

No.

GOVERNANCE AND AUDIT COMMITTEE

Minutes of a Remote meeting held on 25th April, 2023.

The Committee agenda is available [here](#).

The recording of the meeting is available [here](#).

Present: G. Chapman (Chair and Lay Member); N. Ireland (Vice-Chair and Lay Member); Councillors P. Drake, E. Goodjohn, M.J. Hooper, J.M. Norman, J. Protheroe and N. Wood; and M. Evans (Lay Member).

936 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing”.

937 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 27th February, 2023 be approved as a correct record.

938 DECLARATIONS OF INTEREST –

No declarations of interest were received.

939 AUDIT WALES: SPRINGING FORWARD – VALE OF GLAMORGAN ASSET MANAGEMENT AND WORKFORCE PLANNING (REF) –

The reference from Corporate Performance and Resources Scrutiny Committee on 15th March, 2023 as contained within the agenda was presented.

The report was presented by the Director of Corporate Resources and was part of the Council’s annual audit work programme for 2021/22.

The Auditor General for Wales had undertaken two reviews which looked at the strategic arrangements for managing the Council’s assets and workforce. That work formed part of a national thematic review, ‘Springing Forward’ which had been undertaken in all Councils in Wales and which had focused on these two areas. Committee Members were asked to consider the contents of the appended reports including the Council’s response (in the form of an action plan – Appendix C) with any recommendations referred onto Cabinet for their consideration and endorsement of the proposed actions to address the recommendations.

No.

Key points raised included:

- The reviews focused on the effectiveness of the Council's arrangements in strategically managing its assets and workforce. This involved looking at how the Council strategically planned the use of its physical assets and workforce, how it monitored their use and how it reviewed and evaluated the effectiveness of its arrangements. This work had been undertaken within the context of the Council's recovery from the COVID-19 pandemic.
- Overall, the review findings were positive, and three recommendations had been made to the Council (one on assets and two on workforce planning) to strengthen its application of the sustainable development principle in relation to both its assets and workforce planning.
- In response to the recommendations, the Director of Corporate Resources, Head of Financial Services and the Operational Manager Property and Head of Human Resources and Organisational Development had developed action plans which would be progressed by the Council. In line with the Council's performance monitoring arrangements, progress against its regulatory improvement areas would be monitored. Progress would also be monitored by Audit Wales as part of the Council's annual audit work programme.

Mr. N. Ireland queried whether there could be more focus on outcome-based success and whether the activities achieved the desired results. In reply, the Director of Corporate Resources stated that that would be taken into account when drafting the final report.

Subsequently, it was

RESOLVED –

(1) T H A T the findings arising from the review of the Council's asset management (Appendix A to the report) and workforce planning arrangements (Appendix B to the report) and the response to the review findings and Audit Wales's recommendations (Appendix C to the report) be endorsed.

(2) T H A T the report be referred to Cabinet for their oversight and endorsement of the proposed Council actions (Appendix C to the report) to address the recommendations.

Reason for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.

940 Q3 PROGRESS AGAINST EXTERNAL REGULATORY RECOMMENDATIONS AND PROPOSALS FOR IMPROVEMENT (DCR) –

The report outlined the Council's progress at January 2023 (Q3) against all its existing external regulatory recommendations and proposals for improvement.

No.

In line with corporate performance management arrangements, consideration was given by relevant Council services to the findings contained within both local and national reports as they were published, and actions had been incorporated within the Council's Strategic Insight Board (SIB) Insight Tracker throughout the year as appropriate. These actions were monitored by the SIB and reported to Scrutiny Committees, Cabinet and the Governance and Audit Committee as work to address them progressed. Progress was also monitored by Audit Wales colleagues throughout the year as part of the Annual Regulatory Plan.

At Q3, positive progress had been made in responding to the Council's regulatory improvement areas. Overall, there were currently 46 ongoing actions in the SIB Insight Tracker. 35 have been attributed a Green performance (RAG) status, 4 an Amber status and 7, a Red status.

