

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 18 November 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Audited Statement of Accounts 2023/24
Purpose of Report:	To present these charged with Governance: responses to External Audit on fraud and governance; the final Statement of Accounts and Annual Governance Statements for approval; and the Audit Wales Audit Closure Report/ISA260.
Report Owner:	Report of the Chief Executive
Responsible Officer:	Matt Bowmer Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	None
Policy Framework:	The proposals in this report are in accordance with Policy Framework and Budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Council has until 31st May each year to submit draft Statement of Accounts and Annual Governance Statement for audit and external audit has until 31st July to issue a certificate.</li> <li>• These deadlines were relaxed during Covid but there is a backlog of work nationally and the Auditor General for Wales has extended the certification deadline to 30 November for 2023/24 Statement of Accounts.</li> <li>• The draft Statement of Accounts and Annual Governance Statement were submitted to Audit Wales on 29th June. This met the locally agreed Audit Wales deadline, but the Council has nevertheless issued a late publication notice.</li> <li>• The Draft Final Statement of Accounts includes the consolidation of the audited 2022/23 City Deal Joint Committee accounts. The Accounts also include a provision for a legal settlement of £750k; both of these changes amend the bottom line of usable and unusable reserves that were reported in July.</li> <li>• There are a number of other changes largely of a presentation and classification nature which will be detailed within this report and are also included in the Auditor's report.</li> </ul>	

- The Annual Governance Statement demonstrates that appropriate governance arrangements are in place to meet the governance principles. Actions have been identified to address the governance issues identified during 2023/24.
- Audit Wales writes to those charged with Governance to gain assurance that there is no fraud which would have an impact on the accuracy and integrity of the Statement of the Accounts. There are no fraud issues impacting on the Council's accounts.
- The external audit of the Statement of Accounts is very near complete. The draft Audit Wales ISA 260 is attached at Appendix D and confirms an unqualified audit report. The ISA260 includes appendices that set out the audit amendments agreed and a recommendation in respect of Senior Management declarations of interest.
- The external audit of the Annual Governance Statement is complete and no significant amendments were required; Audit Wales requested some additional information was included in respect of the Performance Audit work undertaken in year .
- Audit work has commenced on the Shared Regulatory Service and The Vale, Valleys & Cardiff Regional Adoption Service the Adoption Service Annual Return review is nearing completion however the audit of the Shared Regulatory Service accounts is not expected to complete until January 2025.

## **Recommendations**

1. Governance and Audit Committee is recommended to approve the Final Statement of Accounts and Annual Governance Statement to go forward to Council for final approval at Appendix A and B respectively.
2. Governance and Audit Committee is recommended to delegate authority to the s151 Officer in liaison with the Chair of the Governance and Audit Committee to make any final adjustments to the Final Statement of Accounts and Annual Governance Statement as necessary.
3. Governance and Audit Committee is recommended to approve the response to the Audit Wales Audit Enquiries at Appendix C.
4. Governance and Audit Committee is recommended to note the draft Audit Wales ISA260 and management actions agreed by the Vale of Glamorgan.
5. Governance and Audit Committee is recommended to note that there are to be further minor updates to the ISA260 ahead of it going forward to Council.

## **Reasons for Recommendations**

1. Governance and Audit is the body responsible for receiving the Statement of Accounts and Annual Governance Statements for review ahead of approval by Council.
2. The Audit of the Statement of Accounts and Annual Governance Statement is essentially complete but there may be some minor amendments to be made before they are approved by Council.
3. Audit Wales has written to both offices and those charged with governance with a set of queries to provide assurance on fraud, legal and related parties.
4. The ISA260 is for noting and any adjustment required have been made in the Statement of accounts and Annual Governance Statement being put forward for approval.
5. This is the draft ISA 260 and there may be some further minor additions.

## **1. Background**

- 1.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 1.2 In accordance with these regulations, the unaudited Statement of Accounts for 2023/24 required approval and signature by the responsible finance officer by 31st May 2024, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31st July 2024 by the Governance and Audit Committee in

accordance with the Committee's Terms of Reference and also Council. If the accounts are not able to be signed and published by this date, then the Council must publish a Regulation 10 notice setting out the reasons why.

- 1.3 Due in part to ongoing resourcing issues, significant backlogs of work post Covid pandemic and additional resource requirements in the context of first financial year on Oracle Fusion the Council did not meet the 31st May 2024 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this. In the context of the national position there is an expectation that Welsh Government will be amending the regulations to revert to the historical deadlines of 30th June and 30th September. Due to resourcing issues of their own Audit Wales were working to a 30th June and 30th November framework for the 2023/24 accounts. The unaudited accounts were signed by the responsible finance officer on 29<sup>th</sup> June 2024 and sent to Audit Wales the same day.
- 1.4 Audit Wales wrote to the Council on 22nd May 2024 seeking their annual assurance on matters in relation to fraud, laws and regulations, and related parties which could have an impact on the Statement of Accounts.

## **2. Key Issues for Consideration**

- 2.1 Final Statement of Accounts and Annual Governance Statement
- 2.2 Statement of Accounts
- 2.3 The Audit of the Statement of Accounts and Annual Governance Statement is now complete.
- 2.4 The Final Statement of Accounts, set as Appendix A, is being finalised and will be made available prior to the Governance and Committee meeting on 18<sup>th</sup> November, 2024.
- 2.5 The key headlines from the Statement of Accounts are broadly as set out in the report to Governance and Audit Committee on 18th July 2024.
- 2.6 The Usable Reserves have reduced by £42,348m to £88.589m from £130.937m in 2023/24.
- 2.7 Of this £417k relates to a reduction in the General Fund, £12.961m relates to a reduction in the HRA reserves and £21.940m relates to a reduction in earmarked reserves, there has also been reduction in usable capital receipts of £2,987m and a reduction in capital grants unapplied of £4,043m.
- 2.8 The Pension Liability and corresponding Unusable reserve have reduced significantly across the main Vale accounts and the Joint Committee accounts following the triennial valuation.
- 2.9 The Council's Pension Liability has reduced from £64.630m in 2021/22 to £10.522m in 2023.24.
- 2.10 The value of Property Plant and Equipment has increased to £954m reflecting significant increases in Capital Investment in Schools and Housing stock during the period. Those assets valued on a depreciated replacement cost basis and the

Housing Stock have been revalued during the preparation of the 2023/24 accounts.

- 2.11** There has been an amendment to the Useable Reserves included in the accounts to reflect the inclusion of a provision of £750k relating to a legal settlement.
- 2.12** In addition, the amendments relating to the 2022/23 City Deal Draft Accounts have now been consolidated into the Statement of Accounts; these changes span the majority of statements and disclosures in the Council's accounts and have increased both the Useable and Unusable Reserves of the Council. Further changes will be required for the 2023/24 draft accounts and an update will be provided in the Committee.
- 2.13** Discussions in respect of the Contingent Liability for the Renting Homes Wales Act remain ongoing with Audit Wales in the context of a recent court case and an update will be provided in Committee on this also.
- 2.14** The other amendments agreed are of a presentational or classification nature and do not amend the Surplus or Deficit or the Reserves of the Council.
- 2.15** The Council has also included a contingent liability relating to some uncertainty in respect of an ongoing Virgin Media ruling with potential impact on the Local Government Pension Scheme.
- 2.16** Annual Governance Statement
- 2.17** The External Audit of the Statement of Accounts and Annual Governance Statement is now complete.
- 2.18** The final Annual Governance Statement is attached at Appendix B. Once the final Annual Governance Statement has been agreed it will be put into the corporate format for publication.
- 2.19** There have been no significant changes from the draft Annual Governance Statement. Audit Wales requested some additional information was included in respect of the Performance Audit work undertaken in year..
- 2.20** The Annual Governance Statement describes the Council's corporate governance arrangements, provides an assessment of those arrangements and where appropriate identifies improvements that need to be made. The statement demonstrates that appropriate governance arrangements are in place to meet the governance principles as set out in the CIPFA /SOLACE Framework (2016) and that a review has been undertaken to assess the effectiveness of those arrangements.
- 2.21** Audit Enquiries to those Charged with Governance and Management
- 2.22** ISA 240 requires the Council's External Auditors to obtain an understanding of how the Council exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them. Audit Wales wrote to those Charged with Governance in April 2024 seeking these assurances.
- 2.23** The Council's proposed responses to the Audit Wales Fraud enquiries is to be attached at Appendix C and will be published and made available prior to the

Governance and Audit Committee on 18<sup>th</sup> November, 2024. The controls in place all supplement the Council's governance arrangements set out in the Constitution and include the Financial Procedure Rules and Contract Procedures Rules as well as Financial Procedure Notes and the Procurement Code of Practice.

- 2.24** Appendix 1 of the document relates to Fraud; the response sets out a confirmation that there were no specific fraud issues identified during 2023/24 relating to the financial statements. It is also considered that the Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.
- 2.25** The document sets out the processes for management of incidences of Fraud, limited assurance identified as a result of Audits and whistleblowing. The response also sets out how standards of ethical behaviour and conduct are communicated to Employees and Members of the Council. It is further stated that any instances of potential fraud or error identified via the National Fraud Initiative have been dealt with through the appropriate processes and any monies incorrectly paid are being recovered.
- 2.26** Appendix 2 relates to Laws and Regulations and sets out how assurance is gained that laws and regulations have been complied with. It further sets out that the Council is not aware of any non compliance that should be declared and that there are no legal claims which would affect the Council's financial statements.
- 2.27** Appendix 3 provides detail of assurance regarding Related Parties and includes processes to establish and disclose relevant related party transactions as required.
- 2.28** ISA 260
- 2.29** The Audit Wales ISA260 is attached at Appendix D. It is being finalised and will be published and made available prior the Governance and Audit Committee meeting on 18<sup>th</sup> November, 2024.
- 2.30** The ISA260 includes the Auditor's report (Appendix 2 which is reproduced in the accounts), letter of representation (Appendix 1) and summarises corrections and recommendations for improvement.
- 2.31** The ISA260 states that there will be an unqualified audit report, although this is subject to some audit work and file review that will be undertaken in the coming days.
- 2.32** Appendix 3 sets out the summary of corrections in the accounts.
- 2.33** There are amendments to the accounts to reflect the amendment followings the consolidation of the Audited 2022/23 City Deal Joint Committee accounts, the audit of the 2023/24 City Deal Joint Committee accounts is ongoing.
- 2.34** The Accounts have also been amended to include a legal provision of settlement of £750k in respect of potential legal settlements by the Council.

