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, 18 JUNE 2026 AT 10:00

Present - Virtually

A Bagley – Vice-Chairperson (in the Chair)

Present

S Easterbrook	M L Hughes

Present Virtually

RM Granville	O Clatworthy	RL Penhale-Thomas	A R Berrow
J Llewellyn-Hopkins			

Lay Members – Present Virtually

D Austin	G Chapman	B Olorunnisola

Apologies for Absence

None

Declarations of Interest

None

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Officers:

Carys Lord	Corporate Director – Finance and Transformation
Nigel Smith	Group Manager - Chief Accountant
Joanne Norman	Acting Deputy Head of Finance
David Williams	Audit Wales
Rachel Keepins	Democratic Services Manager
Simon Roberts	Senior Fraud Investigator
Andrew Wathan	Head of Regional Internal Audit Service
Joan Davies	Deputy Head of Regional Internal Audit Service
Stephen Griffiths	Democratic Services Officer - Committees
Nimi Chandrasena	Democratic Services Officer – Support/ Members & Mayoral

296. Approval of Minutes

Decision Made	RESOLVED: The Minutes of the meeting on 21 May 2026 were approved as a true and accurate record.
Date Decision Made	18 June 2026

297. Governance and Audit Committee Action Record

Decision Made	The purpose of the report was to provide Members with an update on the Governance and Audit Committee Action Record. It was noted that Members had received an update via email, in respect of the following issue in advance of the meeting: **10 June 2026:** Porthcawl Harbour. The Annual report, submitted and noted by Cabinet at its meeting in March 2026. In response to the report, Members raised the following issues: • Whether the Monitoring Officer had been consulted about the Group Manager – Chief Accountant

	being given delegated authority to make minor changes to the Code of Corporate Governance as and when they are necessary, and for these to be reported as part of the annual submission of the Code to the Committee. In response, the Corporate Director – Finance and Transformation indicated that an opportunity had not yet arisen to discuss the issue but that she would have a response in time for the next meeting. • The Chairperson did not think the Annual Report on Porthcawl Harbour that went to Cabinet in March 2026 and then forwarded to Members on 10 June, provided the assurance the Committee needed and proposed that the issue be discussed again at the next meeting in July. He added that he thought it would be appropriate for the Leader to be invited to the meeting. In response, the Vice-Chairperson indicated that an action to discuss the matter under a substantive agenda item would be the best way forward. RESOLVED: The Committee noted the Action Record and agreed to add Porthcawl Harbour as an item for discussion to the agenda for the meeting on 16 July.
Date Decision Made	18 June 2026

298. Going Concern Assessment

Decision Made	The purpose of this report was to inform the Committee of the Section 151 (s151) Officer's (Corporate Director – Finance and Transformation) assessment of the Council as a 'Going Concern' for the purposes of producing the 2025-26 Statement of Accounts. In response to the report, Members raised the following issues: • In terms of the Council's projected financial position, where going forward the situation remained challenging with the budget for 2026-27 balanced on the basis of achieving £2.348 million of budget reductions and a council tax increase of 4.7%, a Member asked about the current position. In response, the Corporate Director – Finance and Transformation noted that it was a bit early to know the current position but that a budget report for the first quarter would be submitted to Cabinet in July. She indicated that officers monitored the budget situation very closely. • The Vice Chairperson noted that the report claimed the Council currently has robust processes to support the budget planning process but asked how that was known. He suggested the report

	would be strengthened by the inclusion of additional wording to explain this. In response, the Corporate Director – Finance and Transformation indicated that she concurred. RESOLVED: The Governance and Audit Committee noted the outcome of the assessment of the Council's going concern status for the purpose of preparing the 2025-26 Statement of Accounts.
Date Decision Made	18 June 2026

