

No.

## AUDIT COMMITTEE

Minutes of the remote meeting held on 14<sup>th</sup> December, 2020.

The Committee agenda is available [here](#)

Present: Councillors: G.D.D. Carroll (Chairman), L.O. Rowlands (Vice-Chairman), Mrs. P. Drake, Dr. I.J. Johnson, K.F. McCaffer, Mrs. J.M. Norman and M.R. Wilson and Mr. P. Lewis (Lay Member).

Also present: Mr. Anthony Veale (Audit Wales).

### 274 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chairman read out the following statement:

“May I remind everyone present that the meeting will be recorded via the internet and a recording archived for future viewing.”

### 275 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 24<sup>th</sup> September, 2020 be approved as a correct record.

### 276 DECLARATIONS OF INTEREST –

No declarations were received.

### 277 WALES AUDIT OFFICE– WASTE MANAGEMENT REVIEW – VALE OF GLAMORGAN (REF) –

The Operational Manager (Neighbourhood Services and Transport) presented the report which had been referred from the Environment and Regeneration Scrutiny Committee.

The report outlined the findings of the Auditor General for Wales' examination of the Vale of Glamorgan's arrangements for reducing waste and meeting statutory recycling targets which also included the Council's response.

Overall, it was regarded that the report findings were generally positive and concluded that the Council was making significant changes to household recycling collections and was on course to meet Welsh Government recycling targets but would need to develop a long-term Waste Management Strategy, address the service's financial pressures and develop a more structured and documented approach to involving the diversity of the population.

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The key findings from the review were as follows:

- The Council was following national guidance on household waste management, although the development of an overall strategy would enable its waste management service to reflect wider social, economic and environmental goals;
- The Council had significantly improved its recycling performance but would need to address the financial risks and pressures of the service as part of its forward planning; and
- The Council had engaged with residents while making changes to its recycling service but needed to consider a more structured and documented approach to involving the diversity of the population.

The report identified four proposals for improvement:

- P1: The Council should ensure that its forthcoming Waste Management Strategy was sufficiently long-term, reflected wider social, economic and environmental goals, and addressed the financial risks to the service going forward.
- P2: The Council should consider whether it had the staff resources to develop, manage and deliver the service changes in a sustainable way.
- P3: The Council should introduce a more structured approach to involving the diversity of the population in relation to significant service changes.
- P4: The Council should fully complete Equality Impact Assessments in relation to significant service changes

In response to the report findings, the Operational Manager had developed an action plan which was contained at Appendix 2 and would now be progressed by the Council.

The Operational Manager also advised that the Council had been successful in three financial bids submitted to Welsh Government. The first was for a grant of £500k for new waste sorting equipment for the new transfer site located in the Atlantic Trading Estate. The second was for £250k for new recycling bins for residents living in flats and apartments. The third bid was for £358k to set up its own reuse shop which would be linked to the existing Household Waste Recycling Centre.

In addition, the Operational Manager highlighted that recent bench marking figures from Natural Resources Wales had shown that the Vale of Glamorgan Council was one of only three Councils which had hit the 75% recycling rate.

Councillor M.R. Wilson referred to difficulties associated with flats and stated that it was important for recycling facilities at flats to be well maintained. Councillor Wilson also referred to the importance of consultation with residents and community groups prior to the roll out of new recycling and waste collection arrangements. In reply, the Operational Manager advised that flats had been recognised as the most challenging area with bespoke arrangements devised as not all flat complexes were the same. Arrangements would therefore be tailored and may include dedicated vehicles or increased collections if there was a rise in demand. Prior consultation with Members

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and communities was key to a successful rollout to ensure that residents were on board.

The Committee noted that initially the Wales Audit Office had identified 5 improvement proposals. Subsequently, one of the improvements had been removed, but this was not reflected in the numbering sequence of the proposals within the action plan.

Councillor Dr. I.J. Johnson queried the development of the draft 10-year Waste Strategy and how this correlated to the Council's Climate Emergency Policy and the need to be more socially and environmentally aware. Councillor Dr. Johnson also asked for further information regarding the operational work with WRAP. In response, the Operational Manager outlined that the new Waste Strategy document had been completed and was due to be sent to Cabinet for approval in the new year. It was felt that as the financial consequences from a 10-year strategy could be challenging, particularly considering the rise in costs to collect waste, it was important to expand on the business case to ensure that the strategy was affordable and to reflect the resources required. Therefore, both the strategy and the business case would be considered together by Cabinet.