- 2.35** Some additional issues have emerged during the audit as set out below, these amendments do not change the outturn or reserves position of the accounts and are largely of a presentational or classification nature.
- 2.36** This includes the amended classifications within both the Debtors and Creditors notes, some changes have also been made to the split between short and long term debtors as part of the account amendments.
- 2.37** A change has also been made to the adjustments between income and expenditure to remove internal recharges from the accounts in accordance with the Accounting Code this does not impact the bottom line of the accounts.
- 2.38** Changes have also been made to the disclosures in respect of employee emoluments including pay bandings and exit payments regarding the calculations some of these changes relate to the inclusion of gross pay net of salary sacrifice figures which was an error made as part of the creation of the report on implementation of Oracle Fusion.
- 2.39** In Appendix 4 the External Auditors have highlighted one management recommendation in respect of Senior Officer Pay, this should be considered in the context of the extremely low materiality threshold for senior officer pay which is £1,000. Two small overpayments were made to two Chief Officers in 2023/24 and as the current Chief Officer's contract gives no legal basis for recovery and in the context of significant additional resource incurred by both parties as part of the recent transition arrangements following extensive discussion with the Chief Executive, the Director for Corporate Resources determined it was appropriate to use their Delegated Powers in respect of waiving recovery of overpayments under the Council's constitution. This decision was subsequently documented using the Delegated Powers form.
- 2.40** The accounts are scheduled to be signed by the Auditor General in December 2024.
- 2.41** Shared Regulatory Service
- 2.42** The audit of the Shared Regulatory Services is ongoing and expected to finalise in January 2025.
- 2.43** The Shared Regulatory Service Joint Committee is the body charged with governance to approve the accounts. The Shared Regulatory Service Accounts will then be brought to the next meeting of this Committee following sign off by Audit Wales.
- 2.44** Vale, Valleys & Cardiff Regional Adoption Service
- 2.45** The Vale, Valleys and Cardiff Regional Adoption Service accounts are subject to an examination by Audit Wales the review is ongoing and expected to be finalised shortly.
- 2.46** The Regional Adoption Committee is the body charged with governance to approve the accounts and the return will then be brought to the next meeting of this Committee following sign off by Audit Wales.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan through the 4 well being outcomes.

### **4. Climate Change and Nature Implications**

- 4.1 There are no Climate Change and Nature Implications associated with this report.

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1 The Financial considerations are set out in the body of the report.
- 5.2 The 2023/24 Vale of Glamorgan Statement of Accounts, Shared Regulatory Service Statement of Accounts and the Vale, Valleys and Cardiff Regional Adoption Service Annual Return have been prepared within existing staff resources.

#### **Employment**

- 5.3 None as a direct consequence of this report.

#### **Legal (Including Equalities)**

- 5.4 The Statement of Accounts is prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended).

### **6. Background Papers**

None

## **Draft Annual Governance Statement 2023/24**

The Council promotes a culture rooted in shared values, ethical principles, and good conduct. This culture shapes the implementation of the long-term vision and influences the day-to-day actions of members and officers. The behaviour of elected members and officers is regulated by codes of conduct, which include a mandate for declaring any conflicts of interest. The roles and responsibilities of elected members and officers, as well as the processes governing the Council's operations, are outlined in procedural standing orders, delegation schemes, and contract and financial procedure rules. These Codes of Conduct set high ethical standards to ensure public business is conducted with fairness and integrity.

The Council's Code of Conduct for Elected Members is based on the seven principles of public life, supplemented by three additional principles specific to Wales. The Council has mechanisms to review reports from the Ombudsman regarding alleged breaches of conduct standards, as detailed in the Council's Constitution, including Local Dispute Resolution Procedures and the Protocol of Standards supporting the Code of Conduct for Elected Members. Following the 2022 Local Government Elections, the Council implemented a comprehensive induction program for new and returning members, including mandatory training on the Ethical Framework and the Members' Code of Conduct, which is based on ten guiding principles.

The Council is required to undertake an annual review of internal control and governance and this is achieved by producing the Annual Governance Statement (AGS) which must be included within the Statement of Accounts. The AGS describes the Council's corporate governance arrangements and provides an assessment of those arrangements and where appropriate identifies improvements that need to be made.

## The Purpose of the Governance Framework

The Council's Governance Framework comprises all the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves.

A significant part of that framework is the Council's system of internal control. This helps to manage and control the business risks that the Council encounters in delivering its operations. Not all risks can be eliminated but they can be reduced and mitigated by implementing effective systems of control. This can only provide reasonable and not absolute assurance of the effectiveness of the environment. The Council's Governance Framework, including the Council's system of internal control, has been in place for the year ended 31<sup>st</sup> March 2024 and up to the date of the approval of the Statement of Accounts and is a continuous process.

The Council's Code of Corporate Governance was reviewed in 2016/17, with the amendments made being based upon the "Delivering Good Governance in Local Government: Framework" (CIPFA/SOLACE, 2016). The Framework positions the attainment of sustainable economic, social, and environmental outcomes as a key focus of good governance processes and structures. The focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

This Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31<sup>st</sup> March 2024.

As with all work undertaken by the Council, the Annual Governance Statement reflects the Council's responsibilities under the Well-being of Future Generations (Wales) Act 2015. The Council recognises the need to ensure that in line with the sustainable development principle we take account of how our decisions may impact on future generations. The Council has embedded the five ways of working across its activities and in delivering our priorities we will maximise our contribution to the seven national Well-being Goals.

## Scope of Responsibility

The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for and used economically, efficiently and effectively. The Vale of Glamorgan Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong, transparent and responsive governance enables the Vale of Glamorgan Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens confidence, these mechanisms must be sound and be seen to be sound.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA and SOLACE Framework - Delivering Good Governance in Local Government 2016. This statement explains how the Council has complied with the Code.

The Code of Corporate Governance sets out the principles of good governance and describes the arrangements in place to meet each of these principles.

A copy of the Council's Code is available on our website at [www.valeofglamorgan.gov.uk](http://www.valeofglamorgan.gov.uk)

A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B - Ensuring openness and comprehensive stakeholder engagement.

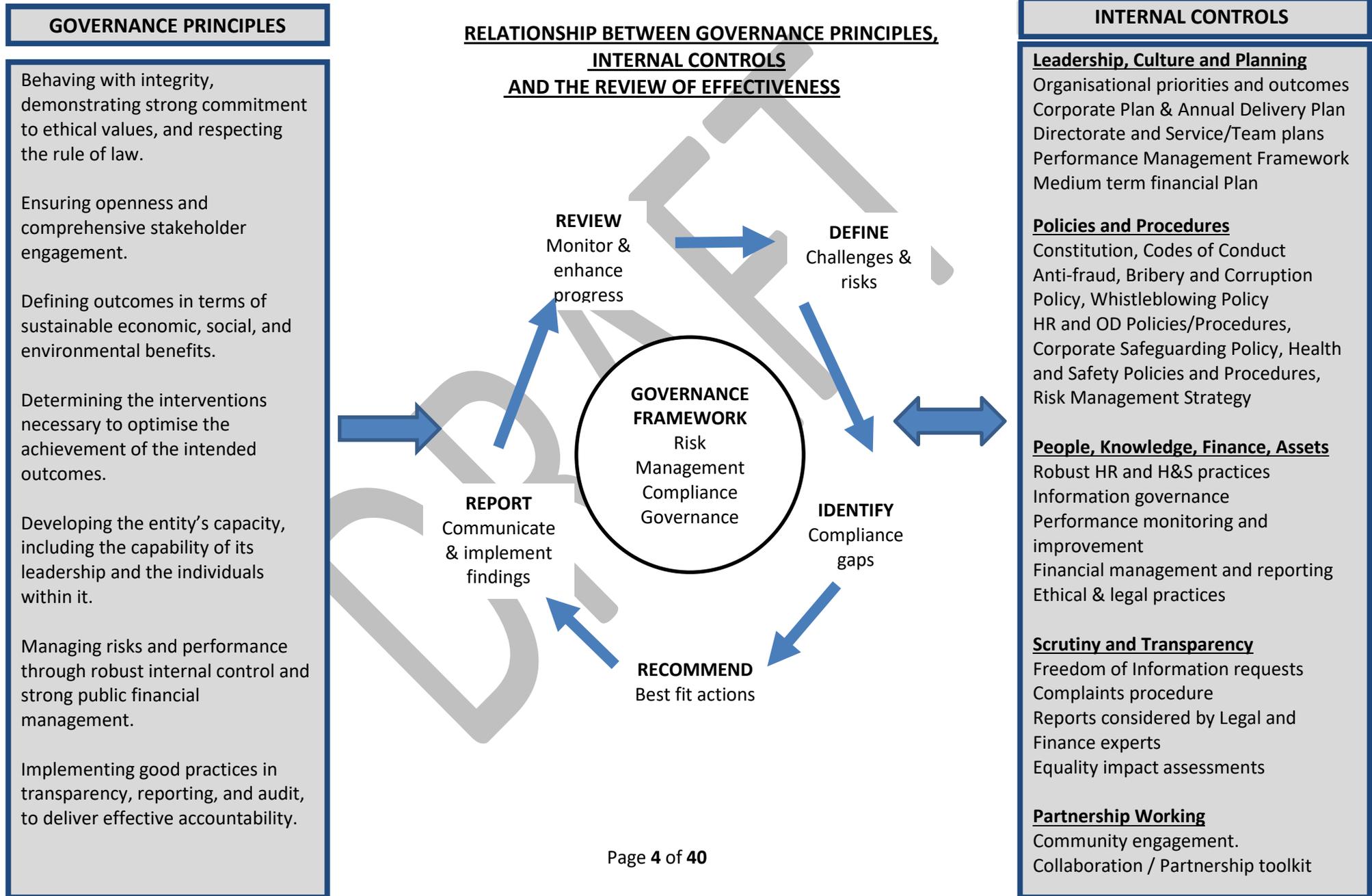
C - Defining outcomes in terms of sustainable economic, social and environmental benefits.