Of the 24 actions relating to local regulatory recommendations, 17 had been attributed a Green RAG status, 4 actions an Amber status and the remaining 3 actions had been attributed a Red status. Actions attributed a Red status related to the review of Third Sector Partnership Working.

There were currently 22 actions in the Insight Tracker relating to national regulatory recommendations of which 18 had been attributed a Green RAG status and the remaining 4 actions, Red status. Actions attributed a Red performance status related to the reviews of Third Sector Funding and Local Government Services to Rural Areas.

In addition to the 46 ongoing actions a further 33 actions (17 relating to local regulatory work and 16 to national regulatory studies) were now considered completed and embedded as business-as-usual practices within the relevant service areas.

Governance and Audit Committee was being asked to review the progress made to date in addressing the recommendations and improvement proposals made by the Council's external regulators as outlined in the appended SIB Insight Tracker. Upon review and consideration of Scrutiny Committees' views / recommendations (as outlined in paragraphs 2.12-2.16 of the report), the Committee was being asked to endorse the removal of completed actions from the SIB Insight Tracker via recommendation to Cabinet.

The Committee suggested some changes to the format of the appendix and for further narrative/information to be included such as which objectives or priority areas the actions related to. There was also a suggestion that for actions with a Red status, for more narrative to be added along with inclusion of an expected completion date. The Committee also queried certain actions that had passed their completion dates but were still remaining on the list as Green. The Director of Corporate Resources stated that he would look to include a category such as 'completed – monitoring' so that they could be retained on the list and differentiated from the completed actions for removal.

No.

It was

RESOLVED –

(1) T H A T the Council's progress to date in addressing existing recommendations and improvement proposals made by the Council's external regulators informed by the views and recommendations of Scrutiny Committees be noted.

(2) T H A T the removal of completed actions from the Strategic Insight Board (SIB) Insight Tracker be endorsed and for this matter to be referred to Cabinet for approval.

Reason for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.

941 AUDIT WALES – VALE OF GLAMORGAN OUTLINE AUDIT PLAN 2023 (DCR) –

Audit Wales, as the nominated auditor for the Vale of Glamorgan Council, was required to undertake work in relation to the following:

- Audit of Finance Statements;
- Value for money;
- Continuous improvement;
- Sustainable Development principle.

The Appendix A provided details regarding how Audit Wales would complete this work in 2023. It was reported that as an outline plan, it provided a high level overview of the work that was proposed to be undertaken in terms of performance audit work, which was set out on page 8 of the Appendix.

It was recommended that the Governance and Audit Committee consider and agree the proposed Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council and refer the Plan to Corporate Performance and Resources Scrutiny Committee and thereafter to Cabinet for their oversight.

With regard to more on-site audit work for this year, Mr. S. Wyndham (Audit Wales) advised that it would be an option and explored further across the range of audits planned for the current year. It was noted that more on-site work was something that the Council was open to.

Having considered the report, it was

RESOLVED –

(1) T H A T the proposed Audit Wales Outline Audit Plan 2023 for the Vale of Glamorgan Council be agreed.

No.

(2) T H A T the report be referred to the Corporate Performance and Resources Scrutiny Committee and thereafter to Cabinet for their oversight and approval.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) To enable the Corporate Performance and Resources Scrutiny Committee and Cabinet to have oversight of the Audit Wales work programme.

942 PROPOSED ACCOUNTING POLICIES AND TIMESCALES FOR THE 2022/23 STATEMENT OF ACCOUNTS (DCR) –

The 2022/23 Statement of Accounts preparation had commenced and the report outlined the proposed timescales and resource considerations for completion in 2023.

The report included the proposed accounting policies for 2022/23 which were included at Appendix 2 to the report and a summary of key issues of note impacting the preparation of the accounts.

A high level indicative timetable was attached at Appendix 1 to the report.

In reply to the query as to whether the reviewing of assets with a net value of £3m was comparable to policies adopted by other Councils, the Operational Manager stated that after undertaking some research, the £3m was higher than the rate used by other Councils, but the Council was comfortable with the level set.