In terms of social and environmental issues, the Operational Manager stated that there was agreement with the Audit outcome proposal relating to Equality Impact Assessments (EIA). Prior the review, the Council had one EIA which was kept as a live and open document, but Audit Wales concluded that it would be more useful for the Council to conduct individual EIAs for each new roll out or each time there was a change in service. Therefore, the Council would be better able to pick up social and environmental issues.

With regard to the operational work around WRAP, the Operational Manager advised that the Council was concentrating on the development of infrastructure, so a planning application had been submitted for the waste transfer facility at the Atlantic Trading Estate, for which a construction company had been selected following a tendering process. If planning was successful, then the new facility would take 9 months to construct during which, the Council would also have to apply for an environmental permit prior to commissioning. Once complete, the Vale of Glamorgan would have the facilities to manage all the recycling from within its area. In addition, the Council was working on the Re-use shop for which there was a commitment to submit planning by the end of March 2021. Finally, the Council was also looking to construct a new Transfer facility in the rural Vale. With regards to further roll outs of new recycling arrangements, the Operational Manager stated that this could not include Penarth until the new Transfer facility was up and running, as the current site in Cowbridge was too far for the recycling vehicles to travel.

The Head of Finance added that the report had been referred to the Audit Committee in order to provide oversight and a level of assurance around how the improvement proposals would be managed. An action plan was attached to the report which would be monitored by the Waste Project Board and regularly by the Insight Board. In addition, a 6-monthly report on progress of all Audit recommendations would be presented to the Committee. Mr. A. Veale (Audit Wales) then wished to reinforce the comments made by the Head of Finance, stating that it was good to have seen the

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report first considered by Scrutiny and then referred onto the Audit Committee to provide overall assurance.

In reply to a query from the Chairman, Councillor Carroll, regarding community engagement, the Operational Manager stated that lessons had been learnt from the first roll out in the rural Vale, which was why the roll out in Barry had gone well. For the roll out in the rural Vale, the Council had used WRAP guidance which had not worked as well as anticipated. Therefore, for Barry, changes had been made to literature and close examination of the concerns of residents had taken place. Roll out meetings with communities had been planned but these could not take place due to COVID. As a result, the Council chose to employ more Waste Wardens in order to monitor compliance. The Wardens were initially deployed on all waste vehicles which enabled the Council to log and identify issues and provide feedback and assistance to residents. The Operational Manager added that hopefully, the Council would be able to do more community engagement post COVID.

Having considered the report, it was

RESOLVED –

(1) T H A T the key findings arising from the Wales Audit Office's review of Council's arrangements for reducing waste and meeting statutory recycling targets (Appendix A) and the Council's response to the review and the Wales Audit Office's proposals for improvement (Appendix B) be noted.

(2) T H A T the reference from the Environment and Regeneration Scrutiny Committee and the report, be referred to Cabinet for endorsement of the proposed actions to address the proposals for improvement.

#### Reasons for decisions

(1) Following scrutiny and review of the findings of the Wales Audit Office's review of the Council's waste management arrangements and the Council's response.

(2) To ensure the Council responds appropriately and implements areas of improvement as identified by the Wales Audit Office.

#### 278 CORPORATE SAFEGUARDING UPDATE (REF) –

The Head of Finance presented the report which had been referred from Cabinet.

The purpose of the report was to provide an update on the work that had been undertaken in relation to Corporate arrangements for Safeguarding across the Council. There was corporate responsibility to ensure that there were effective arrangements in place for safeguarding children and adults who required specific Council services.

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The Annual Report 2019/20 provided an overview of the Corporate Safeguarding Group work plan and other safeguarding activities taking place across the Local Authority.

Councillor Dr. I.J. Johnson asked whether performance benchmarking data was available as a comparison with other local authorities. In addition, Councillor Dr. Johnson queried why there had been increase in Adult Protection Referrals and why there was a reduction in the number of cases for Anti-Social Behaviour. In reply, the Head of Finance stated that the increase in Adult Protection referrals was most likely due to the way that incidents were recorded following new legislation. In addition, there was also greater awareness of what constituted a referral which was on the back of more safeguarding training. With regards to benchmarking data and reasons for the fall in Anti-Social Behaviour cases, the Head of Finance advised that comments would be taken back, and further information provided.

Subsequently, it was

RESOLVED – T H A T the work that had been undertaken to improve corporate arrangements for safeguarding and protecting children and adults be noted.

Reason for decision

To ensure that the Audit Committee is aware of recent developments.

279 AUDIT WALES – CERTIFICATION OF GRANTS AND RETURNS 2018-19 (MD) –

Mr. A. Veale (Audit Wales), presented the report which provided members of the Committee with the Audit Wales Certification of Grants and Returns Report 2018-19.