299. Audit Wales' 'Audit Enquiries to Management and Those Charged with Governance' for the 2025-26 Audit

Decision Made	The purpose of the report was to provide the Committee with Audit Wales' 'Audit enquiries to those charged with management and governance' letter, which asked a number of questions in respect of the Council's governance arrangements for completion by 30 June 2026. In response to the report, Members discussed the following issues: • Whether the new asset management system would automatically incorporate the valuations of those assets. In response, the Group Manager – Chief Accountant noted that the new system had been selected but the intention was to replace it on a like-for-like basis before then considering expanding it to cover extra elements such as valuations. Valuations were still carried out via a spreadsheet but there was an intention to move to a more automated process in the future. There was not a timescale for that at present. • The Council's response to the Limited Assurance opinion for risk management. The Corporate Director – Finance and Transformation indicated that officers had engaged the Chartered Institute of Public Finance and Accountancy to carry out some work on this, and they were currently reviewing the Audit Wales report. In particular, she asked them to do some work with Members and officers on the issue of risk appetite. She hoped they would bring a fresh perspective to this and bring with them the experience of having done similar types of work with other local authorities. The resulting report would be submitted to a future meeting of the Governance and Audit Committee. • A Member asked how much taxpayers money had been lost to the previously discussed shipping container fraud, and the payment made, that was not recoverable, by a Comprehensive school to a supplier previously used, where the bank details were changed on the face of the invoice. In

	response, the Group Manager – Chief Accountant confirmed that the total amount lost was approximately £4,500. Further, the Member asked what measures had been put in place to prevent anything like this happening in the future. In response, the Corporate Director – Finance and Transformation noted that the Committee saw the Council's Fraud Strategy on an annual basis and that any issues were reported to Members. She thought that the Council's methods for dealing with fraud were robust but that given it was an organisation with a half-billion pounds turnover, small instances of fraud would occur. When fraud did happen, there was a process to ensure that lessons were learned. She added that in most instances the key to minimising fraud was staff training, awareness-raising, and tighter controls on the signing off of payments. • The Vice Chairperson noted that, in terms of providing the Committee with assurance, it probably was not sufficient for staff to have access to the Fraud Prevention e-learning module. It would be good to know more about completion rates and target dates. As such, he thought the response in that instance could be strengthened. Further, the Vice Chairperson added that the response in respect of authorisation processes for payments made to third parties could be enhanced by adding a little more on what they are. In response, the Corporate Director – Finance and Transformation indicated that they would enhance the response as suggested. • The Chairperson and a Lay Member noted that there were some minor clerical errors in the response that needed to be corrected prior to its submission to Audit Wales. <u>RESOLVED</u>: The Governance and Audit Committee noted: • The responses to Audit Wales' 'Audit enquiries to those charged with management and governance' letter as attached at Appendix A. • That the responses to Audit Wales' enquiries letter would be subject to the final review and approval of the Section 151 Officer and Monitoring Officer and might be subject to revision prior to submission.
Date Decision Made	18 June 2026

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300. Annual Internal Audit Report 2025-26

Decision Made	The purpose of the report was to provide the Governance and Audit Committee with the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control and to inform the Committee of the work and performance of Internal Audit for the 2025-26 financial year. In response to the report, Members discussed the following issues: • The limited assurance opinion in respect of Awen Cultural Trust and whether Members had been made aware of this, given the importance of the services provided by the organisation. It was noted that the report had only become available on 14 April. In response, the Head of the Regional Internal Audit Service (RIAS) noted that ordinarily this would have been reported in a quarterly report and so apologised that this was the first time Members had seen the information. He noted that a management action plan had been agreed with the Trust and that he would report on how that was progressing in due course. The Chairperson added later in the discussion that the governance issues raised about the Trust were extremely concerning. • A Member thought it worth noting the positive direction of travel over the last three financial years in terms of the number of opinions that were now substantial and reasonable. Further, he noted that in terms of the limited assurance opinion in respect of risk management, he wondered if it was ever possible to eliminate all risk to meet the targets in the Council's policies, aims and objectives, and therefore provide absolute assurance of effectiveness. He added that the irony here was that risk management was risky. He wondered whether the Council was or could ever be in a position to have a reasonable assurance in the management of risk. In response to the comment on risk management, the Head of RIAS noted that the Council could achieve a reasonable assurance opinion, and that it could even achieve a substantial level of assurance if all the controls were strengths and there were no weaknesses. As a follow up, the Member requested that given the limited assurance opinion that risk management was made an agenda item for future meetings so that the Committee could support officers to get to a position where the Council can achieve an opinion that is at least reasonable. In response to this, the Corporate Director – Finance and Transformation indicated that although officers would not normally prepare a report for discussion in response to a limited assurance opinion, given the importance of risk management, it was a reasonable request. • Following on, the Vice Chairperson noted that risk management was a cornerstone of the governance control environment and that the Committee would track the actions that fall out of the report. He thought the Committee should focus on this issue as part of its routine cycle. • A Lay Member noted it was vital to ensure that the Council's approach to risk management did not