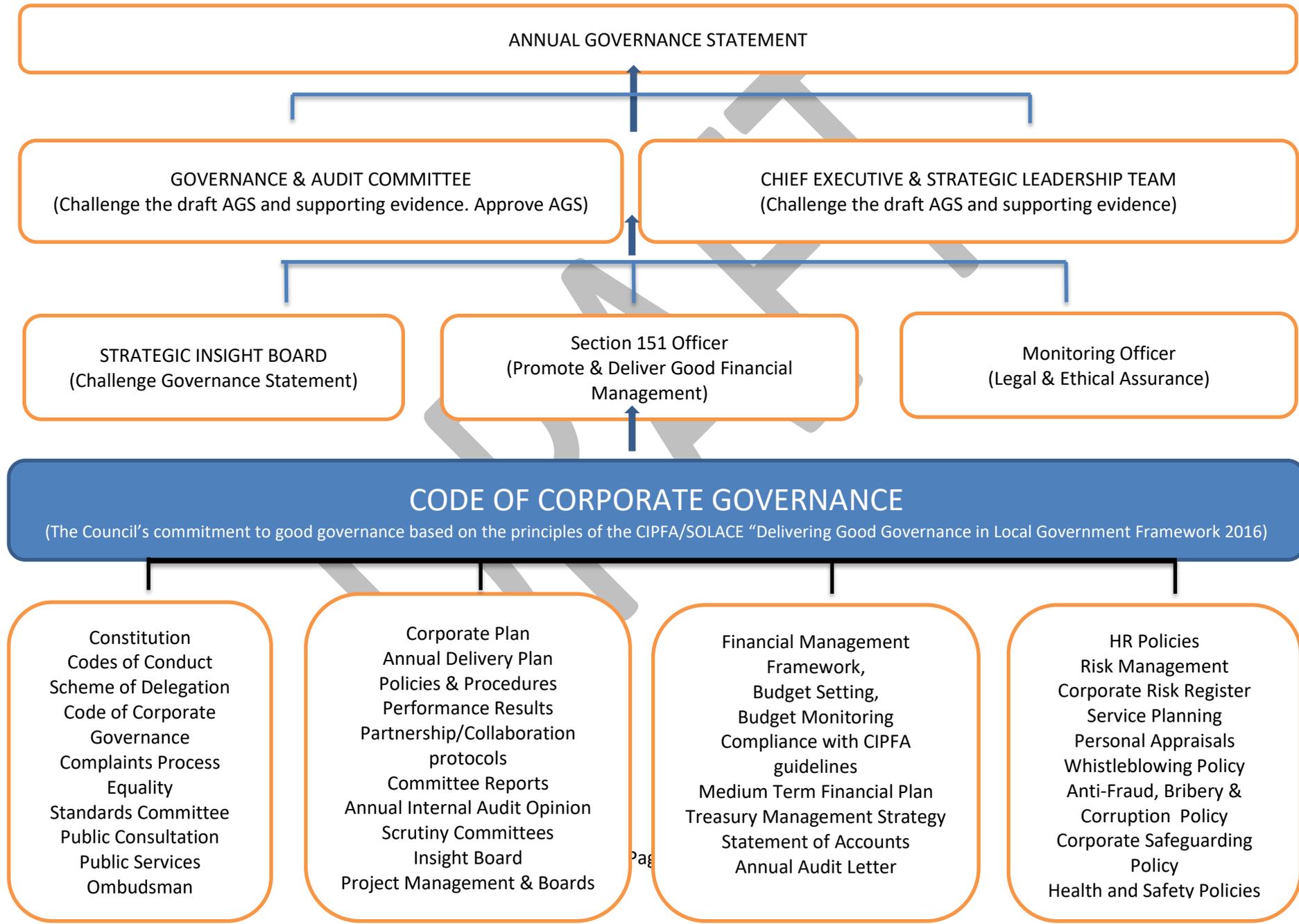
D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F - Managing risks and performance through robust internal control and strong public financial management.

G - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.





**Principle A –  
Behaving with  
integrity,  
demonstrating  
strong  
commitment to  
ethical values, and  
respecting the rule  
of law**

The Council promotes a culture based on shared values, ethical principles, and good conduct. This culture shapes the implementation of the long-term vision and influences the day-to-day actions of Members and officers. The behaviour of Elected Members and officers is regulated by codes of conduct, which include a mandate for declaring any conflicts of interest. The roles and responsibilities of Elected Members and officers, as well as the processes governing the Council's operations, are outlined in procedural standing orders, a scheme of delegation and contract and financial procedure rules. These Codes of Conduct set high ethical standards expected from Elected Members and officers to ensure public business is conducted with fairness and integrity.

The Council's Code of Conduct for Elected Members is based on the seven principles of public life, the Nolan principles, supplemented by three additional principles specific to Wales. The Council has procedures in place to review reports from the Ombudsman regarding alleged breaches of standards of conduct, as outlined in the Council's Constitution, including Local Dispute Resolution Procedures and the Protocol of Standards supporting the Code of Conduct for Elected Members. Following the 2022 Local Government Elections, the Council implemented a comprehensive induction program for new and returning members, and co-opted Members of the Council including mandatory training on the Ethical Framework and the Members' Code of Conduct, which is based on the 10 Principles.

The Council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Council seeks feedback from the public through its complaints procedure for both Corporate and Social Services areas, responding to the outcomes as appropriate and reporting the results at least annually to the Governance and Audit Committee. The complaints dashboard enables data to be monitored in real-time across all service areas to ensure lessons are being learned to improve how we manage, monitor, and learn from complaints. During 2023/24 the number of corporate complaints received by the Council increased to 835 from 532 in the previous year. The percentage of complaints resolved at Stage 1 was 91%, which is lower than the previous year (94.7%) but in line with long term performance trend. During 2023/24 the number of complaints received by the Public Services Ombudsman for Wales increased from 49 to 77, although none were taken into investigation and 19 were resolved through the early resolution process, compared to 15 the previous year.

**Principle A –  
Behaving with  
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commitment to  
ethical values, and  
respecting the rule  
of law**

During 2023/24, the Speak Out line and whistleblowing policy generally were widely communicated. Nineteen concerns were raised via the Speak Out (Whistleblowing) service line (2022/23 there were 11), continuing an increasing trend of recent years. The level of concerns raised represents the highest annual number of recorded whistleblowing incidents since centralised records began in 2015. Three concerns were outside of the Whistleblowing policy and dealt with under other policies. Of the 16 deemed to be under the Whistleblowing Policy, 1 concern was partially upheld, 10 concerns were not upheld, and 5 concerns remain under investigation.

The Constitution is at the heart of the Council's operations, serving as a crucial tool for councillors, officers, citizens, and stakeholders to understand the Council's decision-making processes and identify those responsible for decisions. Additionally, it governs the conduct of individuals and groups through codes of conduct, protocols, and standing orders. The Council's Constitution establishes the framework needed for statutory Chief Officers, other key post holders, Members, and relevant statutory committees to carry out their duties in compliance with legislative and regulatory requirements. Throughout the year, a number of updates have been made, including a significant collaborative effort led by the Welsh Local Government Association to develop a standard template for Councils in Wales to use as the foundation for their Constitution.

The Local Government and Elections (Wales) Act 2021 introduced changes covering electoral reform, public participation, governance, performance and regional working. This has had a significant impact on the way the Council operates and as a result of the provisions detailed within the Act a working group of officers was established and a detailed action plan developed to ensure that Senior Officers and Members are aware of the provisions within the Act. Progress and changes have been reported to Full Council and changes have been made to the Council's Constitution to comply with the requirements of the Act.

During March 2024 the South East Wales Corporate Joint Committee was created. Cabinet, Committees and Elected Members were updated throughout this process as part of the Council's governance arrangements. The Constitution was updated to reflect the creation of the Corporate Joint Committee.

**Principle B –  
Ensuring  
openness and  
comprehensive  
stakeholder  
engagement**

The Council is committed to understanding and learning from the views of the public. Engagement is the process by which views of stakeholders are able to inform and influence policy and service delivery. The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.

How this will be achieved is detailed in our Public Participation Strategy and accompanying action plan. The Strategy explains how we will encourage and facilitate public participation in the Vale of Glamorgan. It also sets out how we will be diverse in our engagement methods, using social media platforms, community connectors and face-to-face engagement, to take an integrated approach to public participation. Our strategy seeks to provide as many stakeholders as possible the opportunity to participate and become involved in the decision-making process, enabling people to shape what we do and how we do it.

The Council has always sought to develop the methods used to engage with stakeholders in a way that is accessible and convenient. The Council has also introduced a range of new approaches, which have included using Zoom webinars as means to consult, in which stakeholders were invited to meet and discuss with Council officers in a constructive way. Feedback from these sessions showed that they were well-received and that they could be developed further.

The Council has also expanded its use of social media to include social media polls and encouraging residents to leave 'comments' expressing their views. Data from both the polls and comment section have then been used in reports. We have also used social media to promote Council meetings, consultations, alongside bespoke videos to promote greater understanding of the issues in question.

We still undertake to host face to-face engagement sessions where possible and to provide consultation documents online.

An e-petitions function was launched in May 2022 to give residents a new way of engaging directly in the democratic processes of the Council.

**Principle B –  
Ensuring  
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comprehensive  
stakeholder  
engagement**

Since 2018 the Council has carried out Staff Surveys every two years, providing all staff with the opportunity to engage and rate on several factors. Following the publication of the results, a corporate action plan is created to make improvements.

Improvements that have taken place as a result of the Staff Surveys includes the launch of a 'Culture Book' in 2021 complete with Staff stories which will be updated regularly highlighting the many achievements and work of the Council, aligned to our Corporate Values with input from the Engagement Champions. In addition, the Council hosts Staff Awards bi-annually, recognising the achievements and hard work of our staff.

In 2020 and 2021 a Staff Wellbeing Survey was undertaken to measure how staff were coping with the effects of the pandemic. As a result, Staff Wellbeing Champions and Mental Health champions have been working together to organise virtual activities to support staff wellbeing, this has continued in 2023/24/23 with our wellbeing champions working in collaboration with our H&S and occupational health teams to continue to develop the wellbeing offering.

Following the 2022 Staff Survey, an Engagement and Involvement Strategy has been drafted and approved by SLT; this lays the foundation for our Engagement activity over the next 3 years, focusing on larger scale activity to embed the values, improve our diversity and inclusion activity and establish an Innovation Lab process.

We have a number of staff networks within the Council, whom HR collaborates closely with to drive policy changes and foster an open dialogue. Together, we seek feedback on matters impacting various groups within the council, ensuring an inclusive and responsive approach."

The Council has also conducted a survey with Members in 2022 which included timing of meetings and wellbeing aspects. Decisions made by the Council and/or Cabinet are documented in the public domain, unless confidential, along with reasons for those decisions. The impact and consequences of all decisions are clearly set out.

2024 will see the bi-annual staff survey, which is currently in consideration for launch during the Autumn 2024.

**Principle B –  
Ensuring openness  
and comprehensive  
stakeholder  
engagement**

In May 2022 the Council agreed and published its Public Participation Strategy, which sets out how the Council will make it easier for residents to take part in the decision-making process. The strategy is split in to three key workstreams which are :

- **Reach** – Maximising opportunities for as many voices as possible to be heard, using variety of mechanisms.
- **Involve** – Targeting our activity to ensure different communities are offered different opportunities to participate.
- **Represent** – Making sure the views we gather are presented to decision makers at the right level, and that elected members are effective advocates for participation and have skills and tools to fulfil their role in increasing involvement.

In 2023/24 the Council ran one of its largest ever engagement exercises.

Let's Talk about life in the Vale was a survey exercise run in partnership with Data Cymru to understand residents' experiences of life in the Vale of Glamorgan and identify their priorities to inform future service delivery.

The bilingual survey was conducted using an online survey tool, SmartSurvey, hosted by Data Cymru, between 22 August and 18 December 2023.

There were 4,009 responses to the survey and further engagement has been undertaken with some groups who are not as well represented in the sample.

The exercise has provided the Council with its most robust insight ever on public perception and residents priorities. This is now central to the development of the new Corporate Plan and various other council projects.

The Council's Public Participation Strategy is now being refreshed and its actions reprioritised in line with the survey results.