Mr Veale began by referring to the lateness in reporting this to the Audit Committee which had been delayed by COVID-19.

The report outlined that Audit Wales certify a range of grant claims and returns in accordance with their respective instructions and seek to conclude whether expenditure had been in accordance with the relevant terms and conditions.

All the relevant grant claims and returns for 2018-19 had been certified by Audit Wales and the report attached at Appendix A provided a summary of the outcomes of this work.

Eight claims required certification, which had an aggregate expenditure of £92.01 million. Of which, five claims certified with no issues arising, one was qualified and amended and a further two claims were amended.

The Committee noted that following a review by Welsh Government, it had been decided that Welsh Government Grants had been removed from future certification work.

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Subsequently it was

RESOLVED – T H A T the Certification of Grants and Returns report for 2018/19 be noted.

#### Reasons for decision

To ensure that the Members of the Audit Committee are aware of the outcome of the work in this area by Audit Wales.

#### 280 AUDIT WALES – FIGHTING FRAUD- A LOCAL AND NATIONAL PERSPECTIVE (MD) –

Mr. A. Veale (Audit Wales) presented the report which provided members of the Committee with a summary of the national and local findings of recent work in respect of tackling fraud.

An overview of the counter fraud landscape across the Welsh public sector was reported by Audit Wales in June 2019. In July 2020, these findings were published in a report entitled 'Raising Our Game – Tackling Fraud in Wales'.

Appendix A to the report provided a summary of the key national findings within Local Government as well as the key local findings in respect of the Vale of Glamorgan Council.

For the Vale of Glamorgan, it was found:

- That the Council's procedures and policies were considered appropriate and reasonable;
- A dedicated and sufficiently experienced and trained counter-fraud officer was in place; and
- A planned programme of counter-fraud work existed.

However:

- More could be done to rollout fraud and corruption awareness training among staff to help embed counter fraud arrangements within the Council;
- It was felt that the Council should consider introducing a case management system to record, monitor and track potential frauds; and
- Should also consider 'publicising' identified cases of frauds, more widely, to act as a deterrent.

In response to the Committee's concerns around tackling cybercrime, Mr. Veale advised that both private and public sector organisations were more vulnerable as a result of COVID-19 and there were a number of articles written around the vulnerability and how sophisticated cybercriminals were becoming. There was reference to a current review around cybercrime by Audit Wales which referred to

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self-assessment of digital resilience within the public sector. It was expected that this review would identify and share best practice.

Further to the issues around tackling cybercrime, the Head of the Regional Internal Audit Service outlined that this was a growing area due to the increase in the use of technology which had been amplified during the COVID-19 pandemic. The Vale of Glamorgan and the other parts of the region were fortunate to have a dedicated Computer Auditor and it was hoped to recruit an additional member of staff to this area of work. This was a programme of work that was looked at periodically in order to ensure that high risk areas were covered and there was a lot of work that went on in relation to information security and Council systems which included reminding staff of their responsibilities and raising awareness. Information security came to the fore during the COVID period when there was a lot of sharing of information and intelligence across public sector organisations around instances of people attempting fraud in order to access COVID grant monies. Issues were therefore being flagged and the Vale of Glamorgan had not been a victim. Cybercrime was an ongoing battle and it was important to keep pace with the fraudsters and flag up when instances took place. The Council had to be on guard, but there were no absolute guarantees, so it was vital to keep the controls as tight as possible.

The Head of Service went on to add that he welcomed the report and he highlighted a reduction in Fraud investigation resources across Local Government in Wales following the Department for Works and Pensions (DWP) decision to centralise its fraud function. This meant that many local government officers left and joined the DWP. The Vale of Glamorgan, as mentioned in the report, was in a relatively good position following its investment in counter-fraud as without a dedicated resource it was difficult to identify fraud or investigate cases. The Council had therefore been successful in identifying fraud as well as being proactive in relation to work associated with the National Fraud Initiative (NFI) and in enabling services to play their part as it was a wider team effort across the whole organisation. Furthermore, the Vale of Glamorgan was taking part in CIFAS Fraud Initiative which looked at the first phase of business grant payments during COVID, and this provided another level of assurance as nothing had been flagged up. In addition, further work would be undertaken as part of the National Fraud Initiative.

Having considered the report, it was

RESOLVED – T H A T the contents of the report be noted.

#### Reasons for decisions

To apprise Members of report findings in relation to the fraud.

#### 281 CORPORATE RISK REGISTER QUARTER 2 UPDATE (MD) –

The Head of Policy and Business Transformation presented the report which provided an update on the Quarter 2 position of Corporate Risks for April to September 2020 as contained within the Corporate Risk Register.

