

No.

## **GOVERNANCE AND AUDIT COMMITTEE**

Minutes of a remote meeting held on 24<sup>th</sup> May, 2021.

The Committee agenda is available [here](#)

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

Also present: Mr. A. Veale, Mr. S. Wyndham and Mr .I. Phillips (Audit Wales).

### 51 APPOINTMENT OF CHAIRMAN –

RESOLVED – T H A T Councillor G.D.D. Carroll be appointed Chairman for the current municipal year.

### 52 APPOINTMENT OF VICE-CHAIRMAN –

RESOLVED - T H A T Councillor L.O. Rowlands be appointed Vice- Chairman for the current municipal year.

### 53 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 1<sup>st</sup> March, 2021 be approved as a correct record.

### 54 DECLARATIONS OF INTEREST –

No declarations of interest were received.

### 55 VALE OF GLAMORGAN ANNUAL AUDIT SUMMARY 2020 AND PROGRESS AGAINST EXTERNAL REGULATORY RECOMMENDATIONS AND PROPOSALS FOR IMPROVEMENT (MD) –

The purpose of the report was to present to Members Audit Wales' report – Annual Audit Summary 2020.

Audit Wales (AW), was the nominated Auditor for the Vale of Glamorgan Council, and in that role undertook financial audit and performance reviews.

The report outlined the work undertaken by AW during 2020.

No.

Councillor Dr. Johnson commented that there were a lot of amber statuses within Appendix B. A high number of Amber statuses related to shared working and partnership arrangements such as the Shared Regulatory Service (SRS) and Legacy Leisure. Councillor Dr. Johnson queried how would progress on these be monitored given the context of challenges relating to the Covid-19 pandemic. In response, the Head of Policy and Business Transformation advised that there had been recognition of the difficulties facing the Council as a result of Covid, and both the SRS and Legacy Leisure had been particularly impacted over the past 15 months. He was aware that the Head of the Shared Regulatory Service was in the process of looking at the next year of the SRS business plan, and the proposals for improvement would be a major part of that work. The Head of Policy and Business Transformation added that the Council's Insight Board was once again in operation and would be tracking progress on a monthly basis.

In relation to the Council's Statement of Accounts for 2019/20, Mr. Veale (Audit Wales) advised that back in October 2020, AW had been able to issue an opinion of the accounts but unable to certify closure as two objections from the public had to be reviewed. AW were able to issue an opinion as the two objections did not materially impact on the accounts. The reviews were now complete, and on 6<sup>th</sup> May, 2021, AW had notified the Head of Finance / Section 151 Officer that the accounts for 2019/20 were closed and certified.

With regard to the two objections, Mr. Veale advised that the first objection related to how Section 106 money had been spent for a particular development. Following its review, AW had concluded that there was no evidence of non-compliance with the Section 106 agreement by the Council. The second objection related to an access scheme and a private driveway. Again, the review had been concluded, with several recommendations reported to the Council. In relation to this, the Head of Finance / Section 151 Officer confirmed that the recommendations were being addressed as part of a report to be presented to Cabinet regarding the tendering process.

Councillor Wilson referred to the role of Scrutiny and he asked whether AW had identified any best practice case studies. He added that this was particularly important as he was aware that Welsh Government were looking into the role of Scrutiny, and he asked whether there were moves to use the public accounts model within local government. Mr. Veale advised that previously AW had undertaken a review into the effectiveness of Scrutiny, the report of which contained reference to good practice and what worked well in other Authorities. Mr. Veale agreed to share any relevant information via email.

The Chairman, Councillor Carroll, raised a comment regarding non-executive Members having greater access to an independent source that could provide independent advice and research relating to Council business, particularly the Scrutiny function. Councillor Wilson added that there used to be separation of the Cabinet and Scrutiny functions between different service areas, but both now came under Democratic Services. He suggested, that as this arrangement was common across Wales, the separation of the Cabinet and Scrutiny functions could be something for AW to consider.

No.

