

## **GOVERNANCE AND AUDIT COMMITTEE**

**22 MARCH 2023**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 22 March 2023

### **PRESENT:**

Co-opted members: Sally Ellis (Chair), Rev Brian Harvey and Allan Rainford  
Councillors: Bernie Attridge, Glyn Banks, Allan Marshall, Ryan McKeown and Andrew Parkhurst

**SUBSTITUTION:** Councillor: Ted Palmer (for Linda Thomas)

**ALSO PRESENT:** Councillor Andy Hughes attended as an observer

### **IN ATTENDANCE:**

Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education, Welsh Language, Culture and Leisure), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion and Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager and Democratic Services Officer

Audit Wales: Gwilym Bury and Mike Whiteley

### **59. SUBSTITUTION**

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Ted Palmer (who had undertaken the requisite training) to substitute for Councillor Linda Thomas.

### **RESOLVED:**

That Councillor Ted Palmer be permitted as a substitute for the meeting.

### **60. DECLARATIONS OF INTEREST**

None.

### **61. MINUTES**

The minutes of the meeting held on 25 January 2023 were received. On accuracy, the figures shown in the footnote on minute 47 would be corrected.

Minute number 47: In response to Councillor Andrew Parkhurst's query on the sharing of asset disposal information, the Chief Executive advised that some transactions which were subject to ongoing negotiations may be considered commercially sensitive at that point in time until disclosed as a public record with the Land Registry. Following reference by Councillor Parkhurst to contracts dating back some time ago, the Chief Executive reiterated that publishing certain

information on ongoing work could negatively influence the Council's negotiating position. The Chair suggested that Councillor Parkhurst contact officers directly with any further areas of concern.

Minute number 48: Statement of Accounts - Councillor Parkhurst asked that the minutes reflect that the asset register was not a confidential document, as subsequently confirmed by officers, and therefore should be made available to Members upon request.

The Chief Officer (Governance) clarified that whilst assets under the Council's ownership were not confidential, commercial sensitivity could apply depending on the information requested. He confirmed that a non-confidential version of the asset register had been circulated to the Committee.

On that basis, the minutes were moved and seconded by Councillors Bernie Attridge and Allan Marshall.

**RESOLVED:**

That subject to the amendments, the minutes be approved as a correct record.

**62. EXTERNAL REGULATION ASSURANCE**

The Chief Executive presented the report to give assurance that reports from external regulators and inspectors in 2022/23 had been considered in accordance with the agreed internal reporting protocol. 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.

Concerns were raised by Councillor Bernie Attridge on the lack of responses to some recommendations, including Poverty in Wales, and delays in actions informing the customer involvement strategy.

The Chief Executive explained that the Council's response would reflect the significant amount of work being done to tackle all elements of poverty, including that referenced as good practice within the Audit Wales report. On customer involvement, he spoke about the need to strengthen the tenants' federation to ensure that it worked in collaboration with the Housing service to bring about change for all tenants.

The Internal Audit, Performance & Risk Manager clarified that the 'RAG' status in the summary document indicated progress in implementing actions. She confirmed that the three outstanding reports had been scheduled accordingly and that she was liaising with portfolios to ensure that the protocol was followed.

Councillor Andrew Parkhurst raised concerns about reference to the "*Welsh Labor Government*" in the response to the Direct Payments report for Adult Social Care. The Internal Audit, Performance & Risk Manager agreed to liaise with the service which had provided the wording. Councillor Glyn Banks suggested that all services be reminded that reports to the Committee should be apolitical.

On the responses in the summary document, Rev Brian Harvey noted reference to areas of good practice and asked if examples were made available by Audit Wales to inform learning. Gwilym Bury said that in addition to sharing case studies in published Audit Wales reports and publicising through local events, regular meetings were held at senior level within councils to share knowledge.

In response to a question from Allan Rainford on financial sustainability, the Corporate Finance Manager confirmed that financial management codes were reviewed and were relevant in demonstrating budgetary controls, use of reserves etc. In addition, a summary of compliance was incorporated in the Annual Governance Statement.

