

1. PURPOSE

- 1.1 The purpose of the report, subject to further comments from Members, is for the Committee to approve the Governance and Audit Committee's Annual Report and present it to full Council for them to consider whether it forms a balanced summary of the work undertaken by the Committee during 2024/25.
- 1.2 On behalf of the Governance and Audit Committee the Annual Report for 2024/25 is submitted for consideration by the Governance and Audit Committee. It shows that, over this period, the Committee has fulfilled its role as defined in its terms of reference.
- 1.3 The report shows that the workings of the Committee provide assurance to the Council with regard the effective governance of financial affairs and other matters by the Authority.

2. RECOMMENDATIONS

- 2.1 That the Governance and Audit Committee's Annual Report for 2024/25 is submitted for consideration by the Committee. The report sets out that, over this period, the Committee has fulfilled its role as defined within its terms of reference.
- 2.2 It is recommended that, subject to further comments from Members, the Committee approve the Governance and Audit Committee's Annual Report and determine whether it forms a balanced summary of the work undertaken by the Committee during 2024/25 for presentation to full Council.

3. INTRODUCTION

- 3.1 The Council's Governance and Audit Committee has responsibility for ensuring that there are procedures in place to guarantee the adequacy and effectiveness of financial control and corporate governance arrangements.
- 3.2 A key component of good governance for all organisations is to have in place a Governance and Audit Committee. Bridgend County Borough Council complies with this requirement; the Terms and Reference of the Committee, as included within the Council's Constitution, are set in line with the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of Governance and Audit Committee, as required by the above legislation, are included at **Appendix 1** of this report.
- 3.3 The Local Government and Elections (Wales) Act 2021 determined that former Audit Committees would be re-named Governance and Audit Committees and from May 2022 the Chair of the Governance and Audit Committee had to be a lay member and that one third of its membership had to be lay members. The

fourth and final lay member was successfully appointed to Bridgend's Governance and Audit Committee in August 2024; 8 elected councillors were on the Committee during 2024/25. The Committee held 6 meetings during the municipal year, with good attendance from all members; member attendance records are shown at **Appendix 5**.

3.4 The Governance and Audit Committee was mindful of new and different ways of working in setting its workplan for the year and also of the need for robust and proportionate oversight of the Council's governance, internal control and risk managements to be in place. The Governance and Audit Committee focussed on its core responsibilities:

- Reviewing the draft financial statements;
- Scrutinising and being satisfied with the Council's Annual Governance Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
- Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
- Considering the effectiveness of the authority's risk management arrangements;
- Considering reports and recommendations of external audit in respect of the Council;
- Supporting the ongoing development and effectiveness of Governance and Audit Committee; and
- Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints.

3.5 All reports presented to the Governance and Audit Committee during 2024/25 are shown in the forward work plan as at **Appendix 2**.

4. WORK DELIVERED IN 2024/25

4.1 The CIPFA Guidance ('Audit Committees – Practical Guidance for Local Authorities & Police 2022 Edition') identifies 'Core Functions' of a Governance and Audit Committee along with what it refers to as possible 'wider functions' of a Governance and Audit Committee. The Committee undertook its role during 2024/25 by receiving a comprehensive suite of reports in line with its work programme for the year, as shown at **Appendix 2**.

4.2 *Be satisfied that the Council's assurance statements, including the annual governance statement (AGS), properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.*

4.2.1 The Draft AGS for 2023/24 was reported to the Governance and Audit Committee in September 2024; the Committee endorsed it and recommended its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2023/24 Statement of Accounts. As part of this process, the Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council's Corporate Management Board and Governance and Audit Committee. Members were keen to challenge the process and sought clarification of certain aspects of the draft statement; they felt the report would benefit from a narrative on the actions taken to address the six *Limited Assurance* internal audit opinions.

