

**GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 26 SEPTEMBER 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, 26 SEPTEMBER 2024 AT 10:00**

Present

G Chapman – Chairperson (lay member)

M L Hughes  
S Easterbrook

RM Granville  
R J Smith

N Clarke

C Davies

Present Virtually

MJ Williams

S J Griffiths

Lay Members - Present

B Olorunnisola

Lay Members - Present Virtually

Deb Austin

Apologies for Absence

A Bagley

Officers:

Carys Lord  
Andrew Wathan  
Joan Davies

Chief Officer - Finance, Housing & Change  
Head of Regional Internal Audit Service  
Deputy Head of Regional Internal Audit Service

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Deborah Exton	Deputy Head of Finance
Nigel Smith	Group Manager - Chief Accountant
Rachel Keepins	Democratic Services Manager
Sara-Jane Byrne	Audit Wales
David Williams	Audit Wales
Charles Rigby	Audit Wales
Simon Roberts	Senior Fraud Investigator
Stephen Griffiths	Interim Scrutiny Officer/ Democratic Services Officer - Committees
Oscar Roberts	Business Administrative Apprentice - Democratic Services

**Declarations of Interest**

None

**170. Approval of Minutes**

Decision Made	The Minutes of the meeting on 19 July 2024 were approved as a true and accurate record.
Date Decision Made	26 September 2024

**171. 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 sought 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 role of the Governance and Audit Committee in considering the issue of 'governance' across the Council, and whether the Committee should be more active in addressing issues and calling in directors and service managers to account for identified issues with service delivery.</li><li>• The relationship between the Governance and Audit Committee and the scrutiny committees and the need for a more formal process for reporting between them. In response to the points raised</li></ul>
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	<p>about the relationship between the Governance and Audit Committee and the scrutiny committees, the Democratic Services Manager (DSM) indicated that a meeting would be arranged between the Scrutiny Chairs and G&amp;A Chair to agree a formal process for reporting between the Committees and to develop a working relationship between them to ensure effective working and avoid duplication between items.</p> <ul style="list-style-type: none"><li>• That the issue of Porthcawl Harbour had been considered as part of work undertaken by the Budget Research and Evaluation Panel (BREP) in 2023-24.</li></ul> <p><u>RESOLVED:</u></p> <p>The Committee noted the Action Record and provided comments, as appropriate.</p> <p>That the DSM would arrange a meeting between the Scrutiny Chairs and the Governance and Audit Chair as detailed above.</p>
Date Decision Made	26 September 2024

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

Decision Made	<p>The purpose of this report was to submit to the Committee one report from Audit Wales. This report provided details of the Financial Sustainability Review undertaken by 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>• Whether the Council has the decision-making capability to address the current budget situation and move away from ‘salami-slicing’ all services to making big strategic decisions to create a more sustainable Council.</li><li>• That all-Member group briefings had taken place on the budget situation and the BREP process was underway. That Members should receive the external benchmarking paper from August 2023, that was considered as part of the BREP process in 2023-24.</li><li>• The potential value of exploring whether collaboration and a more collective approach with other local authorities might help the Council take a different approach to thinking through decisions.</li><li>• That there simply wasn’t enough money in the system to sustain services.</li></ul>
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	<p><b><u>RESOLVED:</u></b></p> <p>The Committee noted the Audit Wales Governance and Audit Committee Report at <b>Appendix A</b> along with the Council's Management Response Form at <b>Appendix B</b>.</p> <p>It was agreed that an Audit Wales report on decision-making in the Council would be submitted as part of the agenda for the Committee meeting in November.</p> <p>The Committee requested that the recommendations from the financial sustainability report be added to the regulatory tracker.</p>
Date Decision Made	26 September 2024