On a further question, the Chief Officer (Governance) explained that information on Equality Impact Assessments formed part of background papers which were available on request, and that Integrated Impact Assessments were summarised in strategic reports to Cabinet.

On the Audit Wales Rental Income report, Councillor Banks referred to the two proposals for improvement and queried the need for actions to be subject to the political governance process, particularly those on recommendation 1 which he felt could be resolved much sooner. The Chief Executive agreed to follow this up and provide a response.

The Chair reiterated the Committee's role in seeking assurance of arrangements to respond to external reports and implement actions. Although arrangements were set out in the reporting protocol, she suggested that it be reviewed to clarify responsibilities for monitoring progress of actions and referring back any issues to this Committee.

The Internal Audit, Performance & Risk Manager said that services were responsible for implementing actions and she agreed to liaise with Democratic Services to incorporate tracking arrangements within the protocol.

The recommendations, as amended, were moved and seconded by Councillors Banks and Parkhurst.

**RESOLVED:**

- (a) That the Committee is assured by the Council's response to external regulatory reports;
- (b) That a reminder is sent to services that progress reports on action plans should be apolitical; and
- (c) To review the external reporting protocol to clarify responsibilities for monitoring progress against action plans after submission to Cabinet and Overview & Scrutiny.

**63. QUARTER 4 TREASURY MANAGEMENT UPDATE 2022/23**

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 2023. 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 provided background on the timing of the long-term loan of £5m taken out with the Public Works Loans Board during the quarter.

When asked by Councillor Glyn Banks, the officer confirmed that Lender Option Borrower Option (LOBO) was an investment option considered in discussions with the treasury management advisers.

The recommendation was moved by Councillor Bernie Attridge and seconded by Allan Rainford.

**RESOLVED:**

That the Treasury Management 2022/23 quarterly update be endorsed.

**64. CORPORATE SELF-ASSESSMENT 2021-22**

The Chief Executive presented a report on the findings and improvement plan following completion of the Council's first Corporate Self-Assessment 2021/22. The report set out the three-stage approach which focussed on eight key themes and concluded that the Council exercised its functions effectively, used resources efficiently and had effective governance in place, with partnership working scored as 'very best practice'. The report incorporated comments raised by the Corporate Resources Overview & Scrutiny Committee.

In response to a question from Allan Rainford, the Internal Audit, Performance & Risk Manager explained that whilst strategies were in place, some required updating to reflect current processes. She also advised on current work to develop the new Council Plan involving links to key strategies to support the delivery of those objectives.

In providing further assurance, the Chief Executive said that the action to modernise strategies would be followed up in future years.

The Chair suggested that for future years, the document could be simplified and include more detail to demonstrate evidence behind scoring. She also supported the view expressed by the Corporate Resources Overview & Scrutiny Committee for wider consultation.

The Chief Officer (Governance) acknowledged that consultation had been identified as an area for improvement and that an over-arching approach was being developed by increasing resources. This first self-assessment was regarded as a pilot that included arrangements for 2021/22 in order to develop a process in the absence of guidance or a specific national model. Internal

consultation was via Members sense-checking the document in the same way as the Annual Governance Statement.

The Chief Executive thanked the Committee for the feedback which would be taken forward for future reports.

The Internal Audit, Performance & Risk Manager gave assurance that all feedback would inform a work plan to reinforce the process for future years. She provided details of consultation including a Member workshop in April/May.

Following an amendment proposed by Rev Brian Harvey, the recommendations were seconded by Councillor Ted Palmer.

**RESOLVED:**

- (a) That the findings of the Corporate Self-Assessment 21/22 be noted;
- (b) That the opportunities for improvement identified in Corporate Self-Assessment 21/22 be noted; and
- (c) That the Committee notes the need to make the process more robust and resilient, including wider consultation, in order to drive improvement.

**65. GOVERNANCE & AUDIT COMMITTEE SELF-ASSESSMENT**

The Chair presented the results of the self-assessment undertaken by the Committee in December during an online workshop following the completion of questionnaires. The overall results would feed into preparations on the Annual Governance Statement for 2022/23 and the Committee's Annual Report. The Committee was asked to consider the findings from the assessment and actions identified to address areas in need of improvement.