4.3 *Internal Audit functions:*

- *oversee its independence, objectivity, performance and professionalism;*
- *support the effectiveness of the internal audit process;*
- *promote the effective use of internal audit within the assurance framework.*

4.3.1 The Council's Internal Audit Service is provided by the Regional Internal Audit Service, hosted by the Vale of Glamorgan Council and provides the internal audit function to three local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council and Vale of Glamorgan Council.

4.3.2 An assessment of key risks and changes in service delivery arrangements were taken into account as part of compiling the Internal Audit Annual Strategy and Risk Based Internal Audit Plan 2024/25.

4.3.3 The Internal Audit Annual Plan for 2024/25 was reported to, and approved by, the Governance and Audit Committee (June 2024). The Head of the Regional Internal Audit Service outlined that the proposed plan would need to continue to recognise particular risks and challenges arising from revised working arrangements, such as remote ways of working. Members were keen to understand how the plan was compiled and challenged the robustness of it; they stressed the importance of the high priority audits.

4.3.4 During the year, the Governance and Audit Committee received Internal Audit performance updates, details of all finalised audit assignments and progress on implementation of audit recommendations; this suite of information has enabled Members to consider the effectiveness of the Internal Audit process for 2024/25.

4.3.5 A key part of the Governance and Audit Committee's role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the

performance and quality of work delivered throughout the year. The Internal Audit Service fulfilled this requirement through its Internal Audit Charter, that was presented to and approved by the Governance and Audit Committee and provided the Committee with information to assess the independence of the Internal Audit Service. Members asked for meetings apart from formal meetings and a training event to be considered.

4.4 *Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption.*

4.4.1 4 *Limited Assurance* audit reports were issued in 2024/25 which were reported to the Governance and Audit Committee within Internal Audit's (IA) 'Progress against the IA Risk Based Plan 2024/25 reports during the year. There were no 'No Assurance' reports issued.

4.4.2 Following the *Limited Assurance* opinions issued, Members invited the Chief Executive, the Director – Education, Early Years & Young People and Corporate Director – Communities into Committee to answer questions and respond to specific issues in order to obtain the assurances that appropriate controls were in place.

4.4.3 Members also requested that the Corporate Management Board be made aware of their concern that some audit recommendations were not being actioned on a timely basis and requested progress reports. Directors / Heads of Service were requested to provide written progress reports on the implementation of audit recommendations.

4.4.4 Throughout the year Members demonstrated that they challenged senior management around governance issues arising and held them accountable for taking appropriate action to make the necessary improvements. Consideration was given to calling in Directors where action was not evident for them to provide assurances that improvements in the control environment would be made.

4.4.5 The results of Internal Audit's work for the financial year are brought together in the form of the *Head of Internal Audit's Annual Report*, which for 2023/24 was reported to Committee in June 2024.

4.4.6 Where Members felt they needed further assurance that action was being taken in the service area to address the issues identified in the Internal Audit reports or to ensure agreed recommendations were being implemented, they invited the relevant Director into Committee and thereafter requested further progress reports. Examples of these invitations are shown at **Appendix 3**. This demonstrates the effectiveness of the Committee.

4.4.7 With regard to the risks of fraud and corruption:

- In July 2024 the Annual Corporate Fraud Report 2023/24 was presented. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area.
- The Anti-tax Evasion Policy was reported to Committee prior to it being presented to Cabinet for approval.
- Following the presentation of the Annual Fraud Report, Members were interested in further information around blue badges, the methodology for calculating savings, repeat offenders, civil enforcement officers, any targeted approach, costs and benefits of having more fraud officers and potential fraud in relation to contracts; they suggested DWP be invited to outline their approach to fraud.

4.5 *Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.*

4.5.1 Updates were presented to Committee throughout the year which enabled officers and Members to identify and assess trends and the crosscutting nature of risks with the ability to drill down to the detail of risks as and when required. Members suggested improvements in the presentation of risk reports which were taken into consideration. Members received and debated the business continuity of the replacement system for Care Director (WCCIS) and the Capita One system for education. They challenged the risks around the council being unable to deliver transformation and major service change, including projects and agreed financial savings and the financial fragility of schools in the Borough.