**173. Draft Statement of Accounts 2023-24**

Decision Made	<p>The purpose of this report was to present to the Governance and Audit Committee the unaudited Statement of Accounts for 2023-24 attached at Appendix A. The draft Statement of Accounts for 2023–24 had been completed in accordance with the Accounts and Audit (Wales) Regulations 2014. The draft Accounts are now subject to audit by Audit Wales and it is intended to present for approval the final audited accounts to the Governance and Audit Committee in November 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 issue of materiality and the need to add a definition of it to the report.</li><li>• The increase in contributions to the Awen Cultural Trust, and the composition of the Board of Trustees.</li><li>• The need for further information on the status of unfunded pension scheme liabilities.</li><li>• The short- and medium-term sustainability of the Council's reserves.</li><li>• The risks associated with not delivering a balanced budget and the impact on services for citizens and communities into the medium term.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Governance and Audit Committee noted the unaudited Statement of Accounts 2023-24 at</p>
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	<p><b>Appendix A.</b></p> <p>The Group Manager - Chief Accountant indicated that further information on unfunded pension scheme liabilities would be circulated to Members.</p> <p>The Committee requested that a scrutiny committee undertake a review of the Council's financial relationship with the Awen Cultural Trust.</p>
Date Decision Made	26 September 2024

**174. Annual Governance Statement 2023-24**

Decision Made	<p>The purpose of the report was to present to the Governance and Audit Committee the Annual Governance Statement 2023-24 (AGS) for approval and inclusion within the unaudited Statement of Accounts 2023-24. The AGS was attached at <b>Appendix A.</b></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 improvements that have been made in governance since 2022-23.</li><li>• The significant issues identified in 2023-24 that will be addressed in 2024-25.</li><li>• That the report would benefit from a narrative on the actions taken to address the six limited assurance opinions.</li><li>• Whether different colours could be used for the tables.</li></ul> <p><u>RESOLVED:</u></p> <p>The Governance and Audit Committee approved the draft Annual Governance Statement at <b>Appendix A</b> and agreed its inclusion within the unaudited Statement of Accounts 2023-24.</p>
Date Decision Made	26 September 2024

**175. Progress Against the Internal Audit Risk Based Plan 2024-25**

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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 2024-25.</p> <p>A summary of the progress made against the internal audit plan as of 31st July 2024 was detailed in Appendix A. It shows that nine planned audit reviews have been completed which equates to a completion rate 24%.</p> <p>Audit opinions, based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment have been given to all nine audits: all <i>Substantial or Reasonable Assurance</i>, no <i>Limited Assurance</i> opinions.</p> <p>Included within the 2024-25 plan are six audits that were not undertaken or completed in 2023-24. Appendix B shows the status of these audits; four are completed and the other two are in progress.</p> <p>A total of twenty-five recommendations have been made to date to improve the control environment. The progress being made in implementing these is regularly monitored by the Audit team and reported to this Committee.</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 work to review the use of agency staff across the Council, including procurement, payments and ongoing arrangements including authority to extend contracts.</li><li>• The work to provide assurance that the systems to manage shared prosperity funding are robust and efficient, including the processes in place for receiving funding, funding and expenditure approval and the governance of decision-making.</li><li>• Whether and how the sharing of good and best practice arising from reports is distributed across the rest of the services, to drive a culture of continuous improvement.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Governance and Audit Committee noted the content of the report and the progress made against the 2024-25 Internal Audit Risk Based Plan.</p>
Date Decision Made	26 September 2024

**176. Internal Audit Recommendation Monitoring**

<p>Decision Made</p>	<p>The purpose of this report was to provide members of the Governance and Audit Committee with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are overdue. A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 31st July 2024 was detailed in Appendix A.</p> <p>A recommendation was made to enhance an identified weakness in a control to mitigate the identified risk, so until the recommendation is implemented the risk remains.</p> <p>To date eighteen medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed.</p> <p>There was one high priority overdue recommendation made prior to 2024-25 and the progress of this continues to be monitored. The details of these are in Appendix B.</p> <p>There were also five recommendations made in audits completed in 2022-23 which still have a future implementation date. The detail of these are in Appendix C.</p> <p>The monitoring of recommendations is undertaken regularly by the Audit team and any undue delays or issues are highlighted to Senior Management and the Governance and Audit Committee.</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 high priority overdue recommendation, concerned with parking enforcement, made prior to 2024-25.</li><li>• The escalation process for the monitoring of recommendations.</li><li>• The importance of cybersecurity and the challenges associated with recruiting senior officers to posts in local government.</li></ul> <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>
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	<p>That the responsible Director and/or heads of service are expected to complete the outstanding agreed actions by the due date stated in the appendices, and if not, will be required to attend, along with the relevant Cabinet Member, the next Governance and Audit Committee to explain why the actions have not been met.</p> <p>In that regard, the responsible Cabinet Member, Director and/ or heads of service responsible for parking enforcement should attend the next meeting of the committee on 28 November 2024.</p>
Date Decision Made	26 September 2024