It was noted that it was planned for the Annual Governance Statement to be presented to the Committee in July, the same time as the Statement of Accounts.

Subsequently, the Committee

RESOLVED –

- (1) T H A T the proposed timescales and resource considerations set out in Appendix 1 of the report be approved.
- (2) T H A T the proposed accounting policies set out in Appendix 2 of the report be approved.

Reason for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.

No.

943 PREPARATION AND AUDIT OF THE 2021/22 STATEMENT OF ACCOUNTS REVIEW AND CONSIDERATION OF LESSONS LEARNT (DCR) –

The 2021/22 Statement of Accounts were completed by 5th July, 2022 and presented to Governance and Audit Committee on 11th July, 2022 against a target date of 30th June, 2022.

The Audit was completed by January 2023 due to specific delays associated with the accounting for infrastructure assets, however, the delivery of the audit was impacted by resourcing issues on both sides, some of the specific issues are set out below:

- Valuation of Land and Building Assets;
- Loss of key experienced Accountancy personnel during 2021/22;
- Volume of grant award and claims in 2021/22 accounts and associated resource requirements.

The report detailed some of the potential reasons for delay and considered how these issues could be mitigated for 2022/23.

Councillor E. Goodjohn queried the level of resources within the Finance Section. In reply, the Operational Manager stated that last year was a challenge as there were several vacant posts that had to be filled, which meant that the Section had lost some experience, so it had taken time for that experience to be regained. It was noted that any pressures relating to staff resources would be reported to senior management.

Having considered the report and all the issues and implications contained therein, Committee subsequently

RESOLVED –

(1) T H A T the contents of the review of the delivery of the 2021/22 Statement of Accounts be noted.

(2) T H A T the proposed mitigating activities for the delivery of the 2022/23 Statement of Accounts be noted.

Reason for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.

944 REGIONAL INTERNAL AUDIT SERVICE CHARTER 2023/24 (HRIAS) –

The Regional Internal Audit Service (RIAS) Charter established the position of internal audit activity within each Council along with reporting lines. It was a formal document that defined the purpose, authority and responsibility of internal audit activities.

No.

The Head of Internal Audit was responsible for reviewing the Charter and presenting it to each Council's Governance and Audit Committee annually for review and approval in line with the Public Sector Internal Audit Standards (PSIAS).

The Regional Internal Audit Charter for 2023/24 was attached at Appendix A to the report. It had been updated to reflect that staff had to comply with the Seven Principles of Public Life as well as the Council's Code of Corporate Governance.

The Charter had also been updated in relation to the External Assessment which was required as part of the PSIAS. The self-assessment had been carried out and shared with the external assessors and this assessment was due to be completed shortly.

The Chair commented that the Charter mentioned Elected Members, but there should also be reference to Lay Members. It was agreed for that to be looked into as part of the review of the Charter for next year.

Subsequently, it was

RESOLVED – T H A T the Regional Internal Audit Service Charter for 2023/24, as attached in Appendix A to the report, be approved.

Reason for decision

Having regard to the contents of the report and discussions at the meeting.

945 PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2022-23 (HRIAS) –

The Deputy Head of the Regional Internal Audit Service presented the report, which outlined the progress made against the approved Internal Audit Risk Based Plan 2022-23 as detailed in Appendix A to the report.

It showed that 25 reviews had been completed with an audit opinion, 8 had been issued as draft and a further 8 under review. Therefore, it was estimated that the audit opinion of 41 audits would feed into the overall annual audit opinion for 2022/23.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment the audit opinions for the 25 audits are as follows: 5 had been given substantial assurance, 18 reasonable assurance and 2 had been given an audit opinion of limited.

Appendix A also identified the audits that had not been completed during 2022/23. Of these, 6 had commenced and were being carried forward whilst a further 15 did not start but would be included in the 2023/24 Plan. One audit was not undertaken and would not be included in the 2023/24 Plan.

No.