Allan Rainford asked about Audit Wales resources to add assurance on the delivery of value for money arrangements. Gwilym Bury advised that there were no current plans to change arrangements for performance audit work.

In praising the approach taken to the workshop, Rev Brian Harvey said that a key area was clarification on how the Committee could influence service delivery across the Council without duplicating the role of Cabinet and Overview & Scrutiny. He felt that this could involve more informal discussion and training to enable the Committee to fulfil its role.

On effective public reporting to stakeholders and local communities to improve transparency, Councillor Bernie Attridge suggested better use of technology to improve public engagement, for example on budget-setting.

In summarising, the Chair said that the aim was to develop an action plan for the remainder of this year focussing on ensuring value for money, widening public consultation and transparency, learning together in an informal way, identifying ways to improve the impact and effectiveness of the Committee through feedback and ensuring that points raised by the Committee were

progressed through engagement with Cabinet Members, Overview & Scrutiny and the Leader of the Council.

She proposed that she and the Vice-Chair develop a compact action plan from the findings of the report and the assessment from December to form the basis for future development of the Committee. The proposal was moved and seconded by Councillors Attridge and Banks.

**RESOLVED:**

That having considered the findings of the report and on the basis of the discussion, the Chair and Vice-Chair develop a compact action plan to progress actions to inform future development of the Committee.

**66. ANNUAL GOVERNANCE STATEMENT 2021/22 MID-YEAR PROGRESS REPORT**

The Chief Officer (Governance) presented a mid-year progress report on the areas of improvement set out in the Annual Governance Statement (AGS) for 2021/22 which demonstrated positive progress in addressing the issues identified.

During an overview of Governance issues, it was clarified that five (rather than six) were rated Amber. Reference was made to the development of the customer engagement strategy and ongoing work to embed the new risk management framework across the organisation. Explanation on Strategic issues involved the escalation of risks that could not be contained within the portfolio, some of which were impacted by external factors.

Councillor Bernie Attridge raised concerns about risks on rent arrears, housing benefit overpayments and homelessness, asking if more could be done to reduce the high number of void properties.

The Chief Officer (Governance) said that whilst the Revenues service maintained good performance on council tax collection, there were more complex issues involved in rent collection and that the outcome of a pilot on tackling rent arrears was expected. A response to the risk on Housing benefit overpayments would be shared with the Committee.

On homelessness, the Chief Executive referred to the complexities and the impact of national policy changes, whilst emphasising the team's priority to keep people in their own accommodation.

Gwilym Bury said that as referenced in a recent Audit Wales report, the main factor in escalating rent arrears nationally was the rollout of Universal Credit which was continuing.

Councillor Glyn Banks took the opportunity to acknowledge the positive work undertaken by the Chief Executive to tackle the homelessness situation in Flintshire.

In response to comments from the Chair, the Chief Executive gave assurance that full use was made of benchmarking data and he highlighted challenges in services, such as homelessness, which would remain over the longer term for all councils.

The Internal Audit, Performance & Risk Manager advised that following the commencement of work on the AGS for 2022/23, a mid-year review was scheduled for the Committee in November.

The recommendation was moved and seconded by Councillors Ted Palmer and Glyn Banks.

**RESOLVED:**

That the Annual Governance Statement 2021/22 Mid-year Progress Report be accepted.

**67. INTERNAL AUDIT STRATEGIC PLAN**

The Internal Audit, Performance & Risk Manager presented the three year Internal Audit Strategic Plan for 2023/24 - 2025/26 which had been developed using assurance mapping, results of previous audit work, new and emerging risks and consultation with senior officers and Audit Wales. All high priority audits and annual/biannual reviews were included in the 'core' Plan for completion in 2023/24 with priority ratings indicated. There was flexibility within the Plan to accommodate any work in responding to emerging issues or risks which would take precedence over medium priority reviews and would be subject to regular review with portfolio holders.

Councillor Andrew Parkhurst asked about previous work on consultancy use and suggested the following topics for consideration: achieving value for money on asset disposals, anti-bribery and corruption including gifts and hospitality, compliance with document retention rules and Planning decisions involving Member/officer interests.