There being no further points or queries, the Committee

RESOLVED –

(1) T H A T the contents of the Vale of Glamorgan Annual Audit Summary 2020 (Appendix A to the report) be noted and the report referred to the Corporate Performance and Resources Scrutiny Committee and Cabinet with any recommendations / comments of the Governance and Audit Committee.

(2) T H A T the progress made to date in addressing recommendations and improvement proposals made by our external regulators (as in Appendix B to the report) be noted and be referred to Cabinet with any recommendations / comments of the Governance and Audit Committee.

#### Reasons for decisions

(1) To provide for scrutiny and review of the Auditor General's Annual Audit Summary 2020 (Annual Improvement Report).

(2) To ensure the Council implements its regulatory recommendations and improvement proposals and responds appropriately to the recommendations and proposals for improvement identified through the Audit Wales' programme of local and national Local Government Studies.

#### 56 AUDIT WALES 2021 AUDIT PLAN (HF/S1510) –

The purpose of the report was to present to Members the Audit Wales Audit Plan 2021.

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

- Audit of Financial Statements
- Value for money
- Continuous Improvement
- Sustainable Development principle.

The report provided details regarding how AW would complete this work in 2021.

Committee was requested to consider and agree the proposed Audit Plan for 2021.

Councillor Wilson referred to the financial implications following the McCloud judgement, and he asked whether a briefing note could be provided and sent to all Vale Councillors. In reply, Mr. Veale (Audit Wales), advised that the main implications would not be known until issues relating to age discrimination had been resolved. This may require an update to the Council's financial figures. The request for a briefing note was also agreed by the Committee.

No.

Councillor Wilson also referred to the challenging deadlines for the completion of the Statement of Accounts for 2020/21. In reply, the Head of Finance / Section 151 Officer advised that the timescales had been relaxed as a result of Covid. Council staff were now very used to working remotely and Council systems had improved. Help and guidance from AW would be ongoing, and the Council was currently on track to close the accounts by the deadline date.

Subsequently, it was

RESOLVED –

- (1) T H A T the contents of the report be noted.
- (2) T H A T a briefing note outlining the main implications of the McCloud judgement be produced and circulated to all Members of the Council.

#### Reasons for decisions

- (1) To facilitate monitoring of the Audit function.
- (2) To provide Members of the Council with a summary of the main implications following the McCloud judgement.

#### 57 EFFECTIVENESS OF THE AUDIT COMMITTEE – SELF ASSESSMENT (RIAS) –

The Head of the Regional Internal Audit Service presented the report, the purpose of which was to update Members, following feedback, on the findings of the Self-Assessment of Good Practice from the Chartered Institute of Public Finance & Accountancy (CIPFA) Audit Committees Practical Guidance 2018, originally reported on 1<sup>st</sup> March, 2021.

The effectiveness of the Audit Committee had been reviewed in line with the Chartered Institute of Public Finance (CIPFA) self-assessment of good practice.

The overall effectiveness was found to be good with a few areas having recommendations for improvement which required consideration.

A skills and knowledge self-assessment questionnaire had been completed by the majority of Members and the results would assist in developing a training package.

The Head of the Regional Internal Audit Service advised that since the report had been produced, one other survey had been received, and so this would be added to the final results.

Councillor Wilson commented on how training was delivered to Councillors, and he stated that more interactive training was required in order help Councillors take in and understand what was being provided.

No.

Mr. Lewis (Lay Member) made comment regarding the difficulties for Lay Members to pick up and understand fully the operations and functions of the Council.

Overall, the Committee was in agreement with recommendations as outlined in Appendix A.

Subsequently, it was

RESOLVED – T H A T the contents of the report and appendices be approved.

Reason for decision

To ensure members of the Governance and Audit Committee are given the opportunity to respond to the draft report and are kept up to date and informed.

58 LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT – UPDATED COMMITTEE TERMS OF REFERENCE (RIAS) –

The report provided the Committee with an overview for information of the provisions within the Local Government and Elections (Wales) Act and in particular the provisions within the Act relating to the arrangements for Governance and Audit Committee.