4.5.2 In line with the requirements of the Local Government and Elections (Wales) Act 2021, the Committee reviewed the Council's draft Self-Assessment for 2023/24 (incorporating the Council's Corporate Performance Report) in advance of consideration at a meeting of the full Council (noting that the self-assessment included information in respect of partnership / collaboration arrangements). Members were given the opportunity to discuss and comment on the Corporate Self-Assessment exercise before being approved by Cabinet and Council.

4.5.3 Members challenged the content of the report and sought further clarifications of specific areas; they provided comments, feedback and improvements.

- 4.5.4 Reports on corporate complaints were also considered and discussed by the Committee who contributed to future improvements of the process and presentation and requested that some matters be referred to scrutiny.
- 4.6 *Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.*
- 4.6.1 Governance and Audit Committee were presented with the draft 2023/24 Statements of Account for the Council and Audit Wales provided a verbal update on the progress on the audit of those accounts; they informed the Committee that no significant matters had been identified to date. Members discussed and challenged the merits of materiality, contributions to the Awen Cultural Trust, unfunded pension scheme liabilities, sustainability of the Council's reserves and risks associated with not delivering a balanced budget
- 4.6.2 Following review by Committee, the Council's 2023/24 audited Statement of Accounts were reported back through Cabinet and approved by full Council; an unqualified opinion was issued by Audit Wales (i.e. clean bill of health).
- 4.6.3 The Council's Treasury Management and Investment Strategy was updated and presented to Committee for review prior to it being reporting to full Council. Members discussed borrowing levels, impact on the Council's liquidity or overall financial health of the reduction in investment balances and noted the Treasury Management activities and indicators.
- 4.7 *Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.*
- 4.7.1 Audit Wales provided quarterly Audit Wales Work Programme Updates during the year to enable the Committee to be kept up-to-date with the work of Audit Wales and provide opportunity to seek clarity / further information where deemed necessary.
- 4.7.2 Audit Wales presented finalised reports to the Governance and Audit Committee during the year, accompanied by Council progress updates on the implementation of recommendations / proposals for improvement contained within the reports. Members discussed the content of these reports and raised matters around challenges associated with recruiting staff in local government, concept of materiality and the identification of material misstatements, arrangements around delegated decision-making, risks associated with the scheme of delegation along with a broader view of what a partner organisation could be in writing the next corporate plan

4.8 The Chair of the Governance and Audit Committee, on his and the Committee's behalf, would like to express their thanks to the Internal Audit Team for their continued professionalism, and hard work throughout the year.

5. SELF-ASSESSMENT AGAINST THE CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES & POLICE 2018 EDITION

5.1 The self-assessment checklist based on the CIPFA Guidance was circulated to Members of the Committee during 2024/25 in order to assess the existing skills, knowledge and areas of expertise of members and to identify any gaps or training requirements. Feedback received during 2024/25 was reported in the previous annual report.

5.2 As new members have joined the Committee since May 2025, this exercise will be run in December 2025 for it be more meaningful, with the results being incorporated into the Annual Report for Governance and Audit Committee for 2025/26.

5.3 As stated above, the Governance and Audit Committee operated with its full quota of lay members for the majority of 2024/25. A Pen Picture of each lay member setting out their experience and knowledge to support the value added of the Committee is shown at **Appendix 4**.

6. CONCLUSIONS

6.1 During 2024/25 the Council's Governance and Audit Committee has reviewed and challenged a range of topic areas, including the work of Internal and External Audit, the Committee's responsibilities as set out in the Local Government and Elections (Wales) Act 2021 and its responsibility in respect of reviewing and scrutinising the Council's Treasury Management arrangements.