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There were 16 corporate risks on the Register. The report provided an update on the corporate risks during the quarter 2 period, but it was noted that some risks on the Register were in a constant state of flux. For example, the fast-moving nature of both the COVID-19 and Brexit risks meant that the position regarding these two were constantly evolving. Audit Committee were requested to consider the quarter 2 position of the Risk Register, whilst noting the following developments.

COVID-19 - Since the end of the quarter 2 period (September), a series of new restrictions had been implemented to control the rising rates of coronavirus infections. During October, a two week 'Firebreak' was put in place, that saw a return of lockdown scenarios (similar to that experienced in March) across the whole of Wales. This required all non-essential retail and hospitality to close between Friday 23rd October and Monday 9th November. The period covered the half term holiday for children in Wales, and although primary schools saw the return of children after the first week, secondary schools were only open for years 7 and 8. A return of pupils across all year groups resumed on the 9th November.

During this period, the Council was required to once again adapt to managing the response to the pandemic and associated restrictions. Throughout the two-week Firebreak, the Council continued to ensure a high degree of business continuity in relation to its services, as many services had already adapted in response to the initial lockdown restrictions in March and in the subsequent months with changing regulations. During this Firebreak period, the main disruption in addition to secondary education was in relation to our libraries and civic amenity sites that closed during this period.

To support businesses that had closed during this time, the Welsh Government announced that it would make available almost £300m in financial support to further complement the UK Government's furlough scheme<sup>1</sup>. In relation to Vale of Glamorgan, the Council processed 1,395 non-domestic grant applications and had issued over £4.2million in grant payments to local businesses. The Council had also supported the administration of discretionary payments to those businesses that were not liable for business rates. As at the 20<sup>th</sup> November, a total of £88K of discretionary grants had been processed. Payment of this grant was ongoing with a third round of grants launched on the 23<sup>rd</sup> November. In addition to this, the Council had also supported the administration of 18 self-isolation grants to the value of £500 to support individuals who were employed/self-employed who were on a low income and accessed specific 'in work' benefits.

The Head of Policy and Business Transformation stated that for the COVID situation, as it currently stood, the number of cases had risen to 344 per 100,000 of the population. Across Wales further restrictions were now in place and there was the potential for a move to Level 4.

For Brexit, over the last 9 months, much of the Council's focus had been on co-ordinating the emergency response to the pandemic to ensure continuity of services whilst safeguarding staff, citizens and communities. Consequently, preparatory work on Brexit had not progressed as planned. However, as the end of the transition period approached, it was felt opportune to take stock of the current Brexit position and the need to review preparatory work.

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It was noted that the end of the transition period would bring significant changes to future trading relationships with both European counterparts and the rest of the World and would impact on EU citizen's rights to move to the UK and would see new restrictions on travel. Trade negotiations between the UK and EU had stalled due to a lack of agreement over key issues such as governance and fisheries.

An update on Brexit developments and implications was outlined in a report to Cabinet on the 30<sup>th</sup> November. The report set out the current position on Brexit as at 16<sup>th</sup> November and outlined the potential implications associated with the next phase of the UK's departure from the European Union. The report also considered different trade outcome scenarios, flagged new/emerging risk areas associated with Brexit and proposed preparatory actions (contained in an Action Plan) to address these identified risk areas. Whilst not within the scope of quarter two, this report was referenced for Audit Committee to illustrate the most recent information available.

Councillor M.R. Wilson referred to sustainability and keeping schools open and he stated that he believed lateral flow tests would be rolled out for use in schools and colleges. Councillor Wilson asked for an update and queried whether there would be a programme of testing for Council staff. In response, the Head of Policy and Business Transformation advised that in terms of using lateral flow tests in schools, the Council was still waiting on guidance of how they should be used. Welsh Government correspondence so far had indicated that tests would be part of a mix of measures, but the Council was supportive of safely keeping as many children in school as possible. Regarding the use of lateral flow tests more widely across the Council particularly in Care Homes and other settings, the discussions held as an Incident Management Team (including Public Health Wales, the Local Health Board, Welsh Government, Vale of Glamorgan Council and the City of Cardiff Council) had been that testing was not a passport to normality. So just because a person tested negative that did not make it unnecessary to continue to follow all safety measures such as wearing face coverings and maintaining social distancing. It was agreed that further information on staff testing would be provided.