**177. Governance and Audit Committee Self-Assessment of Knowledge & Skills**

Decision Made	<p>The purpose of this report was to present to Governance Audit Committee the self-assessment questionnaire feedback information provided by Government and Audit Committee Members to inform the development of a learning and development programme for the Committee.</p> <p>Establishing a training programme and ongoing support for Governance and Audit Committee members is essential to ensure that they can confidently and effectively discharge their responsibilities.</p> <p>A self-assessment questionnaire, based on the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities &amp; Police, was circulated to members of this Committee in order to assess the existing skills, knowledge and areas of expertise of members and to identify any gaps or training requirements. Four completed questionnaires were returned.</p> <p>Eighty-nine percent responses from members of this Committee indicated that their level of knowledge and experience across the ten statements, shown in Appendix A, was good or satisfactory.</p> <p>The results illustrate that Governance and Audit Committee members have an overall sound base of knowledge and experience in the areas of responsibility for this Committee.</p> <p>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 Committee. The information received indicated that there is experience and knowledge, at varying levels, across all key areas.</p> <p>This information can be used to inform the compilation of a programme of learning and development for</p>
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	<p>the Governance and Audit Committee.</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 importance of bringing Members, Lay Members, and officers together for a training event.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee reviewed the self-assessment questionnaire feedback information and confirmed the learning and development areas required to inform the development of a learning and development plan for the Committee.</p>
Date Decision Made	26 September 2024

**178. Governance and Audit Committee Annual Report 2023/24 - Draft**

Decision Made	<p>The purpose of this report, subject to further comments from Members, was for the Committee to approve the Governance and Audit Committee's Annual Report and determine whether it formed a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.</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 importance of emphasising the tools available to the Committee to improve service delivery, such as referrals to scrutiny committees and utilising judgements of limited assurance to call in directors and service heads to discuss action plans.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee, subject to further comments from Members to be submitted by 10 October, approved the Governance and Audit Committee's Annual Report and determined that it formed a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.</p> <p>It was also agreed:</p>
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	<ul style="list-style-type: none"><li>• That consideration should be given to including pen portraits of the lay members in the Annual Report.</li><li>• That the report, though primarily for Council, should be published and circulated more widely in the community.</li></ul> <p>The final version of the report should be submitted to the next meeting of the Committee, prior to its submission to Council.</p>
Date Decision Made	26 September 2024

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

Decision Made	<p>The purpose of this report was to seek approval for the updated Forward Work Programme for 2024-25.</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 consideration needed to be given to the length of agendas and reports, and the challenges faced by Members in doing justice to them on behalf of the community.</li><li>• The audit work undertaken by the Regional Internal Audit Service in 2023/24 on the Capital Accounting &amp; Asset Register and Audit Wales with regard to the capital programme and commissioning be reviewed once completed and consideration be given to whether further work is required to address the issues raised by a member of the committee.</li></ul> <p><b><u>RESOLVED:</u></b></p> <p>The Committee considered and approved the updated Forward Work Programme for 2024-25, subject to consideration being given to splitting the agenda of the November meeting across two meetings before Christmas, and that the Cabinet Member and officers responsible for parking enforcement should attend the next meeting.</p> <p>It was also agreed that:</p> <ul style="list-style-type: none"><li>• The Audit Wales report on decision-making in the Council would be submitted to the committee in November.</li></ul>
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Date Decision Made	26 September 2024

**180. Urgent Items**

Decision Made	None
Date Decision Made	26 September 2024

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

The meeting closed at 12:30.