**Principle C –  
Defining outcomes  
in terms of  
sustainable  
economic, social,  
and environmental  
benefits.**

“Strong Communities with a Bright Future” is the vision for the Vale of Glamorgan and the Corporate Plan 2020-2025 sets out how the Council intends to work towards the delivery of this vision and the promotion of well-being. The Plan set out the activities to be undertaken to ensure the best possible outlook for Vale citizens and communities.

In delivering this vision, the Council is mindful of the short, medium- and long-term challenges and the need to work with partners and the local community. In developing the Council’s Corporate Plan for 2020-25 consideration was given to the achievements from the previous plan, local needs and available resources and has incorporated the views of residents, partners, and staff to inform the Council’s key priorities going forward. The Council has embraced the Well-being of Future Generations (Wales) Act 2015 (WFGA) and the Corporate Plan is framed around four Well-being Objectives that are aligned to the well-being goals of the WFGA. Our Well-being Objectives are;

- To work with and for our communities
- To support learning, employment and sustainable economic growth
- To support people at home and in their community
- To respect, enhance and enjoy our environment

The Corporate Plan is underpinned by a set of enabling strategies (including the Asset Management Plan, Medium Term Financial Plan, People Strategy, Workforce Plan, Digital Strategy, Strategic Equalities Plan, Performance Management Framework and Risk Management Strategy and Register) which together form the Council’s overall policy framework supporting improvement.

An integrated model of working has been adopted via the Strategic Insight Board to look at all aspects of corporate governance and planning arrangements to ensure that they are inter-related, complementary, consistent and no longer undertaken in isolation. This continues to ensure that the Council’s integrated processes and policies become an enabling force for the delivery of the Corporate Plan’s vision and the Well-being Outcomes.

**Principle C –  
Defining  
outcomes in  
terms of  
sustainable  
economic,  
social, and  
environmental  
benefits.**

2020/21 marked the start of a new Corporate Plan and the agreement to publish an Annual Delivery Plan (ADP) each year to support the five year Corporate Plan. The ADP sets out the key activities to be undertaken by the Council 'in year' to deliver on the commitments in the Corporate Plan. The ADP provides a framework for annual Service Plans and monitoring progress in delivering the Corporate Plan. The ADP for 2024/25 identifies three critical challenges for the year: the cost of living crisis, the climate and nature emergencies and organisational resilience. These challenges are pertinent to all of the Council's Well-being Objectives and build on the challenges identified in the ADP 23/24.

Both the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015, place specific duties on objective setting, self-assessment and performance reporting. The retrospective aspect of these duties involve undertaking an annual self-assessment of performance, use of resources and governance arrangements that informs our improvement journey and increases the extent to which the Council is meeting the performance requirements. The Annual Self-Assessment Report is one of the most significant documents produced by the Council that is used to demonstrate effective accountability and transparency.

The Annual Self-Assessment Report presents a position statement on the Council's performance retrospectively over the past year in delivering the Council's priorities as set out in the ADP aligned to the Corporate Plan. Self-assessment of performance is an important way for the Council to identify the capacity and ability to deliver continuous improvement by identifying areas of strength and those requiring particular focus in coming years. The findings from the Annual Self-Assessment Report are used to identify the actions required to be undertaken in future years and progressed through the Service Plans. The Council's Annual Self-Assessment Report for the period 2023/24 will be published in December 2024. The findings will be used to inform the development of the Corporate Plan 2025-30, that will set out priorities for delivery for that period. The new Corporate Plan will be supported by annual Plans, Workforce Plans, and associated performance targets.

**Principle C –  
Defining  
outcomes in  
terms of  
sustainable  
economic, social,  
and  
environmental  
benefits.**

In line with the Council's Annual Performance Calendar, quarterly performance reviews and monitoring of corporate improvement priorities as aligned to our ADP and Corporate Plan Well-being Objectives are undertaken to ensure actions are completed and closed down and outcomes reported in a timely manner. Regular reviews of our regulatory recommendations also form part of the self-assessment process enabling the Council to demonstrate progress and outcomes on implementation of these in line with our performance duties. This is reported on a quarterly basis to the Strategic Leadership Team, Strategic Insight Board, Scrutiny Committees and Cabinet aligned with corporate performance monitoring arrangements thus enabling us to effectively meet both regulatory and statutory performance and reporting requirements using the same insight and resources. The Governance and Audit Committee has final oversight on all regulatory work in line with its remit. The Committee also plays a key role in providing additional challenge to the draft Annual Self-Assessment findings and in ensuring that the Council is proactive in addressing the identified self-assessment findings.

The Strategic Insight Board continues to enhance and streamline the corporate governance arrangements relating to integrated planning activities and reports to SLT and Cabinet. Further work is being undertaken to enhance our internal 'insight' function, using a wide range of data sources (including a blend of operational and national research and information, community and public engagement insight and performance and risk insight) to identify issues and take action. This will play an increasingly important role in strengthening our evidence base to meet our legislative requirements under the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015. A new Data Strategy for the Council was agreed by Cabinet in June 2024 and builds on commitments detailed in the Council's Digital Strategy to encourage and enable a more evidence based approach to working across the Council.

This focused approach is contributing to more integrated business planning practices, staff development opportunities, continued promotion of "One Council" working in addressing our key challenges and taking advantage of opportunities to maximise benefits where they exist. A review of the Strategic Insight Board was undertaken in the autumn of 2022 to ensure that the membership and scope of the Board remains appropriate and this has resulted in a revised membership and terms of reference.

Programme Boards are established for major projects as needed such as Reshaping, Sustainable Communities for Learning (formerly 21<sup>st</sup> Century Schools), Project Zero, and Barry Regeneration to manage and ensure delivery.

**Principle C –  
Defining  
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terms of  
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and  
environmental  
benefits.**

The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control. These arrangements enable the Council to regularly review and challenge financial performance and monitor spend against budgets.

The 2023/24 settlement from Welsh Government sustained the increase in funding that was also evidenced in the 2022/23 settlement. The Council received an initial Revenue Support Grant of £160.013m and National Non-Domestic Rate of £42.784m which equates to total funding, referred to as the Aggregate External Finance (AEF) of £202.797m. This represented an increase in funding of £16.609m (8.9%) from the previous year after taking into account adjustments. Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2022/23) on a funding per head of population, which is £245 per head below the Welsh average (£239 per head below in 2022/23).

Despite this positive settlement, cost pressures reported by services across the Council but most significantly across Social Services, Additional Learning Needs and Homelessness were so significant, that savings targets totalling £7.378m were set for 2023/24 including a £2.75m saving set against school budgets and additional £81k was allocated to Social Services in year as part of the Budget Programme. Service areas have made some good progress towards achieving these savings during 2023/24 but some have been mitigated or not achieved in full during 2023/24. These will clearly need to be monitored carefully during 2024/25 with the addition of further challenging savings set for the 2024/25 budget.

The year end revenue position was a breakeven position after net transfers from reserves of £34,235m, made up of £417k transferred from Council Fund, £12.961m from the Housing Revenue Account, £11.785m transferred into specific reserves from revenue and £12,078m transferred from specific reserves to provide one off funding for projects and overspends and £8,779m drawdown from reserves to fund the capital programme and for displacement required by capital grants. The Council Fund now stands at £11.106m as at 31st March, 2024. There was a significant reduction in school reserves with a risk that they move collectively into deficit in 2024/25.

**Principle C –  
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benefits.**

There were areas within the revenue budget experiencing financial pressures during 2023/24 mainly in Social Services particularly in Children and Young People's Services Education and Homelessness. The challenging savings targets also placed pressure across Council services.

Of the capital expenditure totalling £88.620m incurred in the year, £14.973m was spent on the Sustainable Communities for Learning programme (including pipeline projects).

The Council undertook further Highways Improvements and Street Lighting energy reduction schemes during the year with a value of over £1.3m. The Council achieved Welsh Housing Quality Standard (WHQS) by the end of March 2018, however, further capital investment of over £40.865M was made as part of a continuing Housing Improvement Programme. New vehicles were purchased during the year costing £1.928m.

The anticipated level of funding to be received from Council Tax in 2023/24 was £91.304m (£86.543m in 2022/23) which was increased to £91.625m when adjusted to include the introduction of premiums on empty homes. This was based on a Band D rate of £1,464.75 of £1,396.35 in 2022/23), excluding Police and Town and Community Council precepts. The Vale of Glamorgan has the 7th (out of 22) lowest Band D charge in Wales at £1,465 which is 4.2% (£65) below the median for Welsh counties.

The Council is facing continued significant financial challenges, as are all councils across Wales, which have been driven by the surge in inflation over the past few years and the long term impact of Covid on Education and Social Care. The inflation has impacted across all Council Budget, pay, utility costs and contracts with suppliers and schools. Reduced intervention during Covid has meant that there are no greater ALN pressures coming through the Council's schools and pressures on Children's Social Care budgets. Social Care generally continues to be under the ongoing pressure of an aging population and more complex care needs. Also allied to Covid is the change in regulation on homelessness provision which have become a real cost to the Council as the grant dropped away. Pressures also exist on the funding side with Welsh Government unable to provide the same level of increase as recent years given the challenges with the lack of growth in the UK economy.

**Principle C –  
Defining  
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A budget of £308.861m for 2023/24 was approved by Council on 6th March 2024. The Welsh Government was very modest in light of the financial pressures faced by the Council. The final settlement was £209.487m which was only a £6.856m (3.4%) increase on 2023/24. There had been some transfer in from specific grant so the effective increase was only 3.3%. The Council Tax was increased by 6.7% from 1st April 2024 alongside the introduction of a new premium on second homes and a step up in the premium for long term empty properties. The Council Tax increase was a real challenge given the ongoing Cost of Living crisis but below the average increase across Wales counties with a number having double digit increase.

The Government settlement and Council increase fell short of meeting all of the financial pressures and there is a £7.676m savings programme in place which will require close monitoring and management. The Council has an improving track record on delivery of savings with 85% of the programme delivered in 2023/24. However, the challenge is greater in 2024/25 with a significant number of pressures not being able to be accommodated in the budget and need to be managed by services.

**Principle D –  
Determining  
the  
interventions  
necessary to  
optimise the  
achievement  
of the  
intended  
outcomes**

The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. The Council must have robust decision-making mechanisms in place to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. The Council recognises that informed decision making is a fundamental part of good governance. Decision makers receive objective analysis of a variety of options indicating how intended outcomes would be achieved together with the risks associated with those options. In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan.

The Council is a major partner in the Public Services Board, which works to deliver the Vale Well-being Plan, a Well-being Assessment was published in 2022 and this has informed a new Well-being Plan which was published in May 2023. This work has been led by council officers on behalf of the PSB. The Cardiff and Vale Regional Partnership Board brings together the two regional local authorities with health and others, to focus on delivering joined-up services across health, social care and housing.

