

No.

GOVERNANCE AND AUDIT COMMITTEE

Minutes of a Remote Meeting held on 24th October, 2022.

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

The Meeting recording 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.J. Wood; and M. Evans (Lay Member).

384 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.”

385 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 27th September, 2022 be approved as a correct record.

386 DECLARATIONS OF INTEREST –

No declarations were received.

387 DEPRIVATION OF LIBERTY SAFEGUARDS ANNUAL UPDATE (REF) –

The reference from Healthy Living and Social Care Scrutiny Committee of 4th October, 2022 was presented to the Committee by the Operational Manager, Safeguarding and Service Outcomes.

It was reported that it had been anticipated that Liberty Protection Safeguards (LPS) would have replaced the Deprivation of Liberty Safeguards (DoLs) in England and Wales, in April 2022. However, the consultation process for the associated Codes of Practice had been delayed and therefore the implementation date not achieved and was still being determined by UK and Welsh Government.

LPS represented a significant overhaul to the law concerning the care and treatment of people over 16 that lacked capacity to consent to care or treatment that deprived them of their liberty. Workers across the adult social care system would need to prepare for the LPS: the changes would affect direct work with adults, and in some cases young people, carried out by multi-agency practitioners and would require new

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systems and ways of working at all levels across organisations.

In preparation of the new LPS, the Council had been successful in bids for additional funding from Welsh Government to address the backlog of applications. A small project team had been put together and significant progress had been made in reducing the Council's backlog of applications. The current number of applications specifically for the Vale of Glamorgan area awaiting consideration was 75, down from 322 for 2020/21, and the longest time waiting of any application dated from June 2022.

The Chair, Mr. G. Chapman, commented that the capacity of the project team had been built up because of grant money from Welsh Government, but given the financial challenges, there was a likelihood of the grants being withdrawn which led to a concern that the number of outstanding assessments could rise again. In reply, the Operational Manager concurred that the Council could not rely on the grant continuously. It was however important to recognise that the new LPS framework streamlined the process, which would become part of individual practitioners' responsibilities rather than a dedicated team. Until the Codes of Practice come through, there was an appreciation that demand could outstrip resources, which was why the Council was continually reviewing the situation. In the future, the Council would be looking at the baseline budgets and where LPS needed to sit.

In reply to the question of whether Social Workers had the capacity to take on the extra responsibility, the Operational Manager advised that work was currently being undertaken to upscale practitioners in terms of the Mental Capacity Act and the requirements around that. That meant that when the new LPS framework was introduced, practitioners had the necessary skills. There was also additional funding coming from Welsh Government in terms of workforce training.

With regard to the rate of assessments which were rejected, the Operational Manager advised that these would be sent after the meeting via email.

Subsequently, it was

RESOLVED – T H A T the contents of the report be noted, with the request that should the backlog of Deprivation of Liberty Safeguards (DoLS) assessment rise, a report be brought to the Governance and Audit Committee in a timely fashion to allow the Committee to consider the matter and the remedial action proposed or undertaken.

Reason for decision

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

388 FINAL DRAFT VALE OF GLAMORGAN COUNCIL ANNUAL SELF-ASSESSMENT REPORT 2021/22 (REF) –

The reference from Cabinet of 20th October, 2022 was presented to Committee by the Director of Corporate Resources.

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The Final Draft Vale of Glamorgan Annual Self-Assessment (Appendix A) was a position statement on the Council's performance over the past year in delivering its Annual Delivery Plan priorities as aligned to the Corporate Plan Well-being Objectives. It was intended to provide an honest and balanced account of the Council's achievements and challenges and identify areas where further progress was required. The information contained within the Final Draft Vale of Glamorgan Annual Self-Assessment report would be used to inform the development of the Council's Annual Delivery Plan for 2023/24 and associated Service Plans for the same period.

The report outlined that a summary of the consultation findings (appended at Appendix B) presented a mixed picture. When asked whether the Council had achieved the objectives that had been set in the previous year, public respondents generally responded more positively to the themes of, 'Providing Care and Support' and 'Improving infrastructure'. They were least positive about 'Responding to the Climate Change Challenge – Project Zero' and the 'Cost-of-Living Crisis'. Council staff respondents were most positive about 'Providing Care and Support' with 'Project Zero' and 'Involving our Communities' receiving the least positive responses.

