

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of a remote meeting held on 23<sup>rd</sup> September, 2021.

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

The Meeting recording is available [here](#).

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

Also present: R. Freitag and S. Wyndham (Audit Wales).

### 394 ANNOUNCEMENT –

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

### 395 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 20<sup>th</sup> July, 2021 be approved as a correct record.

### 396 DECLARATIONS OF INTEREST –

No declarations of interest were received.

### 397 VALE OF GLAMORGAN ANNUAL REPORT (IMPROVEMENT PLAN PART II) 2020/21 (REF) -

The Head of Policy and Business Transformation presented the report to Council of 20<sup>th</sup> September, 2021.

The report presented the draft Vale of Glamorgan Annual Report (Improvement Plan Part II) 2020/21, which outlines progress towards achieving the Council's Well-being (Improvement) Objectives agreed in April 2020.

The Committee was advised that based on an evaluation of the progress made during the first year of our 2020-25 Corporate Plan, it was considered that positive progress had been made towards achieving the Council's Annual Delivery Plan

commitments, giving an overall performance (RAG) status of AMBER for the period. This overall performance was positive when set within the context of responding to a global pandemic.

It was reported that all 4 Well-being Objectives were attributed an overall AMBER performance status reflecting the continued progress despite the challenging circumstances. Progress in delivering the Year 1 commitments aligned to the Annual Delivery Plan 2020/21 had also contributed positively to the national Well-being Goals for Wales, as planned activities had collectively sought to maximise contributions to the national goals.

The Head of Policy and Business Transformation drew Members' attention to the Regulatory Report Tracking aspect of the Annual Report as part of the process for overseeing the Council's regulatory report recommendations/proposals for improvement and the progress made in respect of these. The Head of Policy and Business Transformation also drew to the Committee's attention the timetable for reporting corporate performance in the coming year, reflecting the changes introduced by the Local Government & Elections (Wales) Act which had particular relevance to the Governance & Audit Committee.

Having considered the report, it was

RESOLVED - T H A T the contents of the Vale of Glamorgan Annual Report (Improvement Plan Part II) be noted.

#### Reason for decision

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

#### 398 AUDIT OF THE 2020/21 FINANCIAL STATEMENTS – REPORTING TO THOSE CHARGED WITH GOVERNANCE (HF/S1510) –

The purpose of the report was to present to those charged with governance the report of the Auditor General for Wales following the audit of the Council's Financial Statements for 2020/21

The audit of the 2020/21 Statement of Accounts was in the final stages of completion.

The latest 2020/21 Statement of Accounts incorporated all agreed amendments and was now presented to Governance and Audit Committee.

As a result of the impact of the Covid 19 Pandemic the Audit deadline had changed from 31<sup>st</sup> July 2021 to 30<sup>th</sup> November 2021.

It was proposed that the audited Statement of Accounts be reported to Council on 11<sup>th</sup> October 2021 for approval and then signed by the Auditor General for Wales.

In reply to a query regarding depreciation and the value of property, plant and equipment, Mr. Wyndham (Audit Wales) advised that the Council policy was in line with that suggested by the Chartered Institute of Public Finance and Accountancy. Policies across Wales were reviewed and assessed for consistency and whether they were appropriate.

The Committee having considered the report

RESOLVED - T H A T the report of the Appointed Auditor on the audit of the Council's Financial Statements for 2020/21 be approved and the Financial Statements including the Annual Governance Statement and Final Letter of Representation be recommended for signature by those authorised.

Reason for decision

Having considered the results of the audit of the Councils Financial Statements for 2020/21.

399 IMPLEMENTATION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR LEASING (IFRS 16) (HF/S1510) –

The purpose of the report was to present to those charged with governance the implications and considerations of a new International Financial Reporting Standard for Leases (IFRS 16).

From 1st April 2022, a new International Financial Reporting Standard, IFRS 16 Leases, was coming into effect. This meant that any operating lease agreements (new and existing) would now create a new debt in the Councils accounts, over the life of the lease and a corresponding asset. There was no impact of this change on the bottom line of the Council's accounts, however a number of technical changes would be required including the inclusion of all new leases as capital expenditure in the Council's accounts and taking account of the Council's lease liabilities as debt when preparing the Council's Treasury Management Strategy.

RESOLVED -

- (1) T H A T the contents of the report be noted.
- (2) T H A T an update report be received by the Governance and Audit Committee.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) In order to provide an update on the work being carried out in relation to the implementation of the International Financial Reporting Standard for Leasing (IFRS 16).

#### 400 REVIEW OF FRAUD AND GOVERNANCE AS PART OF THE EXTERNAL AUDIT BY AUDIT WALES (HF/S1510) –

The purpose of the report was to present to those charged with governance with the responses provided to External Audit regarding Fraud and Governance for review.

The report provided the Committee with a copy of the detailed submission of the Council's response to Audit Wales acting as the Council's External Auditor which related to the requirements as set out in the International Standard for Auditing (UK and Ireland) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements.

Having considered the contents of the report, the Committee

RESOLVED - T H AT the findings of the review of Fraud and Governance as part of the external audit by Audit Wales be agreed.