Partnership working throughout the COVID crisis has been testament to the strong foundations in place. Building on the strong working relationships the Council, UHB and Cardiff Council have formed an Amplifying Prevention Board focusing on key public health challenges in the region including bowel screening, childhood immunisations and delivery of the Move More Eat Well Plan, work on tobacco is also now being prioritised by the Board. The Council continues to work closely with the third sector and a range of community groups and this is evident in the work undertaken to tackle the cost of living crisis and in particular food poverty. Projects being taken forward through a number of schools as part of Community Focused Schools is testament to the connections schools have with pupils and their families and also the wider community. Significant work is being undertaken through the Pencoedre Learning Community which is bringing together local schools, the community and a number of Council services as well as connecting to PSB work in our most deprived communities.

One of the Council's key strengths is its ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working to enable it to maximise benefits for its customers and residents. The Council has developed and hosts several regional services, including the Shared Regulatory Service, Regional Adoption Service and the Regional Internal Audit Service.

**Principle D –  
Determining  
the  
interventions  
necessary to  
optimise the  
achievement of  
the intended  
outcomes**

The Council aims to deliver high quality services that provide value for money, and which are aligned to the needs and priorities of the local community. The Council is committed to ensuring that the relevance of the Well-being Objectives in the Corporate Plan continue to reflect the priorities for the Vale of Glamorgan.

The Annual Performance Calendar of activities is the Council's key means of complying with the WBFG Act and the LG&E Act to demonstrate achievement of our Corporate Plan Well-being Objectives and contribution to the national well-being goals. The completion of the key activities outlined in the 2023/24 Annual Performance Calendar culminated in the approval and publication of the Council's second Self-Assessment under the LG&E Act (published in January 2024), the Annual Delivery Plan and Service Plans in March 2024 for the period 2024/25.

Engagement work with Elected Members, key partners and other stakeholders and council officers throughout the year (as part of a planned programme of collaboration) continues to help shape the key plans and activities within the performance calendar to further strengthen our approach to self-assessment and the evidence base/insight for identifying our improvement areas and ensuring appropriate and timely action is taken to address them. This process is reviewed annually at the start of the new calendar to identify further enhancements to our approach that will further strengthen the extent to which the Council is meeting the performance requirements and contributing to the national well-being goals. The Let's Talk survey undertaken in 2023 has provided a wealth of important data that has been used to inform plans for 2024/25, the Annual Self-Assessment 23/24 as well as work to develop the new five year Corporate Plan including new Well-being Objectives.

The Council undertakes annual Service Planning that is aligned to the commitments set out in the Annual Delivery Plan (ADP) and Corporate Plan. Service Plans are our delivery arm of the ADP specific to each service area. Through self-assessment, Service Plans provide an opportunity for service areas to outline how they are going to achieve continuous improvement by delivering the priorities of the ADP and contribute to meeting the Well-being Objectives of the Corporate Plan. The Council's vision and priorities as set out in the Corporate Plan and the ADP are reflected in Service Plans and support the development of detailed actions and performance targets that contribute towards the achievement of Corporate Plan and ADP priorities and set out how resources will be used to support this work. Scrutiny Committees review the progress of Service Plans on a quarterly basis, including the achievement of set targets and actions through performance reporting. Performance reporting via Scrutiny Committees is presented as a singular report, and performance is reported by Well-being Objectives. Scrutiny Committees review and scrutinise performance on a quarterly basis aligned to their committee's remit. Taking a more integrated and cross-cutting approach to how Service Plans and the ADP is reviewed enables a more holistic approach to monitoring and reflects that multiple service areas contribute to multiple priorities. Service Plans are also used alongside other sources of information to inform the development of the Council's internal audit plan. Regular briefing sessions with elected members on performance management enables them to further develop their skills and understanding and shape how performance is reported.

**Principle E –  
Developing the  
entity’s capacity,  
including the  
capability of its  
leadership and  
the individuals  
within it.**

The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery. All new members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council. There is a Member Development Strategy, which provides a framework for supporting elected members in the numerous roles that they are required to undertake both within, and outside, the Council. This activity has moved to virtual delivery methods since the pandemic, with the staff induction process returning to a face to face activity, to support the growth of strong relationships and collaborative working internally. Following the Local Government Elections 2022 a full comprehensive induction programme for Elected Members, Co-opted Members and Lay members was put in place with a number of elements of the training having been determined as essential mandatory training by the Council e.g. Code of Conduct.

The Strategic Leadership Team consists of the Chief Executive, five Corporate Directors, the Council’s Monitoring Officer, the Council’s Section 151 Officer, the Head of Digital and the Head of Human Resources. The roles and responsibility of Corporate Officers are defined in agreed job profiles and set out in the Council’s Constitution. Chief Officer Performance is reviewed on an annual basis in accordance with the Chief Officer Appraisal process, this was reviewed for 2023, with a revised process introducing greater touchpoints and more robust methods of reviewing performance. Introducing per-to-peer review and 360 feedback.

The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information / support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.

Members continue to receive refresher training and support (including Co-opted / Lay Members and observers on Committees) on the use of virtual / hybrid meeting software. Remote / hybrid meeting procedures are available to Members and the public. Democratic Services officers continue to support all Members and the public who are registered to speak on the use of the virtual /hybrid meeting platforms as required prior to and during meetings. A trouble shooting / quick guide and useful aide memoire has been made available to all Members and Co-opted/ Lay Members.

**Principle E –  
Developing the  
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the individuals  
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The Training following the Local Government Elections 2022 included both Mandatory and non-Mandatory training.

Mandatory Training as below -

- Finance
- Induction Event
- Ethics and Standards
- Equality and Diversity
- Corporate Safeguarding
- Rules of Debate
- GDPR – e-learning on IDEV
- Chairing skills – if a Chair of a Committee
- Specific Training in respect of a Member’s role on a Committee e.g. Planning.

One of the Council’s key strengths has been the ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working. In addition, Cabinet receives an annual report providing an update on progress being made with strategic collaborative working initiatives. The Council continues to work proactively with a range of partners to transform how services will be delivered as well as considering new and innovative models of delivery in line with the Council’s transformational change agenda.

The Council has developed and implemented a protocol for managing information and the interface between Cabinet and Scrutiny. In order to support effective Scrutiny a number of initiatives have been considered and developed by all Scrutiny Committees in May 2023 as well as having been agreed as actions by the Scrutiny Committee Chairs and Vice-Chairs Group following the Group’s consideration of the 2023 Scrutiny Impact Survey Results.

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**Principle E –  
Developing the  
entity’s capacity,  
including the  
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the individuals  
within it.**

Through the established workforce planning and staff engagement processes, the Council continues to maintain a highly skilled and resilient workforce that is responsive to the constantly changing environment.

The During 2023/24 the OD and Learning Team have taken further steps continue to support the development our people by improving the scope and capacity of our Online Learning System, iDev. In 2023 the Learning Café was revamped and relaunched to provide more opportunities for staff to engage with development opportunities. This has established a network open to all, with 9 key themes allowing staff to focus in on the areas they are interested in developing further. We continue to offer and develop a series of events through the Learning Café, and during the year, this included several Ask the Chief Exec sessions and sessions linked to the ADP priorities, including Project Zero and Cost of Living.

Our blended Onboarding and Induction Programme, continues to develop, providing all new starters with key information to ensure they feel welcomed and valued in the Council, whilst ensuring they have the core knowledge to reach competency. All new starters are enrolled from day one in the Council, ensuring they have access to mandatory learning, key information about the Council and access to sign up to our half day in-person induction session, Welcome to the Vale. In addition, 2023 saw the development of the Learning Café and reverse mentoring opportunities. The Learning café has seen sustained growth the membership and focuses on sharing skills and experiences across a range of themes, including leadership and development and sustainability (Project Zero). These further cements our commitment to the development of a learning culture.

In 2023/24 our Chief Officer Performance Process and #itsaboutme performance process both moved into their first full cycles of the new process, providing more opportunities for staff to discuss performance, progress and development with their managers.

**Principle F –  
Managing risks  
and performance  
through robust  
internal control  
and strong public  
financial  
management.**

The Council, which has overall responsibility for directing and controlling the organisation, has approved an Executive / Scrutiny model of decision making. Full Council sets the policy and budget framework. Within this framework, most key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act). The decision-making process is scrutinised by five Scrutiny Committees, which support the work of the Cabinet as Executive and the Council as a whole.

Risk management is an important feature of the Council's governance arrangements, and it is recognised that successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council. The Risk Management Strategy sets out the approach to the identification of and responses to strategic and operational risks. The Council's Risk Management Strategy also provides essential input to the determination of Council priorities, targets and objectives. Work is underway to further enhance the Strategy with the inclusion of a new section on risk appetite

The Council has a well-established risk management process in place for corporate and service risks and during the year work commenced on reviewing and strengthening this in response to Internal Audit recommendations. This has been further enhanced by the Council's focused corporate approach to integrated planning via the Strategic Insight Board and enhanced corporate performance reporting arrangements. The Strategic Insight Board provides a strategic focus for the delivery of the Council's Corporate Plan and the Well-being of Future Generations Act, ensuring that the seven well-being goals and the five ways of working are grounded in our robust corporate governance and providing an integrated approach to corporate planning and risk management. The Council has continued to hone its approach to corporate risk management using a reporting format which reflects the different needs of the various audiences. This provides a holistic overview of all risks to enable the identification of any trends or themes within the risks impacting on the Council, as well as the robust management of individual risks by risk owners, the Strategic Insight Board and Governance and Audit Committee.

A key feature of corporate risk management continues to be horizon scanning of emerging risks which are outlined quarterly in a Corporate Risk Summary Report. This supports the role of the Strategic Insight Board, Strategic Leadership Team, Cabinet and Governance and Audit Committee by providing them with an overview of any issues associated with emerging risks and provides an opportunity to scrutinise potential risks in greater detail.

**Principle F –  
Managing risks  
and  
performance  
through robust  
internal control  
and strong  
public financial  
management.**

In addition to this, the Corporate Risk Summary Report also identifies a small number of risks on the register each quarter where a more detailed brief of the issues is highlighted. This gives both officers and Members a spotlight for discussion where issues surrounding those risks can prompt more detailed scrutiny and analysis and enable the identification of any further action where required. The monitoring of service risks identified through our service planning process continue to be monitored quarterly to enable risk owners to reduce, eliminate and manage their service risks. Additionally, as part of quarterly performance monitoring arrangements emerging areas of concern specific to each scrutiny committee's remit across all 4 Corporate Plan well-being objectives is detailed enabling members to have ongoing oversight of emerging issues, challenges and risks.

Assurance is sought on a sample of corporate risks and corporate risk management oversight arrangements as part of the Annual Internal Audit Plan. Reasonable and subsequent substantial audit opinions have been provided on our corporate risks and our risk management oversight arrangements over the past three years. No recommendations were made during 2023/24, indicating that the Council has sound systems/processes in place in terms of how those risks were being managed. Work has continued during the year in revising our Risk Management Strategy including embedding risk appetite in our approach to risk management in response to previous internal audit recommendations and we are currently reviewing our corporate risks to reflect the current risk landscape. It is anticipated that a draft Risk Management Strategy will be developed by the Autumn of 2024 and refresher training will be provided to relevant staff to ensure that they understand their roles and responsibilities.