The consultation received 125 individual responses to the survey, and whilst around 2.5k people looked at the social media communications and animations, the Council received 30 comments across the various animations. A further 20 responses were received from Council staff. Despite the low response rate, a summary of all respondent's views provided the Council with a snapshot of stakeholder views and give an insight which would assist to shape next year's (2023/24) Annual Delivery Plan priorities and associated Service Plans.

It was reported that from the public survey analysis there was a general lack of awareness and understanding of what the Council did and that more needed to be done to communicate information in a way that was easier for people to understand so they were encouraged to participate in engagement activities. In addition, Council colleagues would benefit from regular communication about Council performance overall. These issues were being progressed through the Council's new Public Participation Strategy.

Councillor M. Hooper commented that it appeared that amendments requested at the previous meeting of the Governance and Audit Committee had not been made, which related to page 9 and clarifying that the outcome of a £14.03m bid for Barry Docks. In reply, the Director advised that a revised set of wording had been agreed but somehow not incorporated. Therefore, Cabinet would be asked to agree a revision to page 9 outlining that the Council would not know if it had been successful in securing nearly £19.9m to transform Barry Docks waterfront until the Autumn of 2022.

Councillor Hooper also commented on the way that the Council communicated to the public and particularly their interest in the report. He urged caution and not to assume that there was a miscommunication problem, especially when people raised issues that they believed to be true. This was something that the Council could reflect on for the future.

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Councillor E. Goodjohn referred to the consultation document at Appendix B, which outlined that only 125 responses from the public were received, in addition to 20 responses from members of staff. Councillor Goodjohn queried whether it was felt that represented a true and accurate record of the views of staff and the public. In reply, the Director stated that the response rate was higher than it had been in previous years for similar exercises, but it was recognised that it was low when compared to the overall population of the Vale of Glamorgan. The challenge was that the Council was trying to consult on a document that was wide ranging, and which covered all the work and activities undertaken. Therefore, it was difficult for people to respond to a corporate consultation which was a different process to consultation on very specific issues that people felt were more relevant to them. Overall, what would be more important was the ongoing consultation and engagement that would be undertaken throughout the year on specific areas that people wanted to participate in. This would be a more representative nature of consultation, which may include a public opinion survey.

Committee members echoed comments relating to people feeling that their views had been valued and taken on board, which was something that the Council could reflect on further.

Subsequently the Committee

RESOLVED –

- (1) T H A T the Final Draft Vale of Glamorgan Annual Self-Assessment be endorsed, subject to the typographical changes to Page 9.
- (2) T H A T Cabinet be requested to accept the typographical changes to Page 9.
- (3) T H A T Cabinet refer the report on to Full Council (9th November, 2022) for final approval.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) To request Cabinet to approve the typographical changes on page 9.
- (3) So that the Final Self-Assessment can be approved by Full Council at the meeting scheduled for 9th November, 2022.

389 AUDIT OF STATEMENT OF ACCOUNTS 2021/22 UPDATE (DCR) –

The Audit of the Vale of Glamorgan 2021/22 Statement of Accounts was progressing well with the majority of testing completed and some issues still being investigated.

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Completion of the Vale of Glamorgan Audit was delayed until the issues around Infrastructure Assets was resolved and further clarification was expected in November 2022.

The Audit of the Shared Regulatory Services was now complete and the accounts signed off.

The Audit of the 2021/22 Vale and Valleys Regional Adoption Service Accounts had now commenced and was progressing well.

In terms of the position with Infrastructure Assets, there was an understanding that a paper had been taken to the Financial Reporting Advisory Board and which set out proposals around an additional disclosure note for infrastructure assets and around de-recognition. The Board did not support the de-recognition element of the paper but considered that a disclosure note would be accepted and put into the code. This had received statutory override in Scotland and in England, while Welsh Government was looking at legislation. Therefore, there was an expectation that Welsh government would extend time scales.

The Committee made a request that for future reports to contain more detail and information about the related issues.