The Internal Audit, Performance & Risk Manager advised that asset disposals had previously been audited and that bribery and corruption policies were reviewed on a regular basis. Whilst previous work had been done on Planning, a review of Declarations of Interest was included in the current Plan. On the use of consultants, spend had lowered considerably since the introduction of strengthened processes and controls which were proving to be effective. At the Chair's suggestion, information on this would be shared.

In response to further questions, explanation was given on the review of corporate grants and it was confirmed that a previous audit on credit control and bad debt would be kept under review.

As suggested by Allan Rainford, the Plan would be amended to review work on Cyber/Data Security and Protection against Ransomware scheduled for 2023/24 on a year by year basis.

On voids management, Councillor Bernie Attridge said that the Committee should be given more assurance on progress with actions. Further capacity would be reviewed in the Plan as work had already been completed on voids. Councillor Attridge was asked to provide more information on his request for a review of NEWydd Catering and the implications of possible conflicts of interest. A suggested review of external wall insulation contracts (in particular across Deeside) would be considered once the legal process had concluded.

As requested by Councillor Attridge, the Chief Officer (Governance) agreed to share the findings of a report on the online incident at Cabinet in February.

As requested by the Chair, the Internal Audit, Performance & Risk Manager provided assurance on capacity to deliver the Plan based on current resources. In response to comments, she provided details of recent work on recruitment and retention in addition to a review of the pay model. She also shared information on a review within Streetscene & Transportation which would add the most value for that service. A future review of the customer engagement strategy, currently under development, would be included in the Plan to assess how well it was embedded across the organisation.

On that basis, the recommendation was moved by Councillor Glyn Banks and seconded by Rev Brian Harvey.

### **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 2023-2026.

## **68. 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.

Since the last report, there had been a slight reduction in overdue actions and an update was received on further actions which had been closed since publication of the report. On high and medium overdue actions relating to homelessness, an update from the service would be shared in which a commitment had been given to close all actions by September 2023 when a report would be shared with Overview & Scrutiny.

Councillor Bernie Attridge's request for an update on outstanding actions on the audit of Statutory Training in Streetscene & Transportation was noted.

In response to concerns raised by Councillor Andrew Parkhurst on contracts with major suppliers, explanation was given on compliance with Contract Procedure Rules, with any issues raised as part of audit work. A separate update would be shared on actions relating to Domestic Energy and the North & Mid Wales Trunk Road Agent including the balance owed to the Council. A verbal update was given on actions relating to the Schools Thematic Review



which would be reflected in the next Progress Report. Explanation was also given on performance indicators involving changes to timescales, availability of staff and issues outside the control of the service.

On the Amber Red report on Highways Structures, it was explained that having been invited at short notice, the Chief Officer was unable to attend the meeting but had given assurance that due dates were achievable and that a report would be shared with Overview & Scrutiny in April. Councillor Glyn Banks' suggestion that the Committee's meeting slots be kept free in Chief Officers' diaries would be considered by the Internal Audit Manager who reminded the Committee of the agreed process in relation to red reports. She went on to advise that any overdue actions on limited assurance reports would now be raised with the Leader of the Council to discuss with the relevant service.

The recommendation was moved by Councillor Bernie Attridge and seconded by Allan Rainford.

**RESOLVED:**

That the report be accepted.

**69. ACTION TRACKING**

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings and reported that the update on school funds would be shared in June due to staff sickness.

The recommendation was moved and seconded by Rev Brian Harvey and Councillor Glyn Banks.

**RESOLVED:**

That the report be accepted.

**70. FORWARD WORK PROGRAMME**

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration. She agreed to schedule the following items requested by the Chair:

- Governance & Audit Committee arrangements for partnerships and collaborations
- Proposed governance arrangements for a major project
- Information security
- Health & Safety assurance/control arrangements

On that basis, the recommendations were moved and seconded by Allan Rainford and Councillor Glyn Banks.

**RESOLVED:**

- (a) That subject to the changes, the Forward Work Programme be accepted;  
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.

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

None.

The meeting started at 10am and finished at 12.38pm

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**Chair**