The Council has put in place robust performance management arrangements, to monitor the Corporate Plan and our annual commitments as outlined in the Annual Delivery Plan. Currently, reports are presented in a focused and accessible way that highlights performance by areas of exception thus promoting more effective scrutiny. Elected members are also able to influence the information they receive to support their scrutiny roles through member workshops aligned to the annual performance calendar.

A self-reflective approach is taken by Directorates to reviewing their performance as part of corporate quarterly performance monitoring arrangements for the ADP culminating with an end of year position statement that dovetails with the Annual Directorate Self-Assessment. Key insights on performance, achievements, challenges and areas for improvement provide an evidence base that informs the Council's Annual Self-Assessment findings. Adopting a corporate approach to self-reflection across all its functions is helping the Council to demonstrate how well it is embedding the sustainable development principle in its use of resources in delivering the Annual Delivery Plan commitments and our Corporate Plan Well-being Objectives and the national Well-being Goals. It has also enhanced performance accountability in service areas to ensure success.

**Principle F –  
Managing risks  
and  
performance  
through robust  
internal control  
and strong  
public financial  
management.**

The Corporate Plan and Annual Delivery Plan have provided an opportunity to further enhance the scrutiny function. For example, alternative forms of scrutiny and a focus on case studies and cross-cutting themes will continue to be developed during the delivery of the Plan. This will take forward the work already underway in response to the report from the Wales Audit Office (Audit Wales) which identified areas for development for the Council in relation to the Scrutiny function and take advantage of the digital opportunities offered by virtual / hybrid meetings. An action plan has been devised and agreed by the Cabinet and the Scrutiny Committee - Corporate Performance and Resources with work now being undertaken to address the issues and ongoing monitoring taking place. Working with Directors and Elected Members via a member led working group a new style of performance reporting was developed. This new style of reporting aligned to the Corporate Plan 2020/25 will be further developed in line with the requirements of the Local Government & Elections Act.

The Head of Finance / Section 151 Officer is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to Cabinet and the Council on all financial matters. The Council's system of internal financial control is based on a framework of financial / contract procedure rules and notes, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation of accountability.

The financial management of the Council is conducted in accordance with all relevant legislation and its Constitution. Through the Council's continued focus on integrated planning it is able to take a more holistic approach to corporate planning arrangements that include risk management, financial and asset management, workforce planning, performance management and information management. Therefore, corporate arrangements are coordinated and complementary to each other which puts the Council in a stronger position to secure continuous improvement. The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control.

**Principle F –  
Managing risks  
and  
performance  
through robust  
internal control  
and strong  
public financial  
management.**

The Council's statement of compliance with the CIPFA Financial Management Code was taken to Cabinet and Governance and Audit Committee in April 2024. In the report the Council set out a full consideration of the Council's compliance with the Financial Management Code in 2023/24 and in budget setting for 2024/25. The Council also identified potential areas for further improvement via an action plan and reviewed progress to date on previous actions, it was felt that good progress had been made in demonstrating collective responsibility and transparency in budget setting. Building on the feedback from the previous Financial Management Code a review by Internal Audit was undertaken to assess the review that had been undertaken by the Finance Team in consultation with the Strategic Leadership Team. The Council's compliance with the Code demonstrates that Council understands and demonstrates the importance of collective responsibility to deliver good financial management across the organisation.

The Council's Medium-Term Financial Plan clearly links to the priorities outlined in the Corporate Plan to ensure they are financially viable and that the MTFP is closely aligned with the business planning cycle work will be undertaken to update the Medium-Term Financial Plan in July 2024 and to address the need for sustainable finances as part of the plan throughout the next budget setting cycle and build on the Transformational themes identified as part of the 2024/25 budget setting as well as assessing the themes identified as part of the vision of the Council for 2030.

The Council has a proactive, holistic approach to tackling fraud, bribery, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. The Council investigates matches arising from the National Fraud Initiative and has a Fraud Strategy and Framework in place.

**Principle G –  
Implementing  
good practices in  
transparency,  
reporting, and  
audit, to deliver  
effective  
accountability**

The Council remains committed to implementing good practices in transparency, reporting and audit to deliver effective accountability. This is demonstrated by:

- Mechanisms which are in place for reporting progress against key regulatory recommendations / improvement proposals via the Strategic Insight Board, Governance & Audit Committee, all Scrutiny Committees, and Cabinet.
- All Committees have clear Terms of Reference and work programmes;
- Procedures are in place for sign-off of Cabinet Reports ensuring legal and financial implications have been appropriately assessed and are consistent with corporate policy.

The Council reports at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.

The Internal Audit Service is a key means of assurance. Since the 1<sup>st</sup> April 2019 the Council has hosted an expanded Regional Internal Audit Service (RIAS) partnering with Bridgend, Rhondda Cynon Taff and Merthyr Tydfil Councils. This has operated effectively throughout the year and the service operated in compliance with the Public Sector Internal Audit Standards (PSIAS). The Governance & Audit Committee annually reviews the Internal Audit Charter for the Regional Internal Audit Service. The Governance & Audit Committee also approves the Internal Audit Annual Plan and receives progress updates at least quarterly. During the year Rhondda Cynon Taf gave notice that they would not continue with the shared service partnership arrangement with effect from April 2024. Therefore a 3 Partner Model will be adopted during 2024/25.

The 2023/24 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. The plan had regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.

The work completed by the Regional Internal Audit Shared Service for the financial year was sufficient for the Head of Audit to be able to give an opinion.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2023/24 is:

**“Reasonable Assurance”**

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

Many Council staff work remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

The Council responds to the findings and recommendations of Internal Audit, External Audit and other inspection bodies. The Governance & Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

**Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and Chief Officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and by comments made by the external auditors and other review agencies and inspectorates.

The review of effectiveness is informed by:

- ✓ The Annual Internal Audit Assurance opinion, as provided by the Regional Internal Audit Service
- ✓ The Governance & Audit Committee provides the focus for reviewing the effectiveness of the system of internal control and risk.
- ✓ The Cabinet (as Executive) is responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for the decisions and for initiating corrective action in relation to risk and internal control issues.
- ✓ The Scrutiny function which holds the Cabinet to account.

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council.

During 2023/24 the Council received 835 complaints (2022/23 = 532), 51% of which were dealt with within corporate target timescales. The percentage of complaints being resolved at Stage 1 was 91%

The Standards Committee has monitored standards of conduct. During 2023/24 two investigation reports of potential breaches of the Members' Code of Conduct were referred to the Standards Committee by the Public Services Ombudsman for Wales and are being scheduled to be heard before the end of July 2024.

The Performance Framework has operated effectively during the year. Monitoring of key areas of performance has been regularly provided to Cabinet and Scrutiny.

**Review of Effectiveness**

In relation to Corporate Health, the Council continues to perform well in the context of supporting Council services in the delivery of the Corporate Plan Well-being Outcomes. The improved approach to Integrated Planning, via the Strategic Insight Board, is enabling services to effectively deliver transformational change in line with the Reshaping agenda and the Council's duties under the Well-being of Future Generations Act. Integrated Planning enables the Council to take a more holistic approach to their corporate planning arrangements that include risk management, financial management, workforce planning, performance management and information management. The Council has developed a robust approach to collaborative working, has a successful track record of delivering a balance budget and generally performing well in performance indicators across service areas.

The Council's second Annual Self-Assessment under the Local Government and Elections (Wales) Act was published in January 2024. The findings have informed the development of our Annual Delivery Plan for 2024/25. The Council's Annual performance calendar (which includes key activities such as the Quarterly ADP Performance reports, the Annual Directorate Self-Assessments including Internal Peer Challenge of the DSAs) and the Council Annual Self-Assessment Report for the period 2023/24 are a key source of information supporting this Annual Governance Statement. Work on the 2023/24 Annual Self-Assessment has commenced and will be published in December 2024.

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. During the year, a new approach to transformational change via the Reshaping Programme was agreed. This builds upon previous experience, including earlier Reshaping Services projects and the lessons learnt from the pandemic. Reshaping will be a core component of the Council's revenue budget in the coming years and to tackle critical issues for citizens and the organisation.

**Review of Effectiveness**

**Strategic Insight Board** considers corporate priorities outlined in the Corporate Plan and ADP including: Financial Planning; Workforce planning, Partnership & collaborations; Engagement & Communication; Risk and Asset Management, and Governance.

**Working Groups / Projects**  
Learning Café  
Information Governance Group;  
Digital Champions Programme;  
Housing Forums;  
Local Government & Elections Act Working Group  
Project Boards

**Governance**  
The Code of Corporate Governance complies with the Delivering Good Governance in Local Government Framework 2016.

**Key Developments**  
Implementation of the Senior Leadership Competency Framework  
Revised Chief Officer Performance Process.  
Review of the itsaboutme process  
New report formats designed to make it easier to assess overall progress in each Well-being objective.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Debtors, Benefits and banking arrangements or generally in the reviews undertaken in respect of directorate and school systems).

**Review of Effectiveness**

The Council's external auditors, Audit Wales, have advised that they have completed most of their planning work for the 2023/24 financial year. Whilst aspects of this planning work remain outstanding and the majority of their audit work for 2023/24 is yet to be completed, they have confirmed that there are no significant issues arising from their work to date.

During 2023/24 Audit Wales completed performance audit work on a number of reviews from its 2022/23 work programme including two thematic reviews: one of the Council's digital strategy and another on its use of performance information – service user perspective and outcomes. It also concluded a local project on the application of the sustainable development principle in service areas and a review of the Planning Service's Governance Arrangements.

**Code of Corporate Governance (COCG)**

The Council's COCG has been reviewed, amended and approved to reflect the 2016 Governance Framework.

**Statement of Accounts 2022/23**

In December 2023 the Council's External Auditor, Audit Wales, provided the Council with an **unqualified opinion** on the Council's accounts within their Annual Audit and Inspection Letter.

**Internal Audit Opinion**

Based on the assurance, work undertaken by Internal Audit, the Head of Audit has provided an overall **reasonable assurance opinion** on the adequacy and effectiveness of the Council's control environment.

## Review of Effectiveness

Of the 56 opinions given by Internal Audit during 2023/24:

- 46 (82%) were finalised with either *Substantial* or *Reasonable Assurance* opinion levels.
- 10 (18%) of the assignments were given an opinion of *Limited Assurance* due to weaknesses in the internal control environment.

The areas where control issues were identified during the year have tended to relate to specific service areas rather than any wider underlying concerns. The relevant managers have agreed with and are implementing the recommendations made to address the weaknesses identified. Internal Audit will follow up on these issues during 2024/25 to ensure that progress is being made.

As well as financial work, Audit Wales also completed performance audits on various services of the Council. These provide useful and timely feedback to the Council through which an action plan is developed for any matters to be addressed.