Subsequently, the Committee

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

Reason for decision

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

390 REVIEW OF FRAUD AND GOVERNANCE AS PART OF THE EXTERNAL AUDIT BY AUDIT WALES (DCR) –

The Head of Finance/Section 151 Officer, presented the report which provided a copy of the detailed submission of the Council's response to Audit Wales acting as the Council's External Auditor which related to the requirements as set out in the International Standard for Auditing (UK and Ireland) 240 – The auditor's responsibilities relating to fraud in an audit of financial statements.

It was advised that Appendix A was the Council's responses to the specific enquiries made by the External Auditor, Audit Wales, for them to obtain evidence of how management and those charged with governance were discharging their responsibilities. Appendix 1 of the document related to Fraud, which provided a confirmation that there were no specific fraud issues identified during 2021/22 relating to the financial statements. It was also considered that the Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.

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Committee Members commented on the ownership and purpose of the report, and in particular around “third line of defence” or the nature of internal audit activity and whether that provided the scope and understanding to indicate that the Council was meeting all regulations. In reply, the Head of Finance stated that the Committee was being asked to approve the response, and the purpose of future reports would be more clearly clarified. Regarding internal audit work and assurance, it was fair to say that the report focused on the third line of defence and less focussed on the wider control environment to prevent fraud. The Head of the Regional Internal Audit Service added that comments of the Head of Finance were accurate. He referred to his Annual Report which considered the fraud work undertaken, but it was difficult to give full assurance. The first level of responsibility for prevention, detection of fraud, was with management, but internal audit did have a role when it came to fraud investigations.

The Head of the Regional Internal Audit Service commented that in reference to inquiries of management relating to fraud, the principal response was that there been no specific fraud issues identified during 2021/22 relating to the financial statements. This was as far as he was concerned correct.

Having considered the contents of the report, it was

RESOLVED – T H A T the findings of the review of Fraud and Governance as part of the external audit by Audit Wales be approved .

Reason for decision

Having regard to the findings of the review undertaken by Audit Wales.

391 Q2 UPDATE: AUDIT WALES WORK PROGRAMME TIMETABLE 2022/23 – VALE OF GLAMORGAN COUNCIL (DCR) –

Audit Wales (AW), as the nominated auditor for the Vale of Glamorgan Council, was required to undertake work in relation to the following which was detailed in the Vale of Glamorgan Annual Audit Plan 2022:

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

Appendix A to the report outlined Quarter 2 progress on Audit Wales’ work programme and timetable as aligned to the Vale of Glamorgan Annual Audit Plan 2022/23.

Governance and Audit Committee Members were requested to review and note the progress made on the Vale of Glamorgan Audit Work Programme as at Quarter 2 and upon consideration, to refer the report to Cabinet for their oversight.

Having considered the report, it was

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RESOLVED –

- (1) T H A T the contents of the report be noted.
- (2) T H A T the report be referred to Cabinet for its oversight.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) To enable Cabinet's oversight of the audit programme.

392 CORPORATE RISK REGISTER QUARTER 1 UPDATE (DCR) –

The report provided Members with an overview of the Corporate Risk Register for Quarter 1 (April 2022 – June 2022). A risk analysis was incorporated within the Corporate Risk Summary Report at Annex A. This enabled officers and Members to identify and assess trends and the cross-cutting nature of risks with the ability to drill down to the detail of risks as and when required.

It was reported that at the end of quarter 1, a total of 94% (314) actions were Green (on track/completed) and 1.8% (6) were allocated an amber status for minor slippage and 4.2% (14) were allocated a red status to reflect slippage. The Corporate Risk Summary Report was attached at Annex A. The Corporate Risk Register as published in full was at Annex B which outlined the nature of each Corporate Risk in full.

There have been some movements in risk statuses during the first quarter of the year. In terms of direction of travel, most risks on the Register had maintained a static position, with the exception of the school reorganisation, workforce risks that have increased and the information security, Covid and Deprivation of Liberty Safeguards (DoLS) and Wales Community Care Information System (WCCIS) risks that had decreased over the period.