With regard to some of the other key risks, the Head of Policy and Business Transformation highlighted the following:

- Risk scores for Information Security, Waste Management, Integrated Social Care and Health had reduced.
- Risk scores for Environmental Sustainability, Welfare reform, Reshaping services and the 21<sup>st</sup> Century Schools programme had increased.

Having considered the report, it was

RESOLVED –

(1) T H A T the Quarter 1 position of Corporate Risks for the period April to September 2020 be noted.

(2) T H A T the report be referred to Cabinet for its consideration and endorsement.

Reasons for decisions

- (1) To identify the Quarter 2 position of Corporate Risks across the Council and to highlight any emerging issues and actions to be taken as outlined in Annex A.
- (2) To ensure Cabinet receive the Quarter 2 position on the Corporate Risk Register and endorses the recommendations contained within the report.

282 PROGRESS AGAINST THE AUDIT RISK BASED PLAN 1<sup>ST</sup> APRIL 2020 TO 30<sup>TH</sup> NOVEMBER 2020 (HRIAS) –

The Audit Client Manager presented the report which provided members of the Committee with a position statement on progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2020-21.

The progress made against the approved internal audit risk-based plan as at 30<sup>th</sup> November, 2020 was detailed in Appendix A. It showed that 15 reviews had been finalised, 9 with an audit opinion whilst 2 reports had been issued in draft.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance had been given to 4 of the completed audits and an opinion of reasonable assurance to the remaining 5 completed audits.

18 recommendations had been made to strengthen the control environment; all were categorised as medium priority and would be monitored to ensure they were effectively implemented.

A follow up of a previous limited report in respect of school budget monitoring had been completed and it had been found that the control environment had been strengthened due to the implementation of the recommendations made. One recommendation was outstanding and would be followed up in due course. As a result, a reasonable audit opinion had now been given to this area.

Following a request by the Audit Committee, work in relation to homelessness had been added under the Unplanned Work umbrella.

Having considered the report, it was

RESOLVED – T H A T the content of the report and the progress made against the 2020-21 Internal Audit Annual Risk Based Plan be noted.

Reason for decision

To keep the Audit Committee informed of progress.

283 FORWARD WORK PROGRAMME (HRIAS) –

The Head of the Regional Internal Audit Service presented the report which provided an Updated Forward Work Programme for 2020/21.

In order to assist the Audit Committee in ensuring that due consideration had been given by the Committee to all aspects of their core functions, the Forward Work Programme for 2020/21, appended to this report at Appendix A, had been produced and was aligned to the Committee's Terms of Reference.

Councillor M.R. Wilson asked for further detail regarding the Audit Self-Assessment. In reply the Head of Service advised that it was planned to compare the Audit Committee's Terms of Reference and practice to CIPFA guidance and then to give Committee Members an opportunity to reflect on the analysis of items presented and considered. In addition, a Member's skills survey may be considered in order to identify areas for additional training or further awareness raising.

The Head of Service then referred to the Local Government and Elections Bill which would bring forward some changes to Audit Committees across Wales, for example there were proposals to change the name to Governance and Audit Committee, to consider certain performance related reports and to increase the number of lay members to a third of the membership with a requirement for the Chairman to also be a lay member. The Bill was still going through the consultation process but would have a bearing on the Audit Terms of Reference.

The Committee agreed that a report on implications from the Local Government and Elections Bill would be provided.

Discussion then ensued regarding the new Bill and the appointment of a lay member as Chairman and Committee Members queried the rationale behind this and the increase in the number of lay members. Mr. A. Veale (Audit Wales) commented that he would make enquiries, but this was likely to be for ethical/independent considerations and to gain people with specific skill sets.

The Head of Policy and Business Transformation added that there a number of consultations that the Council were responded to. The first was around Regional Joint Committees, and the second was in relation to Part 6 of the new Bill. It was agreed that the Council's response to Part 6 would be circulated by Democratic Services.

Mr P. Lewis (Lay Member to the Audit Committee) stated that it took him at least 2 years to fully understand the processes and workings of the Council and so it was difficult for him to make comments on reports during his early years. He felt that it was very difficult but not impossible, for a lay person to properly Chair a meeting early on.

In considering the Forward Work Programme, Mr A. Veale requested for the Audited Statement of Accounts 2019/20 to be considered by the Committee in February, this was following the completion of Audit Wales' investigations into two queries received from members of the public.

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Subsequently, it was

RESOLVED – T H A T the Forward Work Programme be endorsed, subject to the following additions:

- A report relating to the implications of the Local Government and Elections Bill.
- The Audited Statement of Accounts 2019/20 to be considered by the Audit Committee at its meeting scheduled for February 2021.

Reason for decision

To endorse the Forward Work Programme.