The Head of Audit's annual opinion report was presented to the Council's Governance & Audit Committee on 17<sup>th</sup> June 2024.

The Head of Audit provided an overall opinion of "**Reasonable Assurance**" on the Council's **internal control environment** based on the work undertaken during the year by Internal Audit.

In addition, the Head of Audit provided an opinion of "**Reasonable Assurance**" on the adequacy and effectiveness of the Council's framework of **governance, risk management and control**.

**Progress Made on  
the Significant  
Governance Issues  
2022/23**

**Action Taken / Planned**

**Financial Pressures & Resilience**

Addressing the financial pressures is going to be a continuous focus of attention for the Council.

The Council strengthened its budget setting arrangement for 2024/25. It followed the same broad comprehensive approach in 2023/24 with strong leadership from the Council Leader and Chief Executive, transparent and open reporting, extensive involvement with officers and Cabinet members and engagement with scrutiny and school representative bodies.

There were a number of improvements introduced. The overall approach was better informed with comprehensive benchmarking undertaken and whilst the Council is a low net spender at a Council and major service block level opportunities were identified at a lower level. The budget working groups with senior officers and Cabinet members were enhanced with the introduction of two rather than a single section allowing great focus on the existing spending commitments, pressures and savings. Consultation too, was improved with the Life in the Vale consultation running alongside the budget setting process.

A balanced budget was agreed with a significant savings programme in place for the second year in succession. There is a sound approach to delivering savings in place and mitigating those pressures which couldn't be accommodated in the budget. Nevertheless, concerns do persist around school funding, homelessness, and ongoing ALN and Social Care pressures.

**Progress Made on  
the Significant  
Governance Issues  
2022/23**

### **Expectations & Demand for Services**

The demands being placed on Council services are greater and more complex than in the past, exacerbated by the pandemic and cost of living crisis, but also as a result of an ageing population and increasing expectations at a time of limited resources. Transforming Council services to keep pace with these developments and taking preventative action are vital parts of the Council's strategy for the future, with a greater emphasis on investing in the short-term to save in the longer-term, focusing on prevention, the use of data and insight to inform decision making and improving public participation being key areas of focus across service areas in the coming year. This will also involve the consideration of greater partnership opportunities, both within the public sector but importantly with communities as the Council begins work on developing the new five year corporate strategy to define the organisation it needs to be by 2030. These are key tenets of the Reshaping Programme which will see work happening across all directorates as well as corporately on themes such as Strengthening Communities and the Council's Target Operating Model.

### **Workforce**

There are a number of risks included in the Council's Corporate Risk Register which have a significant workforce component and have regular monitoring arrangements in place, in addition to the Council's Strategic Leadership Team and Strategic Insight Board's oversight.

Requiring a multi-faceted approach, the revised People Strategy and Workforce Implementation plan provides the strategic direction and focus for much of this activity moving forward. Based around 3 key themes (Redesigning for responsiveness, Striving for high performance and Driving employee experiences) the strategy strongly aligns with our Corporate Plans and Wellbeing Objectives, whilst underpinned by other parts of the Council's integrated planning arrangements, such as the Medium Term Financial Strategy, Digital Strategy, and Strategic Equalities Plan.

However, it is recognised that internal mitigations must be supported by a partnership approach, working with key partners such as Social Care Wales, NHS, WLGA, our Trade Union Colleagues, ADSS and the PSB to continue to address the significant pressures facing the organisation in this space moving forward. Significant inroads have been made in 2022-23 to mitigate the effect of all workforce pressures which has included;

**Progress Made on  
the Significant  
Governance Issues  
2022/23**

**Workforce Continued..**

- Strategic Workforce planning, including competency-based training conducted and supported by the LGA, further development of succession plans and our Kickstarter scheme. 2023/24 saw the continued development in this space, including the creation and embedding of HR dashboards and the progression of the Kickstart scheme to the Quickstart scheme.
- Roll out Equalities based training, including Race Awareness. Strong collaborative working with our Network groups, including the creation and establishment of a Disability Network (Abl)
- The growth of wellbeing initiatives, including Wellbeing Walks, Fika, and Menopause Sessions
- Hybrid Working Strategy
- Review of our pay structures, which will now align to the 2024/24 budget process
- Social Services Reshaping Board, with a strong focus on workforce capacity, this has seen a review of recruitment practices, the introduction of overseas recruitment and greater development opportunities to allow line managers to make informed decisions based on rich data.
- Revised Chief Officer Performance Appraisal Process, Competency Framework and itsaboutme process
- Learning Café, which has seen sustained growth in membership and a number of successful workshops across 2023/24
- Improved Staff Induction and Welcome to the Vale
- H&S Policy Review, regular directorate Audits and the development course for example conflict management
- Revision of recruitment practices and trailing different recruitment approaches specific to professions and role types

For 2024/25 our focus continues to both embedding initiatives delivered in 2023/24 as well and refreshing key strategic enablers and considering more innovative ways of working. 2023/24 has further embedded Oracle Fusion whilst optimising the use of Oracle Fusion system to consider broader elements such as our recruitment practices. Further developing and improving Strategic Workforce Planning as well as moving to further strategic elements aligned to the People Strategy Key Themes.

**Progress Made on the  
Significant Governance  
Issues 2022/23**

This includes:

- Review of all reward structures linked strongly to the review our recruitment practices the development of a Recruitment and Attraction Strategy and Reward Strategy. 2023/24 saw the review of the reward framework (in consultation with external stakeholders and our staff) with revised reward offering developed around 5 key themes, 'Communities and culture, Learning and Development, Pay, Sustainability and Wellbeing
- Reviewed and Revised Recruitment Website, to incorporate the revised Reward framework and the continuation of the review of our recruitment processes. This will also include work on our Brand Strategy
- Further development of HR Dashboards to include workforce planning, aligned to the LGA Workforce Planning Matrix and Annual Delivery Plan
- Improved Occupational Health Digital Platform, greater efficiency in the Occupational Health process
- Review of Sickness Policy and process
- Reviewed EAP Provision, with focus on psychological wellbeing
- Suicide Prevention Policy, aligned to the Cardiff and Vale Suicide Prevention Strategy
- Innovation Lab – focusing a culture of growth and innovation
- Apprentices and the development of a Learning Academy
- Improved H&S practices and development of greater H&S competence at line manager level

**Significant Governance  
Issues 2023/24****Action Taken / Planned****General Financial Position**

The Council's finances will continue to be a significant issue beyond the current financial year and into the medium term. Whilst inflation is finally coming under control the heightened levels have persisted much longer than anticipated and the prolonged higher bank of England Base Rate has been a real drag on the economy. The prospects for improved final settlements for local settlements going forward are poor.

The Council's budget is coming under pressure in a number of key areas as well as the constraints on funding.

- Homelessness – the higher levels of homelessness driven by the change of regulations during Covid persist and despite the Council's various strategies in this area including the HRA development programme, the financial pressures are likely to continue.
- School deficits – the Council's schools remain collectively in surplus which is no longer the case across Wales. However, not all of the schools' pressures were addressed in the 2024/25 budget and agreeing balanced budget on a school by school basis is requiring significant energy from the Learning & Skills Team.
- Ongoing ALN/social care pressures – there was reduced intervention and engagement during Covid and the financial impact of this has been built into the 2023/24 and 2024/25 budgets but it remains a area of concern.

**Significant Governance Issues 2023/24**

**Management of Major IT implementations**

The Council’s Oracle Fusion implementation was delivered and the system is working well. However, it was at the cost was far in excess of the original business case. A comprehensive lessons learnt report was taken to Scrutiny, Governance & Audit and Cabinet across spring 2024 and action plan is being developed and support improved project delivery in the future.

**Workforce**

Workforce continues to be a key risk for us and as such we continue to adopt a multi-faceted approach. This includes policy and strategy development, for example the reward strategy and work underway in relation to our recruitment and attraction strategy, in addition to the operational elements of absence and attendance management, with more focus on staff wellbeing.

Work continues to develop and evolve our wellbeing strategy, enhanced stress risk assessment approach and the current review of our attendance management policy.

In addition, in accordance with our Learning Plan we have rolled out a refreshed Learning Café approach, with a growing membership as part of our commitment to the development of a learning culture, succession plans and growth of apprenticeship opportunities.

**Emerging issues**

There are a number of emerging issues not picked up earlier in this Statement.

Social Care system – the platform for the Council’s social care system is shortly to move out of support and there have been delays at Welsh Government level to agree the successor systems and funding. The Council is working at a regional level on a solution, but this is at financial risk to the Council with there still being no clarity on Government support. This is recognised on the Council’s Corporate Risk Register.

**Approval of the  
Annual  
Governance  
Statement  
2023/24**

Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet local people’s needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.

From the review, assessment and on-going monitoring work undertaken we have reached the opinion that reasonable assurance can be given that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We can confirm to the best of our knowledge and belief, this statement provides an accurate and fair view.

D.R. Thomas  
*Chief Executive*  
Date:

L. Burnett  
*Leader of the Council*  
Date:

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22 May 2024

Dear Matt,

### **Audit enquiries to those charged with governance and management**

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Vale of Glamorgan Council and 'those charged with governance' (the full Council, although in practice the Governance and Audit Committee may be better placed to comment on these matters).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

The information you provide will inform our understanding of the Council's business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2023-24. The equivalent responses for 2022-23 are included for information.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by **26 July 2024**. In the meantime, if you have queries, please contact me (02920 320664 or at [steve.wyndham@audit.wales](mailto:steve.wyndham@audit.wales)).

Yours sincerely

Steve Wyndham

Audit Manager

Cc

Gemma Jones

Gareth Lucey

## Appendix 1

### Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance'.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

### What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>There have been no specific fraud issues identified during 2022-23 relating to the financial statements. The Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.</p> <p>The issue of Fraud remains integral part of the Governance and Audit Committee remit. The Committee members have regard to the reports laid before them by internal and external audit/regulators. This informs their review of the financial statements and the level to which there may be a risk of material misstatements.</p> <p>The risk that the financial statements may be materially misstated due to fraud is low.</p>	<p>There have been no specific fraud issues identified during 2023-24 relating to the financial statements. The Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.</p> <p>The issue of Fraud remains integral part of the Governance and Audit Committee remit. The Committee members have regard to the reports laid before them by internal and external audit/regulators. This informs their review of the financial statements and the level to which there may be a risk of material misstatements.</p> <p>The risk that the financial statements may be materially misstated due to fraud is low</p>

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>Instances of potential fraud or error were identified via the National Fraud Initiative or the Council's Speak Out service. These have been dealt with through appropriate processes and any monies incorrectly paid are in the process of being recovered.</p> <p>Not aware of anything material.</p>	<p>Instances of potential fraud or error were identified via the National Fraud Initiative or the Council's Speak Out service. These have been dealt with through appropriate processes and any monies incorrectly paid are in the process of being recovered.</p> <p>Not aware of anything material.</p>
<p>3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>The Council's Regional Internal Audit Service has a key role in the identification of and responding to the risk of fraud. The Annual Audit Plan is based on risk and includes an annual review of key financial systems and contingency provision for fraud work as it arises. Auditors are mindful of the potential presence of fraud when undertaking audits. All issues of possible fraud are reported and allegations are investigated by Internal Audit and/or the Council's</p>	<p>The Council's Regional Internal Audit Service has a key role in the identification of and responding to the risk of fraud. The Annual Audit Plan is based on risk and includes an annual review of key financial systems and contingency provision for fraud work as it arises. Auditors are mindful of the potential presence of fraud when undertaking audits. All issues of possible fraud are reported and allegations are investigated by Internal Audit and/or the</p>

Audit enquiries to those charges with governance and management.