6.2 Members have demonstrated that they have held senior management to account for making improvements in the control environment, challenged officers and sought clarification and progress reports to obtain the assurances required to support continued good governance. Some Directors have been invited to Committee to provide further assurances.

6.3 From a review of the coverage of Governance and Audit Committee's work and oversight during the year, as set out in Section 2, it is considered that the Committee has delivered its workplan and responsibilities in line with its Terms of Reference.

6.4 Previously the Annual Report included the results of the self-assessment undertaken against the checklist included within the CIPFA Guidance. As new members have joined the Committee, the self-assessment will be carried out in December 2025.

RESPONSIBILITIES OF AUDIT COMMITTEE IN LINE WITH THE LOCAL GOVERNMENT (WALES) MEASURE 2011 AND LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

Chapter 2, section 81 of the Local Government (Wales) Measure 2011 (revised)

Local authorities to appoint governance and audit committees

A local authority must appoint a committee (a “Governance and Audit Committee”) to—

- a) review and scrutinise the authority's financial affairs,
- b) make reports and recommendations in relation to the authority's financial affairs,
- c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
- d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
 - (da) review and assess the authority's ability to handle complaints effectively,
 - (db) make reports and recommendations in relation to the authority's ability to handle complaints effectively
- e) oversee the authority's internal and external audit arrangements, and
- f) review the financial statements prepared by the authority.

A local authority may confer on its Governance and Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.

It is for a Governance and Audit Committee to determine how to exercise its functions.

Local Government and Elections (Wales) Act 2021

Council Performance Arrangements

- (i) To consider the Council's draft Annual Performance Self-Assessment report and if deemed necessary may make recommendations for changes to the Council.
- (ii) To receive the Council's finalised Annual Self-Assessment report in respect of a financial year as soon as reasonably practicable after the end of that financial year.
- (iii) At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report into which the Council is meeting its performance requirements.
- (iv) To receive and review the Council's draft response to the report of the independent Panel Performance Assessment and if deemed necessary may make recommendations for changes to the statements made in the draft response to the Council.

Complaints Handling

- (i) To review and assess the Council's ability to deal with complaints effectively.
- (ii) To make reports and recommendations in relation to the Council's ability to deal with complaints effectively.

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2024-25

	Frequency	06 June 2024	19 July 2024	26 September 2024	28 November 2024	30 January 2025	24 April 2025
Standing Items							
Governance and Audit Committee Action Record	Each meeting	✓	✓	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	Each meeting	✓	✓	✓	✓	✓	✓
Updated Forward Work Programme	Each meeting	✓	✓	✓	✓	✓	✓
Annual Accounts							
Statement of Accounts 2023-24 (unaudited)	Annually		✓				
Porthcawl Harbour Return 2023-24 (unaudited)	Annually		✓				
Going Concern Assessment	Annually	✓					
Audit Enquiries Letter	Annually	✓					
Audit Wales Letter On Matters Arising From The 2023-24 Audit	Annually			✓			
Audited Statement of Accounts and Annual Governance Statement	Annually			✓			
Porthcawl Harbour Return (audit letter)	Annually			✓			
Governance							
Annual Governance Statement	Annually		✓				
Half Year Review of the Annual Governance Statement	Annually				✓		
Code of Corporate Governance	Annually						✓
Audit Wales Annual Audit Plan (<i>included in Audit Wales Governance and Audit Committee Reports item</i>)	Annually						✓
Annual Audit Summary (<i>included in Audit Wales Governance and Audit Committee Reports item</i>)	Annually					✓	
Internal Audit Reports							
Annual Internal Audit Report 2023-24	Annually	✓					
Internal Audit Shared Service Charter	Annually						✓

Appendix 3

Examples of where G&AC Members have invited the relevant Director / Head of Service into Committee or requested a written update in order to provide further assurances that action was being taken to implement the agreed Internal Audit recommendations or as a result of concerns raised by Internal Audit.

