

## **GOVERNANCE AND AUDIT COMMITTEE**

**14 MARCH 2022**

Minutes of the Governance and Audit Committee of Flintshire County Council held remotely on Wednesday, 14 March 2022

### **PRESENT: Councillor Chris Dolphin (Chair)**

### **Sally Ellis (Vice-Chair in the Chair for minute numbers 63-65)**

Councillors: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson, Martin White and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

**APOLOGIES:** Chief Officer (Governance) and Corporate Finance Manager

### **IN ATTENDANCE:**

Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education), Councillor Paul Johnson (Cabinet Member for Finance, Social Value and Procurement), Councillor Billy Mullin (Deputy Leader and Cabinet Member for Corporate Management and Assets), Chief Executive, Internal Audit, Performance & Risk Manager and Democratic Services Officer

Strategic Performance Advisor (minute numbers 58 & 59)

Strategic Finance Manager and Principal Accountant (minute number 60)

Senior Auditor and Housing & Prevention Service Manager (minute number 63)

Elaine Mojares - Graduate Trainee (observing)

Gwilym Bury and Mike Whiteley from Audit Wales

## **56. DECLARATIONS OF INTEREST**

None.

## **57. MINUTES**

The minutes of the meeting held on 26 January 2022 were approved, as moved and seconded by Councillors Martin White and Geoff Collett.

### **RESOLVED:**

That the minutes be approved as a correct record.

## **58. ANNUAL AUDIT SUMMARY FOR FLINTSHIRE COUNTY COUNCIL**

The Strategic Performance Advisor presented the Annual Audit Summary which summarised the findings of audit and regulatory work undertaken at the Council by Audit Wales (AW) during 2020/21. Overall this was a positive report with no formal recommendations made during the year. The Council's response to the proposals for improvement were detailed in the External Regulation Assurance item on the agenda.

The Chief Executive summarised key achievements such as early completion of the Council's financial statements to a good standard, recognition of a clear communications strategy and strong leadership of the Council's recovery from the impact of the pandemic. Reference to reduced comparative performance information reflected the impact of the pandemic upon all councils. Whilst it was acknowledged that the position on rent arrears had steadied, further opportunities were being explored to improve performance and engage with tenants.

In response to Allan Rainford's question on identifying different ways of working, Gwilym Bury said that the report set out the findings of audit work during 2020/21 and acknowledged the significant pressures arising from the pandemic.

The recommendation was moved by Allan Rainford and seconded by Councillor Janet Axworthy.

**RESOLVED:**

That the Committee is assured by the content and observations of the Auditor General for Wales' Annual Audit Summary report for 2020/21.

**59. EXTERNAL REGULATION ASSURANCE**

The Strategic Performance Advisor presented the summary report to give assurance that reports from external regulators and inspectors in 2021/22 had been considered in accordance with the agreed internal reporting protocol. This was a positive report demonstrating that actions were being taken in response to recommendations. Whilst there was no requirement for a local response to Audit Wales' national studies, the Council's approach to assess against local work was regarded as good practice. Attention was drawn to the three outstanding reports due to be scheduled for forthcoming meetings.

Sally Ellis sought clarity on the reporting process to enable the Committee to fulfil its role in being assured that actions were implemented and monitored.

The Chief Executive described the robust process whereby actions were monitored within portfolios or through further reviews by Internal Audit and subsequently reported back to Overview & Scrutiny and this Committee.

The Internal Audit, Performance & Risk Manager suggested that completed external actions, in addition to internal actions, could be reflected in the Annual Report and that this assurance could also be built into the Annual Governance Statement process. She also suggested that the annual External Regulation Assurance report include an appendix showing the status of all actions during the period.

Allan Rainford referred to the proposals for improvement (P1) on the Audit Wales report on rental income and asked about the implications of minor changes made to the Council's response. The Strategic Performance Advisor agreed to respond separately to the Committee.

The recommendation was moved by Councillor Arnold Woolley and seconded by Allan Rainford.

**RESOLVED:**

That the Committee is assured by the Council's response to external regulatory reports.

**60. QUARTER 4 TREASURY MANAGEMENT UPDATE 2021/22**

The Strategic Finance Manager presented the quarterly update on matters relating to the Council's Treasury Management Policy, Strategy and Practices to the end of February 2022. The Council's position on investment and long and short term borrowing was reported, along with an update on the economic context and interest rate forecast.

In response to questions from Allan Rainford, the Strategic Finance Manager said that the short-term borrowing approach continued, in line with the professional advice, and that no further long-term borrowing was forecast in this financial year, based on current cashflow.

Sally Ellis asked about any anticipated impact on the Strategy arising from the situation in Ukraine. The Strategic Finance Manager said that whilst the report reflected the position at that point in time, the Treasury Management advisors were continually monitoring and updating the team on any changes.

The recommendation was moved and seconded by Allan Rainford and Sally Ellis.

**RESOLVED:**

That the Treasury Management 2021/22 quarterly update be endorsed.

**61. INTERNAL AUDIT STRATEGIC PLAN**

The Internal Audit, Performance & Risk Manager presented the three year Internal Audit Strategic Plan for 2022-2025 which had been developed using assurance mapping, results of previous audit work, new and emerging risks and consultation with senior officers and Audit Wales. Whilst all high priority audits and annual reviews were included for completion in 2022/23, any work in responding to emerging issues/risks would take precedence over medium priority reviews which would be subject to regular review with portfolio holders.