In terms, of forecast direction of travel it was anticipated that the legislative change and local government reform and integrated health and social care risks were forecast to diminish over time. The Reshaping Services, Project Zero, market fragility and demand management risks were all anticipated to maintain an upward trajectory.

It was suggested that the primary risks associated with the DoLS and WCCIS risks had diminished during the quarter and the report recommended that both risks be removed from the Register and instead oversight of these risks be maintained at the service level.

With regard to DoLS, the Committee had some reservations about that being removed from the Register, given concerns of the removal of grant funding and the

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impact of budgetary pressures. The Committee was in agreement that the WCCIS risk could be removed from the Register.

Mr. M. Evans (Lay Member) commented on the reduction in risk around Information Security, given that most organisations considered there was an increased likelihood of cyber-attacks. In reply, the Director advised that there had been a lot of discussion on that, and the reduction reflected significant improvements in some of the controls as well as the investments made in tools to counter cyber-attacks.

Mr. M. Evans also queried the level of progress information in relation to the risks with a red status. In response, the Director stated that the Committee could do some focus work for the next update particularly in relation to Project Zero and Information Security.

Councillor E, Goodjohn commented that there could be more detail around future forecasting. The Director stated that it was important to remember that the Risk Register provided assurance and was a mechanism used to manage risks. This meant that it was a historical backward-looking report. There was, however, a framework in place for managing risks and for forecasting, but there was a challenge in making the information as up to date as possible. There was a commitment for the lag to be reduced.

Mr N. Ireland (Lay Member) queried the linkages and interactions between the Register and the work of Internal Audit. In reply, the Director referred to the Annual Governance Statement, which was a key assurance mechanism. That would include regular work with the Internal Audit Service in terms of reviewing both the program for internal audit and the Corporate Risk Register. From his perspective and in relation to the use of the Risk Register, the Head of the Regional Internal Audit Service advised within the internal audit plan there was an element headed risk management. This would include the reviewing of a sample of corporate risks to confirm that they had been appropriately managed, and the progress had been reported accurately. In addition, Internal Audit would have regular sight of the update Risk Register reports, and there would be regular dialogue with the Director of Corporate Resources around any specific aspects that required focus by Internal Audit.

Mr Ireland further queried how were audits selected and whether the Committee had a role in how those audits were chosen. In reply, the Head of Service advised that the Auditors chose which areas required review, but the Committee could also suggest specific areas that it wanted considered.

Subsequently, it was

RESOLVED –

(1) T H A T the Quarter 1 position of corporate risks (April 2022 – June 2022) as outlined in the Risk Summary Report (Annex A) be noted.

(2) T H A T it be recommended to Cabinet for the removal of the Wales Community Care Information System (WCCIS) risk from the Register and request

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Cabinet to accept the inclusion of a Cost of Living risk and the reframing of the Environmental Sustainability risk to Project Zero on the Register.

(3) T H A T the comments of the Committee be referred to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider a report on the Corporate Risk Register for Quarter 1.

Reasons for decisions

(1&2) Having regard to the Quarter 1 Risk Register update report and discussions at the meeting.

(3) On the request for the comments of the Governance and Audit Committee to be considered when the Risk Register Quarter 1 position is presented to Cabinet.

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

The progress made against the approved Internal Audit Risk Based Plan 2022-23 was detailed in Appendix A to the report. It showed that 10 reviews had been completed, 7 with an audit opinion whilst 5 reports had been issued in draft and 18 reviews were ongoing.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment of the 7 completed audits, an audit opinion of substantial assurance had been given to 3 audits and an opinion of reasonable assurance to the other 4 audits.

To date 12 recommendations had been made to improve the control environment. The progress being made in implementing these was included in a separate recommendation monitoring report which was also presented to the Committee.

The Regional Internal Audit Service had recently been successful in recruiting 7 new members of staff. This was a positive step, however, in the short term, until the new staff were trained and able to fully contribute to the delivery of the plan, there was a negative impact in that overall productivity of the team due to the support they required. Consequently, some audits had been allocated to the South West Audit Partnership (SWAP) Internal Audit Services to complete on behalf of the Regional Internal Audit Service to assist in ensuring that there was sufficient coverage for a year end audit opinion to be provided.