A total of 90 recommendations had been made to improve the control environment. The progress being made in implementing these was regularly monitored by the Auditors and reported to the Committee.

Whilst performance during 2022-23 was lower than anticipated, it was felt that the level of coverage would be sufficient to allow the Head of Audit to provide an opinion on the Council's arrangements for internal control, governance and risk management arrangements throughout 2022-23.

Mr. N. Ireland (Lay Member) referred to audits carried forward into 2023/24 and highlighted that of the 15 carried forward, 13 were classed as a high priority. In reply, the Deputy Head of Service stated that due to the previous level of vacancies in the Audit Team, they had had to allocated audits based on the strengths of the auditors. There were also occasions, following dialogue with service areas, that it was deemed inappropriate to undertake a review due to service pressures. It was also important to highlight that Covid had also had a significant impact, and so it was only in the past 6 months that things were getting back to normal. Further to that response, the Head of the Regional Internal Audit Service commented that high level audits which had slipped would be considered as part of the Council's risk assessment for the audit review work planning process.

In terms of the capacity of the Audit Team, the Head of the Regional Internal Audit Service stated that there were still some vacancies which hopefully would be filled this year. Prioritisation of audit work would be undertaken on a regular basis to ensure that the plan was achievable, and progress would be reported to the Committee on a quarterly basis.

Mr. M. Evans (Lay Member) queried how could standards of reviews undertaken by external regulators be verified. In reply, the Head of the Regional Internal Audit Service stated that regulators also had to comply with the public sector internal standards. Organisations such as Estyn, would also have their own quality assurance processes.

The Committee was keen for the priorities in the Plan to be considered on a regular basis and for more tracking information to be provided. It was also keen for its support to be given to the Audit Team to ensure that high risk audits were conducted in a timely manner. The Head of the Regional Internal Audit Service agreed for further work to be undertaken to ascertain the specific reasons for delays to audit reviews.

Subsequently, the Committee

RESOLVED – T H A T the contents of the report and the progress made against the 2022-23 Internal Audit Annual Risk Based Plan be noted.

Reason for decision

Having regard to the contents of the report and discussions at the meeting.

No.

946 RECOMMENDATION MONITORING (HRIAS) –

A position statement in respect of internal audit recommendations made, implemented and outstanding as of 12th April, 2023 was detailed in Appendix A to the report. A total of 8 recommendations were outstanding from 2021/22 completed audits whilst a further 8 had a future target date.

Of the 90 recommendations made to date in 2022/23, 63 had been implemented and 2 had surpassed their implementation date and would continue to be chased. The target date had yet to be reached for 24 recommendations. One recommendation was not agreed by management, but an alternative solution had been identified and implemented.

Details of the current outstanding recommendations were in Appendix B to the report.

The monitoring of recommendations was undertaken regularly by Auditors and any undue delays or issues would be highlighted to Senior Management and ultimately the Committee.

In providing an update regarding Payment Card Industry Data Security Standard. The Head of Finance stated that there had been a delay to the introduction of a new cache management system. This had now been completed, so the action could be cleared.

With regard to the Declaration of Relationships recommendation, it was reported that no response had been received from the service area. The Head of the Regional Internal Audit Service explained that matters such as these were being escalated to the Council's Strategic Leadership Team.

Having considered the report, it was

RESOLVED – T H A T the contents of the report and the statuses of the recommendations contained therein be noted.

Reason for decision

Having regard to the contents of the report and discussions at the meeting.

947 UPDATED FORWARD WORK PROGRAMME (HRIAS) –

To assist the Governance and Audit Committee in ensuring that due consideration had been given by the Committee to all aspects of their core functions, the Forward Work Programme appended to the report at Appendix A had been produced and was aligned to the Committee's Terms of Reference.

The Committee was asked to note the Forward Work Programme and indicate whether any additional information was required.

No.

Having considered the contents of the report, it was

RESOLVED –

- (1) T H A T the Forward Work Programme be approved.
- (2) T H A T the schedule of items for the next meeting, 12th June, 2023, be endorsed.

Reason for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.