

**GOVERNANCE AND AUDIT COMMITTEE - FRIDAY, 19 JULY 2024**

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD REMOTELY - VIA MICROSOFT TEAMS ON FRIDAY, 19 JULY 2024 AT 10:00**

Present Virtually

G Chapman - Chairperson

C Davies  
MJ Williams

N Clarke  
RM Granville

S J Griffiths  
S Easterbrook

M L Hughes  
R J Smith

Lay Members – Present Virtually:

A Bagley

B Olorunnisola

Apologies for Absence

Carys Lord - Chief Officer - Finance, Housing & Change

Officers – In Attendance - Virtually:

Janine Nightingale  
Deborah Exton  
Nigel Smith  
Andrew Wathan  
Joan Davies  
Alex Rawlin  
Simon Roberts  
David Williams  
Sara-Jane Byrne  
Lucy Herman  
Stephen Griffiths  
Oscar Roberts

Corporate Director - Communities  
Deputy Head of Finance  
Group Manager - Chief Accountant  
Head of Regional Internal Audit Service  
Deputy Head of Regional Internal Audit Service  
Corporate Policy & Performance Manager  
Senior Fraud Investigator  
Audit Wales  
Audit Wales  
Audit Wales  
Democratic Services Officer – Committees/ Interim Scrutiny Officer  
Business Administrative Apprentice - Democratic Services

Declarations of Interest

None

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**159. Approval of Minutes**

Decision Made	<p>The Minutes of the meeting on 6 June 2024 were approved as a true and accurate record.</p> <p>A Lay Member noted that where a Member had drawn attention to the recruitment of a new lay member, stressing the need to encourage more women to apply, it would be preferable to refer to the need to be cognizant of inclusiveness and diversity when making new appointments.</p>
Date Decision Made	19 July 2024

**160. Self-Assessment 2023/24**

Decision Made	<p>The purpose of this report was to seek the Committee's view on the draft self-assessment for 2023/24.</p> <p>In response to the report Members discussed a number of issues, including the following:</p> <ul style="list-style-type: none"><li>• That there should be an explanatory note where a significant change has been made to a judgement. The Corporate Policy &amp; Performance Manager indicated that could be done and would aim to include them in the 2024/25 report.</li><li>• The evidence that was used to justify a change in judgement from unsatisfactory to adequate in respect of improving town centres. The Corporate Director - Communities outlined the evidence.</li><li>• Whether the Council plans to enhance its community engagement strategies to ensure better participation and feedback and what measures will be put in place to ensure the Community input effectively shapes the service delivery decisions.</li><li>• The measures in place to verify the accuracy and reliability of the performance data that is provided by each directorate and how potential discrepancies or biases in the data collection process are addressed. In response, the Corporate Policy &amp; Performance Manager drew attention to the performance management improvement plan drawn up in response to criticism from Audit Wales and scrutinised by Corporate Overview and Scrutiny Committee (COSC) and indicated that it could be sent to Members for information.</li><li>• The need to disaggregate improving children's play facilities and opportunities.</li><li>• Whether it could be possible to access the data behind the report. In response, the Corporate Policy &amp; Performance Manager noted that a much more detailed and data-rich report was due to be considered by COSC, at its meeting on 25 July. A brief performance report to include all outturn and target dates will also be published alongside the self-assessment.</li></ul>
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	<ul style="list-style-type: none"> <li>• The way complaints are recorded and dealt with in different systems, and the challenges this presents in providing an overview of this area of activity in the Council. The Corporate Performance Manager agreed to add a specific reference to social services complaints into the self-assessment report.</li> <li>• Drawing on the example of encouraging the development of self-built homes and infill plots to increase the range of housing in the valleys, there was an issue with making commitments where there were no resources or funding available to make progress. In response, the Corporate Director – Communities indicated that the only way new affordable homes could be built in the valleys is via our Registered Social Landlords (RSL) partners. An additional difficulty was that there were very few large development areas left in the valleys for housing developments.</li> <li>• The Penprysg Road Bridge development raised additional questions about including commitments of this kind, when the funding was not in place (a bid was made for at least £25 million from the Levelling Up Fund). It was important that Directorates did not set themselves up to fail by putting in place commitments they cannot deliver.</li> <li>• How much more detail is required to understand some of the judgements in the draft report.</li> <li>• That it would be helpful for Members of the Committee to receive feedback from the Corporate Policy &amp; Performance Manager about the discussion on this report at COSC on 25 July.</li> </ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee:</p> <p>Reviewed the draft self-assessment at Appendix 1 and provided comments, feedback and improvements.</p> <p>Considered the proposed alterations to scores at paragraph 3.8 and 3.9.</p> <p>Requested that consideration be given to the organisation of a training event on the current process for self-assessment and a workshop to go through the draft of the self-assessment for 2024-25 before its submission to the Committee next year.</p>
Date Decision Made	19 July 2024