In response to questions from Sally Ellis, the Internal Audit, Performance & Risk Manager provided assurance on capacity to deliver the Plan which was subject to regular review. She advised that risks around rising energy and living costs would form part of the audit of Climate Change & Environmental Sustainability and that risks in Social Services and Education were monitored including the findings of external assurance reviews.

Allan Rainford welcomed the report and was informed that business continuity plans for each portfolio had been tested throughout the emergency situation.

The recommendation was moved by Councillor Arnold Woolley and seconded by Councillor Janet Axworthy.

**RESOLVED:**

That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2022-2025.

**62. PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

The Internal Audit, Performance & Risk Manager presented the findings of the annual internal assessment of conformance with the Public Sector Internal Audit Standards (PSIAS). This, together with the external assessment undertaken for 2016/17 demonstrated that the Council continued to comply with the standards in all significant areas and operated independently and objectively. The next external assessment was due to be undertaken in May 2022 through a peer review process. It was confirmed that all actions arising from the previous assessment had been implemented.

Sally Ellis welcomed the various workforce development actions to improve service resilience. In response to questions, the Internal Audit, Performance & Risk Manager provided a brief update on her roles with Test, Trace & Protect, Performance and Risk Management and Central Despatch, and shared details of forthcoming commissioned audit work on Ransomware Attacks and the review of ICT governance arrangements. She gave assurance of continued direct access to the Chief Executive with regular discussions taking place on delivering the Audit Plan. Her comments were endorsed by the Chairman.

In response to a query, Allan Rainford was informed that feedback was captured in post-audit client questionnaires on which performance was included in the Internal Audit Progress Reports and the Annual Report.

The recommendation was moved and seconded by Allan Rainford and Sally Ellis.

**RESOLVED:**

That the report be noted.

**63. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit, Performance & Risk Manager presented the regular update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations.

Sally Ellis raised concerns about the number of outstanding live actions some of which were high priority. The Internal Audit, Performance & Risk Manager said that the process relied on service managers to update the system; this was an issue continually raised with the senior officer team. She acknowledged the importance of setting realistic deadlines as did the Chief Executive who assured the Committee that he would continue to work with the Chief Officer team to improve response times.

The only Red (limited assurance opinion) report issued during the period was a review of homeless and temporary accommodation which had been requested by the Housing & Prevention Service Manager following his appointment in 2020. The Senior Auditor provided background to the scope of the review which had focussed on the adequacy and effectiveness of controls to manage increased demands on the service during the pandemic and to meet emerging issues such as future 'Rapid Rehousing' requirements in Wales. The review identified that improved controls were needed to ensure the effective management of the temporary accommodation portfolio and that operational practices were not sufficiently robust to meet increased demand and potential growth of portfolio capacity. In addition, management information was not available to oversee control effectiveness of temporary accommodation rent collection, void and lease management. The actions - which had been escalated to the Chief Executive in his former role as Chief Officer (Housing & Assets) at that time - had been endorsed by Overview & Scrutiny.

In thanking all those involved in the review, the Housing & Prevention Service Manager gave an overview of actions within the robust and ambitious Service Improvement Plan which had been developed to address the findings.

Sally Ellis acknowledged the complexities of homelessness and the significant pressures on those delivering the service. In response to questions, the Service Manager spoke about the range of temporary accommodation currently available and the increase in demand during the pandemic which was experienced nationwide. He provided clarification on the documenting of Health & Safety processes, workforce development and resilience to meet the demands upon the service and increased engagement with private sector landlords. He said that whilst the timescales were challenging, they were achievable and that good progress had been made since publication of the report.

Councillor Ian Roberts extended his personal thanks to the Chief Executive and housing officers for their exceptional commitment and dedication to tackling homelessness. In accepting the findings of the report and acknowledging the impact from the pandemic, he also recognised the Council's responsibilities on the health and safety of tenants and as a County of Sanctuary to support those in need.

The Chief Executive gave assurance that the team was committed to working through the issues and delivering the improvements, whilst continuing to manage the service under challenging circumstances. He thanked the Senior Auditor and Service Manager for their work on the review and commended the progress made by the team to date in implementing the actions, on which he was kept updated.

The recommendation was moved by Councillor Arnold Woolley and seconded by Allan Rainford.

**RESOLVED:**

That the report be accepted.

**64. ACTION TRACKING**

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings.

The recommendation was moved by Councillor Janet Axworthy and seconded by Councillor Geoff Collett.

**RESOLVED:**

That the report be accepted.

**65. FORWARD WORK PROGRAMME**

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration.

There were no changes and the recommendations were moved and seconded by Councillors Janet Axworthy and Arnold Woolley.

As this was the final meeting of this Council term, as suggested by Councillor Janet Axworthy, tributes were paid to all the officers and co-optees for their contributions to the work of the Committee over the past two years.

**RESOLVED:**

- (a) That the Forward Work Programme be approved; and
- (b) That the Internal Audit, Performance & Risk Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

**66. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

None.

The meeting started at 10am and finished at 11.35am

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**Chair**