	undermine the entirety of the control environment, and that attention needed to be paid to the reporting and tracking of the issue and the role of the Committee within that. In response, the Head of RIAS indicated that as part of their process, where there has been a limited assurance opinion, they would undertake a follow up audit and that would probably be in the plan for 2026-27. Managers had already agreed to implement the recommendations in accordance with the management action plan, and that the Corporate Director – Finance and Transformation was working to implement the additional recommendations that were made by external auditors. The Committee would be provided with updates in due course. • Following on, the Vice Chairperson asked about the follow up process and whether it would be an end-to-end process or whether the focus would be on the weaker areas identified in the original report. In response, the Head of RIAS noted that generally, the focus would be on weaker areas, and that a general assumption was made that the good controls were still in place. • The Key Performance Measures and the use of Client Satisfaction Questionnaires for the service. The Chairperson indicated that he thought the team at RIAS needed to be congratulated for delivering 92% of the proposed audits, where the target was 80%. He suggested that the performance target might be raised to 90% to ensure it remains challenging. The Vice Chairperson noted that it could be worth thinking what other comparable organisations set as a target to provide a benchmark. • There was an outstanding recommendation from an audit on Home To Work Mileage in Council Vehicles from 2022-23. It was noted that addressing the risks and minimising the weaknesses identified in some audits can take longer than originally planned, especially where new staff might need to be appointed, where there were budget constraints, or where a new system had to be implemented. The head of RIAS accepted the comments about this issue and indicated that the issues would be discussed further with the Corporate Director – Finance and Transformation. <u>RESOLVED</u>: The Governance and Audit Committee considered and noted the Annual Internal Audit Report for the 2025-26 financial year including the Head of Internal Audit's Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
Date Decision Made	18 June 2026

301. Internal Audit Annual Strategy & Risk Based Plan 2026-27

Decision Made	The purpose of the report was to provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Audit Plan for 2026-27. In response to the report, Members discussed a number of issues, including the following: • The Chairperson asked about the extent to which the proposed programme of audits for 2026-27 had arisen from an analysis of the Corporate Risk Register. Further, he asked whether, in respect of Item 17, on Hybrid Council Meetings, all Members would be consulted about their concerns. Finally, in respect of Item 21, a compliance review of Porthcawl Harbour to complete the Annual Accounting Statement for 2025-26, he asked if it could be widened as there were still concerns about the governance of Porthcawl Harbour. • Cyber Security in Schools (Item 27), and whether more details on what would be considered, could be shared with the Committee. The Deputy Head of RIAS indicated that she would provide the required information as soon as possible. • The process undertaken to determine which audits were undertaken in any given year, and who ultimately made the decision. The Head of RIAS set out details of the process and confirmed that it was his responsibility to finalise the list that was submitted to the Committee for approval. • A Lay Member suggested that it would be helpful for the Committee to see the product of a mapping exercise to better understand the relationship between the Corporate Risk Register and the Annual Internal Audit Strategy & Risk Based Audit Plan for 2026-27. RESOLVED: The Governance and Audit Committee considered and approved the Internal Audit Strategy (Appendix A) and Annual Risk Based Audit Plan for 2026-27 (Appendix B).
Date Decision Made	18 June 2026

302. Forward Work Programme 2026-27

Decision Made	The purpose of this report was to seek approval for the updated Forward Work Programme for 2026-27. In response to the report, Members discussed a couple of issues:

	• Porthcawl Harbour. A member proposed that there could be an all-member briefing on Porthcawl Harbour by the Harbour Master or even that a visit could be organised for Members to get a better understanding of how the Harbour operates. The Chairperson suggested that a recommendation to request a briefing could be an action from the discussion at the July meeting. • Risk Management. It was proposed that a substantive agenda item could be added to the agenda of a future meeting once the report from external advisers had been completed. • Sequencing. A Lay Member noted that it was important to sequence reports in such a way that they are not considered in isolation. Members should have an opportunity to benefit from a cumulative and joined up picture of the issues facing the Council. RESOLVED: The Committee considered and approved the updated Forward Work Programme for 2026-27 and agreed to add Porthcawl Harbour as an item for discussion to the agenda for the meeting on 16 July.
Date Decision Made	18 June 2026

303. Urgent Items

Decision Made	None Members were asked to note that, due to the refurbishment of the Council Chamber, the next meeting would have to be held remotely.
Date Decision Made	18 June 2026

To observe further debate that took place on the above items, please click this link.

The meeting closed at 11:42.

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