#### Reason for decision

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

#### 401 CORPORATE RISK REGISTER QUARTER 1 UPDATE (MD) –

The Head of Policy and Business Transformation presented the report, the purpose of the which was to update Committee on the Quarter 1 position of Corporate Risks for April 2021 - June 2021 contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report.

The report provided Members with an overview of the Corporate Risk Register for Quarter 1 (April 2021-June 2021). A risk analysis was incorporated within the Corporate Risk Summary Report (Annex A). This enabled officers and Members to identify and assess trends and the cross-cutting nature of risks with the ability to drill down to the detail of risks as and when required.

There were 16 corporate risks on the Register. Whilst the report provided an update on the corporate risks during the Quarter 4 period, it was important to note that some risks on the Register were in a constant state of flux. For example, the fast-moving nature of both the Covid-19 and Brexit risks meant that the position regarding these two were constantly evolving. Governance & Audit Committee were requested to consider the Quarter 1 position of the Risk Register, whilst noting developments as outlined in the report.

Councillor M.R. Wilson referred to issues currently being experienced because of a rise in energy costs, specifically the large increase in gas prices. The Member advised that the Council needed to find ways to mitigate the impact particularly as gas consumption was likely to be high during the upcoming winter period.

Councillor Wilson also flagged up issues relating to work regarding the integration of Health and Social Care, the associated risks were likely to increase as the population grew older. Councillor Wilson therefore asked if the Committee could receive further details on the work to mitigate the risks of rising energy costs and the integration of Health and Social Care. This was agreed by the Committee.

The Chair, Councillor G.D.D. Carroll commented on the importance to monitor the risk relating to workforce needs. In reply, the Head of Policy and Business Transformation advised that the Council's Senior Leadership Team would be keeping a close eye on this risk on a regular basis.

Subsequently it was

RESOLVED –

- (1) T H A T the Quarter 1 position of corporate risks for the period April 2021-June 2021 as outlined in Annex A be noted.
- (2) T H A T the comments of the Governance and Audit Committee be considered by Cabinet at the meeting when Cabinet will consider a report on the Corporate Risk Register for Quarter 1.
- (3) T H A T the Quarter 2 position update report contains greater focus and attention on the implications as a result of the current energy crisis and the challenges related to the supply of gas.
- (4) T H A T the Quarter 2 position report provides a more detailed update regarding challenges related to the work around the integration of Health and Social Care.

#### Reasons for decisions

- (1) Having regard to the Quarter 1 Risk Register update report and discussions at the meeting.
- (2) On the request for the comments of the Governance and Audit Committee to be considered when the Risk Register Quarter 1 position is presented to Cabinet.
- (3) As a result of the risks associated due to the current challenges affecting the supply of gas.
- (4) To provide a more detailed update of the work undertaken around the integration of Health and Social Care.

#### 402 NATIONAL FRAUD INITIATIVE UPDATE (HRIAS) –

The purpose of the report was to present Members with a status report on the progress made to date on the National Fraud Initiative.

This was a biennial exercise co-ordinated in Wales by Audit Wales. Data was extracted from the Council's systems and reports containing 3,130 potential matches were released back to the Council in January 2021.

To date 88% of matches had been reviewed and £1,979 had been identified as recoverable. This was expected to increase.

In addition, the matches provided an opportunity to cleanse data such as identifying blue badges that should be cancelled as the recipient was deceased or that applicants should no longer be included on the housing waiting list. Those changes were counted as notional savings based on Cabinet Office guidance. For the latest round of NFI, since January 2021, £810,401 in notional savings had been identified for the Council.

An annual exercise matching single person discount (SPD) households had also commenced. Those matches highlighted where there may be more than one adult at a location in receipt of SPD. In total 3,314 households had been identified for review within the 2021 exercise and to date 2,572 had been closed.

Work was on-going on the remaining matches with the Corporate Investigation Officer co-ordinating the approach to ensure that recovery was maximised, data was cleansed and any identified weaknesses in systems and processes were identified and improved.

Having considered the report, it was

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

#### Reason for decision

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

#### 403 PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021-22 (HRIAS) –

The purpose of the report was to provide the Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2021-22.

The progress made against the approved internal audit risk-based plan 2021-22 was detailed in Appendix A. It showed that 10 reviews had been finalised, 6 with an audit opinion whilst 2 reports had been issued in draft and 12 were on-going.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment of the 6 completed audits to date, an audit opinion of substantial assurance had been given to 1 audit, an opinion of reasonable assurance to 4 completed audits whilst 1 audit had resulted in an audit opinion of limited assurance.

30 recommendations had been made to strengthen the control environment; 2 were categorised as high priority, 13 medium and 15 low priority. All recommendations would be monitored to ensure that they would be effectively implemented.

Subsequently it was

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

Reason for decision

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

404 UPDATED FORWARD WORK PROGRAMME (HRIAS) –

The report provided Members with an Updated Forward Work Programme for 2021/22.

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

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

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

Subsequently it was

RESOLVED –

- (1) T H A T the Forward Work Programme be noted.
- (2) T H A T the schedule of items for the next meeting, 13<sup>th</sup> December 2021, be endorsed.

Reason for decisions

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