The report also provided Committee with an update on some additional changes to the Committee's Terms of Reference made under the Managing Director's Emergency Powers which complied with the current timescales of the Act and brought together in one place some aspects of the Committee's remit that were found elsewhere in the Council's Constitution.

Appendix 1 to the report contained the full Terms of Reference as agreed at the Council's Annual Meeting on 10<sup>th</sup> May, 2021.

The provisions of the Act that come into force by May 2022 would be subject to a further report to the Committee.

The Head of Regional Internal Audit Service, advised that the recruitment process for Lay Members was being discussed at a national level, potentially co-ordinated by the Welsh Local Government Association (WLGA). The WLGA had drafted a Job Description for Lay Members and the Chairman. Progress on this would be fed back. In relation to this, Councillor Wilson stated that he considered there a need for the establishment of a Search Committee for the recruitment of lay/co-opted members for a number of committees as a way of making the recruitment process more effective for the Vale. The Head of Regional Internal Audit Service agreed for these comments to be directed back to Democratic Services.

Having considered the report and the updated Terms of Reference, it was

RESOLVED – T H A T the contents of the report and appendix be approved.

No.

Reason for decision

To consider the current position with the Local Government and Elections (Wales) Bill and the action taken by the Vale Council in preparation for the same.

59 REGIONAL INTERNAL AUDIT SERVICE CHARTER 2021/22 (RIAS) –

The purpose of the report was to present to Members the Regional Internal Audit Service Charter for 2021/22.

The Regional Internal Audit Service (RIAS) Charter defined the purpose, authority and responsibilities of the Regional Internal Audit Shared Service across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils.

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 roles of the Governance and Audit Committee in relation to internal audit were to:

- Oversee its independence, objectivity, performance and professionalism;
- Support the effectiveness of the internal audit process and;
- Promote the effective use of internal audit within the assurance framework.

One of the key roles which demonstrated the Governance and Audit Committee's oversight was the approval of the Internal Audit Charter.

Subsequently, it was

RESOLVED – T H A T the Regional Internal Audit Service Charter for 2021/22 as attached in Appendix A to the report be approved.

Reason for decision

To keep the Governance and Audit Committee informed, and to ensure compliance with the Public Sector Internal Audit Standards (PSIAS).

60 PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2020-21 (RIAS) -

The purpose of the report was to provide members of the Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2020-21.

No.

The progress made against the approved internal audit risk-based plan 2020-21 was detailed in Appendix A. It showed that 37 reviews had been finalised, 23 with an audit opinion whilst 6 reports had been issued in draft and 4 were on-going and would be completed to feed into the audit opinion report.

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 5 of the completed audits, an opinion of reasonable assurance to 15 completed audits and 3 had resulted in an audit opinion of limited assurance.

62 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.

Councillor Wilson stated that during the Covid-19 pandemic, it was important for the Council to have controls in place to ensure that grant money from Welsh Government was being spent correctly. The Head of the Regional Internal Audit Service confirmed that there had been a review of controls had been carried out. In addition, the National Fraud Initiative was undertaking a piece of work and this would feed into the Council's Audit work. He advised that CIFAS (Credit Industry Fraud Avoidance System) had also carried out a review and had not found anything of concern.

Having considered the report, it was

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

Reason for decision

To keep Governance and Audit Committee informed.

61 UPDATED FORWARD WORK PROGRAMME (RIAS) -

The purpose of the report was to provide Members with an Updated Forward Work Programme for 2021/22.

In order 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 Forward Work Programme would be updated to reflect changes required to the Committee's Terms of Reference under the new Local Government & Elections Act.

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

No.

The Chairman agreed that the date of the meeting in July would be looked at.

RESOLVED – T H A T the Forward Work Programme be approved.

Reason for decision

To ensure the Governance and Audit Committee is aware and informed of progress on the proposed work programme.