	Establishment / System / Service	Date of G&AC	G&AC Recommendations	Subsequent Action
1	School Vehicles	September 2023	<ul style="list-style-type: none"> - That the Corporate Director - Education, Early Years & Young People write to all schools reminding them of their responsibilities to ensure all school vehicles were roadworthy and that the drivers of those vehicles had the correct licences to do so 	<ul style="list-style-type: none"> - a copy of the letter sent to schools by the Corporate Director - Education, Early Years & Young People was circulated to G&AC members - the Chief Executive and the Corporate Director - Education, Early Years & Young People attended GAC in June 2024 and provided further assurances
2	Internal Audit <i>Limited Assurance</i> opinions	June 2024	<ul style="list-style-type: none"> - Responses from service managers and directors to be brought to the next meeting of the Committee re Procurement Tender Evaluation & Award and Recycling and Waste Management 	<ul style="list-style-type: none"> - to be monitored as part of the IA follow up audit process
3	Internal Audit recommendations	September 2024	<ul style="list-style-type: none"> - 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 - The responsible Cabinet Member, Director and/ or heads of service responsible for parking enforcement should attend the next meeting 	<ul style="list-style-type: none"> - Directors' updates were provided within the IA Recommendation Monitoring Report July 2025
4	Internal Audit recommendations	November 2024	<ul style="list-style-type: none"> - Responsible officers and the relevant Cabinet Member, attend the next meeting re Home To Work Mileage in Council Vehicles 	<ul style="list-style-type: none"> - The Corporate Director Communities attended GAC January 2025.
5	Internal Audit recommendations – implementation	April 2025	<ul style="list-style-type: none"> - Appropriate Cabinet Member, Corporate Director, and responsible officers be invited to a special meeting of the Governance and Audit Committee to review and discuss three issues highlighted in the 	<ul style="list-style-type: none"> - The Corporate Director Communities attended GAC June 2025. - Directors' updates were provided within the IA

	Establishment / System / Service	Date of G&AC	G&AC Recommendations	Subsequent Action
			following reports: Home to Work Mileage in Council Vehicles, Parking Enforcement, and the Porthcawl Harbour Annual Return.	Recommendation Monitoring Report July 2025

Pen Pictures of the Lay Members of the Governance and Audit Committee –2024/25

Gareth Chapman

Qualifications:

Master of Laws (LLM) Master of Business Administration (MBA) Chartered Manager (CMgr) Diploma in Local Government Law and Practice (DipLG) Companion of the Chartered Management Institute (CCMI) Solicitor (Non Practicing)

Experience:

Local Government Officer for 42 years. Practicing Solicitor for 31 years.

Chief Executive for 9 years, Deputy Chief Executive and Director for 8 years, Solicitor to the Council, Monitoring Officer, Returning Officer etc.

Used to Chairing Multi Agency Meetings - Public Service Board, Chair of the Merthyr Tydfil Youth Offending Service Board, Chair of the Cwm Taff Youth Offending Service Board, Chaired numerous Public Meetings and Engagement Sessions, Internal Council meetings etc.

Previously member of several Welsh Government Task and Finish Groups, All Wales Youth Justice Board, Community Safety Partnership Review Board. Board Members of College Merthyr Tydfil and Academi Wales.

Currently:

Member of the College of Policing Panel reviewing the Code of Ethics for Police Officers and Police Staff

Member and Chair of Bridgend, Newport and Vale of Glamorgan Governance and Audit Committees

Lay Inspector for Estyn

Co-opted Independent Member of South Wales Police and Crime Panel

Andrew Bagley

Following studying Maths with Engineering at Nottingham University, I joined PwC in Cardiff where I qualified as a Chartered Accountant; and worked my way up to Audit Manager.

I worked across both private and public sector; internal and external audit.

