraud.

The Chief Officer – Finance, Performance and Change stated that there was a Member training session on Treasury Management arranged in February for Members including lay members of the Committee.

The Chairperson stated that if there were issues around risk management, counter fraud or any of the other areas relayed by the Head of the Regional Internal Audit Service, he invited Members to bring them to his attention.

- RESOLVED** :
- (1) That the members of the Governance And Audit Committee reviewed the self-assessment questionnaire feedback information and discussed the learning and development areas required.
 - (2) That Officers draft a learning and development plan reflecting the views of the Committee.

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

The Deputy Head of the Regional Internal Audit Service presented a report in order 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 2022-23.

She explained that the Plan had been submitted to the Governance and Audit Committee for consideration and approval at its June 2022 meeting. The Plan outlined the assignments to be undertaken, which would provide sufficient coverage to provide an opinion at the end of 2022-23.

Appendix A of the report showed the progress made against the approved Plan for the period 1 April to 31 December 2022. This showed that, as at the end of 2022, a total of 11 audits had been completed, with 6 of these having been finalised with an audit opinion. A further 6 audits had been completed with draft reports having been issued. Further information was awaited from the service departments on the Management Action Plans proposed for these reviews before these reports could be finalised. A further 22 audits were work in progress, with a further 11 due to commence shortly. The finalised audits have made a total of 16 recommendations to date.

New staff had been recruited during 2022- which has had an impact on resources available, however it is felt that there will be sufficient coverage by the year end to provide an overall audit opinion.

Appendix A also identified that to date, 9 medium priority and 7 low priority recommendations had been made to improve the control environment. The implementation of these recommendations was being monitored to ensure that the identified and agreed improvements were being made.

A Member referred to page 319 of the report and asked if, in future, a priority rating and number of days allocated could be indicated and core reviews split from other activities such as advice, audit planning etc.

Internal Audit Officers confirmed that this would be considered.

RESOLVED : That Members of the Committee noted the content of the report and also the progress made against the Internal Audit Risk Based Plan.

58. **RECOMMENDATION MONITORING**

The Deputy Head of the Regional Internal Audit Service submitted a report that provided Committee with a position statement on Internal Audit recommendations that had been made, implemented and ones which were outstanding.

Appendix A to the report provided a summary of the status of the recommendations made as at 31 December 2022, which also included the recommendations made in respect of audits completed in 2021-22 not yet implemented, as well as all recommendations made on 2022-23 audits to date.

She asked members to note that in respect of audits from the 2021-22 plan, 2 recommendations remained outstanding as the agreed implementation date has been exceeded, whilst 28 recommendations have a future target date. Appendix B provided the detail of the 2 outstanding recommendations and the current position in respect of their implementation.

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The Deputy Head of the Regional Internal Audit Service stated that Appendix A also illustrated the position of the recommendations made within audits from the 2022-23 plan and she gave a resume of some of these for members information.

A Member queried the progress of point 2 of the good governance and risk management recommendation. The Deputy Head of the Regional Audit Service confirmed that she would get an update to this query and provide a response to members.

A Lay member commended the officers for the work undertaken.

RESOLVED : That Members considered the information provided in respect of the status of the recommendations made in the report.

59. UPDATED FORWARD WORK PROGRAMME 2022/23

The report was presented by the Deputy Head of Finance, the purpose of which was to seek Members' approval for the Forward Work Programme for 2022-23 attached at Appendix A of the report.

Paragraph 4.2 of the report listed those agenda items that were earmarked for the next scheduled Committee meeting dated 27 April 2023.

A member queried which Overview and Scrutiny Committee would discuss the topics of Digital strategy and Digital Transformation and was advised that it would in all likelihood, be the Corporate Overview and Scrutiny Committee.

RESOLVED : That the Committee considered and approved the Forward Work Programme for 2022-2023.

As this was the last meeting of the Governance and Audit Committee before his retirement, the Chairperson expressed his gratitude and the committee expressed their best wishes to the Head of the Regional Audit Service for his years of service to the public sector that included in recent years, the Shared Regional Service.

The Head of the Regional Audit Service thanked members for their kind comments and confirmed how much he had enjoyed working in a local government environment, for a large part of his career.

60. URGENT ITEMS

None.

The meeting closed at 12:04