**161. Regulatory Tracker Update**

Decision Made	The purpose of this report was to provide an update to the Committee on the Regulatory Tracker updated
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	<p>to the end of quarter 4 of 2023-24.</p> <p>In response to the report Members discussed a number of issues, including the following:</p> <ul style="list-style-type: none"><li>• Where recommendations have been closed, what specific measures are taken to ensure changes are sustainable. In response, the Corporate Policy &amp; Performance Manager indicated that in the guidance to directorates, that solutions had to be long-term and sustainable. Reports of this kind provided an overview of how things were evolving and changing. In addition, there were mechanisms, including scrutiny and internal audit, to explore how well services are managed and delivered.</li><li>• The Chairperson indicated that he would like to understand why referrals from Governance and Audit Committee do not seem to have made their way on to the forward work programmes of the scrutiny committees.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee considered the summary points and detailed regulatory tracker and raised issues of concern for follow-up, including the need to explore via a meeting, letter or email in advance of the next meeting of the Committee in September the issue of referrals from the Committee to the Scrutiny committees.</p>
Date Decision Made	19 July 2024

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

Decision Made	<p>The purpose of this report was to provide Members with an update on the Committee's Action Record. It seeks to update Members on follow-up actions or further information requested on reports considered by Members and/or requested by the Committee, including any other related information in relation to previous agenda items.</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 urgent need for a date to be agreed and scheduled for Members to receive a briefing and training on aspects of their work from Audit Wales and the Regional Internal Audit Service (RIAS). In response, the Head of RIAS noted that he was working with the Chief Officer - Finance, Housing</li></ul>
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	<p>&amp; Change to put a workshop together for Members. The details were not yet sorted but the content would be meaningful for Members and an update with the date would be provided as soon as there is one.</p> <ul style="list-style-type: none"><li>• A representative from Audit Wales added that they usually organised a good practice exchange event to go alongside the publication of reports, and these provided Members with an opportunity to understand more about the issues discussed in the reports.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the Action Record and provided comments, as appropriate.</p>
Date Decision Made	19 July 2024

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

Decision Made	<p>The purpose of this report was to submit to the Committee three reports from Audit Wales: details of the quarterly update on the Work Programme to the end of June 2024, the Detailed Audit Plan 2024 and the Annual Audit Summary.</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 challenges associated with recruiting staff in local government.</li><li>• The concept of materiality and the identification of material misstatements, that is, those that might result in a reader of the accounts being misled.</li><li>• The work associated with Audit Wales' Review of Decision-Making Arrangements (May-October 2024), including the arrangements around delegated decision-making.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the Audit Wales Governance and Audit Committee Reports at Appendix A, Appendix B and Appendix C.</p>
Date Decision Made	19 July 2024

**164. Progress Update on Limited Assurance Opinions Issued by Internal Audit**

Decision Made	<p>The purpose of this report was to present Members with a progress report on actions taken to address issues identified in Limited Assurance reports issued by Internal Audit.</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 actions and timeframe associated with the work undertaken to address the issues identified with Security &amp; Access to Council Buildings.</li><li>• The process for deleting the email accounts and contact details of members and officers that have left the authority. Further information on this would be sent to Members by email.</li><li>• When the original report on the outstanding issue of Home to work mileage in Council Vehicles was written. The Head of RIAS indicated that he would forward that information to the Chairperson. Further, the Corporate Director – Communities indicated that there were very particular circumstances that accounted for actions remaining outstanding in this area of work.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the progress report on actions taken to address issues identified in Limited Assurance reports issued by Internal Audit.</p>
Date Decision Made	19 July 2024

**165. Porthcawl Harbour Return 2023-24**

Decision Made	<p>The purpose of the report was to present the Committee the unaudited Porthcawl Harbour Return for 2023-24.</p> <p>In response to the report, Members discussed a number of issues, including the following:</p> <ul style="list-style-type: none"><li>• Why there had been a substantial increase to £211,000 in the Council contribution to Porthcawl Harbour during 2023-24. The Group Manager – Chief Accountant responded by indicating that it was the result of increased maintenance costs.</li><li>• How budgetary controls operate and how depreciation and the value of the asset is calculated. The</li></ul>
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	<p>Group Manager – Chief Accountant indicated that he would check how depreciation was calculated in this instance and confirm to Members.</p> <ul style="list-style-type: none"><li>• That the return would benefit from a further sentence explaining that although the asset looks like it is reducing in value, that is an accounting adjustment rather than an actual loss of value.</li><li>• Whether there are opportunities to generate more revenue.</li><li>• That staffing levels at Porthcawl Harbour are 1.5 full time equivalent (with no one working full-time).</li></ul> <p><u>RESOLVED:</u></p> <p>The Governance and Audit Committee approved the unaudited Porthcawl Harbour Return 2023-24 subject to the addition of a note explaining the accounting adjustment in relation to the value of the asset; and requested, as a matter of urgency, that Subject Overview and Scrutiny Committee 3 look at the operation and performance, especially in respect to the Council’s commitments and liabilities, of Porthcawl Harbour.</p>
Date Decision Made	19 July 2024