**Enquiries of management – in relation to fraud**

Question	2022-23 Response	2023-24 Response
	<p>Corporate Fraud Officer and potential weaknesses in the control environment are identified and reported. Any matters of significance are reported to the Chief Executive, Head of Finance and relevant Director.</p> <p>The Council's updated Counter Fraud Strategy &amp; Framework 2021 to 2024 was considered by the Governance &amp; Audit Committee and approved by Cabinet, together with the updated Anti Fraud, Bribery and Corruption Policy, Anti Money Laundering Policy and an Anti Tax Evasion policy. The Speak Out line has been launched which enables staff to confidentially and easily report any concerns which are initially reviewed by the Corporate Fraud Officer.</p> <p>The Corporate Fraud Officer also undertakes fraud awareness training</p>	<p>Council's Corporate Fraud Officer and potential weaknesses in the control environment are identified and reported. Any matters of significance are reported to the Chief Executive, Head of Finance and relevant Director.</p> <p>The Council's updated Counter Fraud Strategy &amp; Framework 2021 to 2024 was considered by the Governance &amp; Audit Committee and approved by Cabinet, together with the updated Anti Fraud, Bribery and Corruption Policy, Anti Money Laundering Policy and an Anti Tax Evasion policy along with an Enforcement Policy in 2023. The Speak Out hub was also launched in 2023 which enables staff to confidentially and easily report any concerns which are initially reviewed by the Corporate Fraud Officer. The Whistleblowing Policy is reviewed annually and reported to the Governance and Audit Committee.</p>

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
	<p>across the Council which includes raising awareness of the policies in place.</p>	<p>The Corporate Fraud Officer also undertakes fraud awareness training across the Council which includes raising awareness of the policies in place. The Corporate Fraud Officer is developing a fraud awareness training package to be made available for all staff via the intranet.</p>
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>		<p>Matches from the 2022 NFI exercise are still being reviewed. We are in the process of updating our Fraud Risk Assessment which we will take into account for our 2025/26 planning process.</p>
<p>5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?</p>	<p>Each allegation is recorded and investigated where appropriate. If it is found that there is a case to answer a fact-finding report is presented to a Chief Officer for further action under the various</p>	<p>Each allegation is recorded and investigated where appropriate. If it is found that there is a case to answer a fact-finding report is presented to a Chief Officer for further action under the</p>

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
	<p>Council policies. The Governance and Audit Committee receive an annual Corporate Complaints Report in line with the Council's Whistleblowing Policy and Performance Update.</p> <p>Nothing material identified.</p>	<p>various Council policies. The Governance and Audit Committee receive an annual Corporate Complaints Report in line with the Council's Whistleblowing Policy and Performance Update.</p> <p>Nothing material identified.</p>
<p>6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>Any concerns regarding internal controls, fraud or misappropriation are reflected in Audit recommendations and the level of assurance given at the end of the audit. Progress reports are taken to the Council's Governance and Audit Committee highlighting where there is limited assurance and identifies if this impacts on the overall system of internal control.</p> <p>An Annual Corporate Fraud report is presented to the Governance and Audit Committee to inform on progress made against the Counter Fraud Strategy and</p>	<p>Any concerns regarding internal controls, fraud or misappropriation are reflected in Audit recommendations and the level of assurance given at the end of the audit. Progress reports are taken to the Council's Governance and Audit Committee highlighting where there is limited assurance and identifies if this impacts on the overall system of internal control.</p> <p>An Annual Corporate Fraud report is presented to the Governance and Audit Committee to inform on progress made against the Counter Fraud Strategy and</p>

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
	<p>the number and nature of investigations carried out.</p> <p>Governance and Audit Committee also receive reports in relation to the number of complaints received and any whistleblowing incidents reported.</p>	<p>the number and nature of investigations carried out.</p> <p>Governance and Audit Committee also receive reports in relation to the number of complaints received and any whistleblowing incidents reported.</p>
<p>7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?</p>	<p>Principles of good governance and ethical behaviour are embedded in key policy documents including Codes of Conduct for Members and Employees. The Regional Internal Audit Service has a Code of Ethics which all auditors have to sign to state that they have read, understood and will abide by the Code.</p> <p>Internal Audit and the Corporate Fraud Officer have developed a fraud awareness training session which is being rolled out to key functions within service areas. This will become part of</p>	<p>Principles of good governance and ethical behaviour are embedded in key policy documents including Codes of Conduct for Members and Employees. The Regional Internal Audit Service has a Code of Ethics which all auditors have to sign to state that they have read, understood and will abide by the Code.</p> <p>Internal Audit and the Corporate Fraud Officer have developed a fraud awareness training session which is being rolled out to key functions within service areas. This will become part of</p>

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
	<p>the corporate i-dev suite of training packages by the end of 23/24.</p> <p>The Council's Governance Arrangements are also included within the annual internal audit plan. The Monitoring Officer ensures that each Councillor and Co-opted Member (with voting rights) are trained regarding ethics and standards and this is embedded as business as usual</p>	<p>the corporate i-dev suite of training packages by the end of 2024/25.</p> <p>The Council's Governance Arrangements are also included within the annual internal audit plan. The Monitoring Officer ensures that each Councillor and Co-opted Member (with voting rights) receive training regarding ethics and standards and this is embedded as business as usual</p>
8. For service organisations, have you reported any fraud to the user entity?	An Annual Corporate Fraud report is presented to the Governance and Audit Committee	An Annual Corporate Fraud report is presented to the Governance and Audit Committee

Audit enquiries to those charges with governance and management.

### Enquiries of those charged with governance – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>All allegations are taken seriously and investigated. Whilst issues are reported, they will be deemed significant where they can be substantiated and reflected in the Council's Annual Governance Statement if appropriate.</p> <p>Nothing material</p>	<p>All allegations are taken seriously and investigated. Whilst issues are reported, they will be deemed significant where they can be substantiated and reflected in the Council's Annual Governance Statement if appropriate.</p> <p>Nothing material</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>Nothing material</p>	<p>Nothing material</p>
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"> <li>• management's processes for identifying and responding to the risk of fraud in the audited body, and</li> </ul>	<p>This is reflected in the Governance and Audit Committee's Terms of Reference and the reports as set out in the Forward Work Programme for the Committee.</p>	<p>This is reflected in the Governance and Audit Committee's Terms of Reference and the reports as set out in the Forward Work Programme for the Committee.</p>

Audit enquiries to those charges with governance and management.

## Enquiries of those charged with governance – in relation to fraud

Question	2022-23 Response	2023-24 Response
<ul style="list-style-type: none"><li>the controls that management has established to mitigate these risks?</li></ul>		

### Appendix 2

#### Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the operations of the Council are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

#### What are we required to do?

Audit enquiries to those charges with governance and management.

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

<b>Enquiries of management – in relation to laws and regulations</b>		
<b>Question</b>	<b>2022-23 Response</b>	<b>2023-24 Response</b>
1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer.	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer/Head of Legal and Democratic Services.
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on	No – not to our knowledge	No – not to our knowledge

Audit enquiries to those charges with governance and management.

### Enquiries of management – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
this year's audited financial statements?		
3. Are there any potential litigations or claims that would affect the financial statements?	There are no legal claims which would affect the Council's financial statements.	There are no legal claims which would affect the Council's financial statements.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No – not to our knowledge	No – not to our knowledge
5. Are you aware of any non-compliance with laws and regulations within <b>service organisations</b> since 1 April of the financial year?	No – not to our knowledge	No – not to our knowledge

Audit enquiries to those charges with governance and management.

<b>Enquiries of those charged with governance – in relation to laws and regulations</b>		
<b>Question</b>	<b>2022-23 Response</b>	<b>2023-24 Response</b>
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No – not to our knowledge.	No – not to our knowledge.
2. How does the Council, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Through the Internal Audit Shared Service. Also, through the application of Council policies, such as the Contract and Financial Procedure Rules.	Through the Internal Audit Shared Service. Also, through the application of Council policies, such as the Contract and Financial Procedure Rules.

Audit enquiries to those charges with governance and management.

## Appendix 3

### **Matters in relation to related parties**

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

### **What are we required to do?**

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Audit enquiries to those charges with governance and management.

<b>Enquiries of management – in relation to related parties</b>		
<b>Question</b>	<b>2022-23 Response</b>	<b>2023-24 Response</b>
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	No changes from the prior year, no new joint committees or arrangements in place over the past twelve months	No changes from the prior year, no new joint committees or arrangements in place over the past twelve months
2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	There are transactions with statutory partners which have been disclosed as part of the related parties submissions of which Audit Wales are aware.	There are transactions with statutory partners which have been disclosed as part of the related parties submissions of which Audit Wales are aware.
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	Regular discussion with Accountants, finance and democratic services staff to identify related parties and put together the required disclosures. Further work to identify any related parties for close family relationships was carried out.	Regular discussion with Accountants, finance and democratic services staff to identify related parties and put together the required disclosures. Further work to identify any related parties for close family relationships was carried out.

Audit enquiries to those charges with governance and management.

## Enquiries of management – in relation to related parties

Question	2022-23 Response	2023-24 Response
<p>4. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none"><li>• with related parties, and</li><li>• outside the normal course of business?</li></ul>	<p>Officers and members are required to declare any transactions in line with the Council's Code of Conduct.</p> <p>There is also a manual end of year process that reviews transactions against any organisation that has been declared.</p> <p>For 2022/23 there has also been an end of year process with members of the Senior Leadership Team to declared transactions on a non exceptions basis.</p>	<p>Officers and members are required to declare any transactions in line with the Council's Code of Conduct.</p> <p>There is also a manual end of year process that reviews transactions against any organisation that has been declared.</p> <p>For 2023/24 the new end of year process with members of the Senior Leadership Team declaring transactions on a non exceptions basis has continued and is now embedded practice.</p>

Audit enquiries to those charges with governance and management.

<b>Enquiries of those charged with governance – in relation to related parties</b>		
<b>Question</b>	<b>2022-23 Response</b>	<b>2023-24 Response</b>
<p>1. How does the full Council, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Related party disclosures are reviewed by Governance and Audit Committee as part of the review of the statement of accounts</p>	<p>Related party disclosures are reviewed by Governance and Audit Committee as part of the review of the statement of accounts</p>

Audit enquiries to those charges with governance and management.