The Committee was advised that SWAP had been allocated audit work relating to Project Zero, climate change and energy efficiency. This was because SWAP would be able to bring outside knowledge unavailable to the internal audit service. There was also a possibility of SWAP undertaking some review work relating to procurement and project management.

Mr. N. Ireland (Lay Member) raised a number of points around Appendix A and specifically to the work being outcome focused rather than output focussed:

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- Reference 10, Climate Change and Energy Efficiency – more narrative around progress to ensure that plans were in place to deliver the programme by 2030.
- Reference 8, Project and Programme Management – again more narrative around progress which also relate to governance arrangements.
- Reference 22, Catering Company – more information about the specific focus of that review.

In reply to the points raised, the Deputy Head of the Regional Internal Audit Service clarified that the information in the Appendix related to the initial scope of the work, and more information would be provided for future updates.

Mr M. Evans (Lay Member) commented that there was not an overview of completed audits. In response, the Deputy Head of the Regional Internal Audit Service advised that normally details would be provided to the Committee if there was a limited assurance report. Therefore, the concerns and agreed improvement measures would be highlighted to the Committee. The Committee considered that a summary report relating to the outcomes of completed audit reviews would be useful, as it would increase the level of assurance provided.

Subsequently, it was

RESOLVED –

- (1) 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.
- (2) T H A T future updates include additional summary information relating to the outcomes of completed audit reviews.

Reason for decisions

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

394 RECOMMENDATION MONITORING (HRIAS) –

A position statement in respect of internal audit recommendations made, implemented and outstanding as of 30th September, 2022 was detailed in Appendix A to the report. A total of 183 recommendations were made to improve the control environment of the areas reviewed during 2021/22 and to date 12 recommendations had been made in 2022/23.

Only 1 recommendation made in 2021/22 had not been accepted by the service area, this was a low priority recommendation and the Manager offered an alternative solution.

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Of the recommendations made in 2021/22, 9 had surpassed their implementation date and were therefore outstanding and would continue to be chased; the target date had yet to be reached for 33 recommendations.

Of the 12 recommendations made to date in 2022/23, 5 had been implemented and 7 had a future target date.

Recommendations made in limited assurance reports were not individually chased up, they were reviewed during the planned follow up audit of that service area.

The information contained in Appendix A to the report had been compiled from the Council's internal audit software system. Views from the Committee were sought in respect of the content and format provided and once feedback from all Governance and Audit Committees within the regional service area had been obtained a standard report would be commissioned from the software provider to streamline the process of producing the information.

The Committee considered that the report should contain more information about the outcomes and progress of recommendations following an audit review, with particular emphasis placed on providing greater information for recommendations that were overdue completion.

The frequency of the report to the Committee was also discussed, and it was agreed that a quarterly update report would be sufficient.

Following consideration of the report, it was

RESOLVED –

(1) T H A T the Governance and Audit Committee received an update report on a quarterly basis.

(2) T H A T future update reports include additional summary information relating to the outcomes and progress of recommendations in particular relating to any overdue recommendations.

Reason for decision

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

395 UPDATED FORWARD WORK PROGRAMME (HRIAS) –

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 at Appendix A to the report had been produced and was aligned to the Committee's Terms of Reference.

The Forward Work Programme had been updated to reflect changes required to the Committee's Terms of Reference under the new Local Government and Elections

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(Wales) Act and to include items previously requested by Members of the Committee.

Members of the Committee were asked to note that the Audited Statement of Accounts and Annual Governance Statement were due to this meeting. However, as a result of ongoing national discussions between Audit Wales and the Chartered Institute of Public Finance and Accountancy (CIPFA) the accounts could not be signed off. These items had not been rescheduled in Appendix A as the timescale was unknown. It was possible that an additional meeting may be required.

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

Having considered the report it was

RESOLVED –

- (1) T H A T the Forward Work Programme be noted.
- (2) T H A T the schedule of items for the next meeting, 12th December 2022, be endorsed.

Reason for decisions

(1&2) To ensure the Governance and Audit Committee is aware and informed of progress on the proposed Work Programme.