I gained experience outside of professional services as an Internal Audit Manager within Vodafone; and subsequently Associated British Foods which covers brands such as Kingsmill, Twinings, Ryvita, Primark and others.

Both of these FTSE 100 companies operated on a global scale.

My career then took me into the Internal Audit Team at DVLA, and became Head of Internal Audit during a time of exiting a major IT contract.

I led the DVLA Internal Audit team into the Government Internal Audit Agency; where I also helped set up the Digital Data and Technology (DDaT) specialism for all IT audit across Government. I am an IT auditor (CISA).

In 2020, I became the Executive Director of Governance and Corporate Services at the Independent Monitoring Authority – set up from scratch as a result of the EU (Withdrawal Agreement) Act 2020. The Independent Monitoring Authority is a non-departmental public body.

Biodun Olorunnisola

Biodun studied Accountancy in Obafemi Awolowo University Ile-Ife Nigeria and he is a Fellow of the Institute of Chartered Accountants of Nigeria and Associate of the Chartered Institute of Management Accountants (CIMA). He has over 20 years' experience in the Financial Services Industry providing solutions to Trade Finance problems and empowering conscious risk taking in Wealth Management and Banking.

He obtained MBA from Manchester Business School and has attended several courses in Leadership and Strategy at Insead, Ashridge, Euromoney and Standard Bank Global Leadership Centre etc.

As part of his contribution to the society, he served as the Financial Secretary of his Estate Residents' Association, He provided leadership as Chairman of CIMA Branch in Nigeria, Was on the African Regional Board of CIMA and a member of the Global Membership Services Committee of CIMA. He was on the committee that facilitated the provision of certain amenities to his University and he was the Chairman of the Project Committee of his class in the University which successfully delivered an energy efficient lighting project.

He is currently serving as an Independent on the Board of an SME in Nigeria to improve corporate governance.

He is happily married to Kehinde and blessed with 3 lovely boys.

Members In Attendance							Members' Attendance Rate
Committee Date	Committee Date						
	06-Jun-24	19-Jul-24	26-Sep-24	28-Nov-24	30-Jan-25	24-Apr-25	
Members							
Gareth Chapman * (Chair)	✓	✓	✓	✓	✓	✓	100%
Andrew Bagley * (Vice Chair)	A	✓	A	✓	✓	✓	67%
Biodon Olorunnisola *	✓	✓	✓	✓	✓	✓	100%
Deb Austin *			✓	✓	✓	✓	
Cllr N Clarke	✓	✓	✓	✓	✓	✓	100%
Cllr C Davies	A	✓	✓	✓	✓	✓	83%
Cllr S Easterbrook	A	✓	✓	✓	A	✓	67%
Cllr RM Granville	✓	✓	✓	✓	✓	✓	100%
Cllr SJ Griffiths	✓	✓	✓	✓	✓	✓	100%
Cllr ML Hughes	✓	✓	✓	✓	✓	A	83%
Cllr RJ Smith	✓	✓	✓	✓	A	A	67%
Cllr MJ Williams	✓	✓	✓	✓	✓	✓	100%
Members in Attendance	9	12	11	12	10	10	
Members on Committee	12	12	12	12	12	12	
Attendance Ratio	75%	100%	92%	100%	83%	83%	89%
Cabinet Members / Other Councillors							
Cllr J Spanswick (Leader)				✓	✓		
Cllr J Gebbie					✓		

* Lay Member
A Apologies

G&AC comprises of 4 x lay members and 8 x councillors
Members on Governance & Audit Committee (as per published agendas):

Cllr N Clarke	Lay Members *
Cllr C Davies	
Cllr S Easterbrook	Gareth Chapman * (Chair)
Cllr RM Granville	Andrew Bagley * (Vice Chair)
Cllr SJ Griffiths	Biodon Olorunnisola *
Cllr ML Hughes	Deb Austin * appointed in August 2024
Cllr RJ Smith	
Cllr MJ Williams	