**166. Treasury Management Outturn Report 2023-24**

Decision Made	<p>The report provided, in line with Paragraph 22.8 of the Financial Procedure Rules, an update of Treasury Management activity for the year 1 April 2023 – 31 March 2024.</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 hypothetical impact, from a Treasury management perspective, if the Council decided to invest in housing. In response, the Group Manager - Chief Accountant noted that much would depend on what was planned. Given the Council does not manage housing, it was possible, for example, to lend to an RSL, and that would be capital expenditure. As that would increase our capital financing requirement, we would be taking on more debt, which we would have to finance and repay. In terms of the revenue costs associated with the repayment of debt, we would have to consider that in the context of the limits approved by Council. There is an operational limit, which is what we would normally operate within day-to-day, and there is an upper limit which we do not go beyond. Any changes to that would need to be considered as part of a revision of the treasury management strategy and that would have to be approved by Council.</li><li>• Our current borrowing levels. As things stand, it was just over £100 million at the end of the year, and the operational boundary is £140 million. In terms of current expectations, the forecast within</li></ul>
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	<p>the capital programme and use of earmarked reserves, the likely total is £120 million.</p> <ul style="list-style-type: none"><li>• The impact on the Council's liquidity or overall financial health of the reduction in investment balances.</li><li>• LOBO (Lender Option Borrower Option) loans and borrowing 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>• Noted the Treasury Management activities for the 2023-24 financial year; and,</li><li>• Noted the Treasury Management Indicators for the period ending 31 March 2024 against those approved in the Treasury Management Strategy 2023-24.</li></ul>
Date Decision Made	19 July 2024

**167. Corporate Fraud Report 2023-24**

Decision Made	<p>The purpose of this report was to present Members with the Annual Corporate Fraud Report 2023-24 which summarises the actions undertaken in respect of counter fraud and provides an update on the National Fraud Initiative (NFI) exercise.</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 number of blue badges issued by the Council. The Senior Fraud Investigator indicated that he would send members the latest figure.</li><li>• The Cabinet Office methodology for calculating projected savings.</li><li>• The steps taken by the Council to stop repeat fraud by the same people. The Senior Fraud Officer indicated that the Council's records are kept for the standard period of time, which is usually six years plus one, in respect of any legal matters which are taken against anybody for fraud. If someone was identified as a person dealt with previously by way of a penalty or financial penalty, then the Council would consider prosecution the second time around because that would be deemed a more serious offence.</li><li>• The role of Civil Enforcement Officers.</li><li>• The targeted approach to enforcement activity adopted by the Fraud Department.</li></ul>
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	<ul style="list-style-type: none"><li>• The costs and associated benefits of employing more people in the Fraud Department, and whether this was a way of increasing revenue for the Council. It was noted that this would be discussed further with the Chief Officer - Finance, Housing &amp; Change.</li><li>• That this area of activity should be scrutinised by COSC, and its recommendations be reported to Cabinet.</li><li>• That Members would welcome the opportunity to discuss fraud with a member of the Fraud Team at the Department for Works and Pensions (DWP).</li><li>• The issue of fraud in procurement and in the administration and operation of outsourced contracts.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the Annual Corporate Fraud Report 2023-24, the measures in place, the work being undertaken to prevent and detect fraud and error and the update on the National Fraud Initiative.</p> <p>Further, it was agreed that a letter be prepared by the Chief Officer - Finance, Housing &amp; Change for the Chairperson to sign, and copying in local MPs, inviting a representative of the DWP Fraud Team to attend a meeting of the Committee.</p>
Date Decision Made	19 July 2024

**168. Forward Work Programme 2024-25**

Decision Made	<p>The purpose of this report is to seek approval for the updated Forward Work Programme for 2024-25.</p> <p>In response to the report, a Member raised the issue of reviewing the Capital Programme. Another Member noted that Cabinet had made a commitment that an in depth, line-by-line, review of the Capital Programme would take place this year. The Member who raised the original query was encouraged to write to the Chief Officer - Finance, Housing &amp; Change outlining his proposals for the review.</p> <p>The Chairperson noted that additional meetings could have to be organised to do justice to the agenda. He would take the opportunity to discuss this with the Chief Officer - Finance, Housing &amp; Change.</p> <p><b><u>RESOLVED:</u></b></p> <p>The Committee considered and approved the updated Forward Work Programme for 2024-25, subject to</p>
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	an update being provided to Members on the review of the Capital Programme when further information is available.
Date Decision Made	19 July 2024

**169. Urgent Items**

Decision Made	None
Date Decision Made	19 July 2024

To observe further debate that took place on the above items, please click this [link](#).

The meeting closed at 13:36.