

GOVERNANCE AND AUDIT COMMITTEE

10 APRIL 2024

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 10 April 2024

PRESENT:

Co-opted members: Allan Rainford (Chair), Sally Ellis and Brian Harvey
Councillors: Glyn Banks, Allan Marshall, Ted Palmer, Andrew Parkhurst and Linda Thomas

ALSO PRESENT: Councillors Dave Hughes, Paul Johnson and Billy Mullin attended as observers

IN ATTENDANCE: Councillor Ian Roberts (Leader of the Council), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Principal Accountant, Strategic Performance Advisor, Housing & Prevention Services Manager (for minute no. 65), Programme Manager for Climate Change and Carbon Reduction (minute no. 66), Corporate Manager, People and Organisational Development (minute no.67), Senior Manager - Safeguarding and Commissioning, Senior Auditor and Finance officer (for minute no. 73) and Democratic Services Officer

Audit Wales representatives

Simon Monkhouse, Duncan Mackenzie, Charles Rigby, David Tomalin and Mike Whiteley

62. DECLARATIONS OF INTEREST

None.

63. MINUTES

The minutes of the meeting held on 24 January 2024 were approved, subject to an amendment on minute no. 59 to clarify the discussion around anonymous allegations.

Matters Arising

On minute no. 55, Councillor Glyn Banks reiterated his request for a Member workshop on Out of County Placements. The request would be passed to the relevant team for consideration.

RESOLVED:

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

64. STATEMENT OF ACCOUNTS 2022/23

The Corporate Finance Manager presented the final version of the Statement of Accounts 2022/23 incorporating changes agreed with Audit Wales during the course of the audit. As reported previously, the statutory deadline for publishing the final audited accounts had been extended further as explained in the report. There were no uncorrected misstatements identified in the audit and findings had been discussed in detail with adjustments incorporated where appropriate. A summary of issues arising during the audit, shown in Appendix 2, highlighted the historic accounting of assets which applied to all councils in Wales.

In summarising the report by Audit Wales, Mike Whiteley confirmed that an unqualified audit opinion would be issued on the accounts in due course. He thanked the Finance team for their support in working through the issues, particularly those relating to the complex capital accounting issues. He also highlighted the impact of delayed responses from the Council's Valuation team to audit queries.

Councillor Andrew Parkhurst asked about the level of risk from Contingent Liabilities in section 34 of the accounts. The Chief Officer (Governance) provided background on claims relating to the former Clwyd County Council which had reduced in numbers and which did not pose a significant risk.

Councillor Parkhurst also raised concerns about the delayed responses from the Valuations team during the audit, particularly given the level of corrections and previous assurances of oversight on asset disposals.

In response, Mike Whiteley summarised the amendments on errors and omissions identified from the valuation work in Appendix 3. He and the Chair both commented that this did not reflect a significant amount given the overall context of the accounts.

To give assurance, the Chief Executive advised that following a review of arrangements, a lead officer from the Valuation team would now be involved in the process for producing the statement of accounts.

The Corporate Finance Manager confirmed that having been finalised since publication of the report, the management response to the recommendations would be shared with the Committee.

Councillor Glyn Banks referred to the issue relating to the Valuation team during the audit and suggested that relevant officers be invited to give explanation to the Committee. In respect of rising levels of debt and rent arrears, he took the opportunity to acknowledge the positive support given by the Revenues Manager and his team and commented on the need for earlier intervention to help tackle escalating rent arrears.

The Chief Officer (Governance) spoke about changes in the approach to reducing rent arrears in consultation with the Community and Housing Overview & Scrutiny Committee.

In response to questions from the Chair, the Strategic Finance Manager provided assurance on reference to a section of land not owned by the Council. On the 2023/24 accounts timetable, Mike Whiteley advised that the aim was for Audit Wales to set the local government reporting deadline for the end of November 2024, subject to resources.

The Chair thanked the Corporate Finance Manager and Strategic Finance Manager who in turn thanked the Principal Accountant and Audit Wales colleagues for their work on the accounts.

The recommendations were moved and seconded by Councillors Ted Palmer and Linda Thomas.

RESOLVED:

- (a) That the Audit Wales report - Audit of the Financial Statements 2022/23 - Flintshire County Council - be noted;
- (b) That the final version of the Statement of Accounts 2022/23 be approved, following consideration of the Audit Wales report; and
- (c) That the Letter of Representation be approved.

65. AUDIT WALES REPORT: HOMELESSNESS SERVICES - FLINTSHIRE COUNTY COUNCIL

The Housing & Prevention Services Manager presented a report on the review of Homelessness Services undertaken by Audit Wales. Following receipt of the final report in January 2024, the findings and organisational response to the three recommendations had been reviewed and supported by the Community and Housing Overview & Scrutiny Committee and Cabinet.

The Audit Wales report found that the Council delivered a high quality service and had a good understanding of pressures and future projections, acknowledging the risks around financial sustainability of service delivery which were not unique to Flintshire. The officer went on to provide an update on progress with the three recommendations.

Duncan Mackenzie of Audit Wales welcomed the work undertaken by the service and processes put in place, acknowledging the long term financial challenges on this complex issue affecting all councils.

Sally Ellis described this as a positive report which reflected well on the homelessness services in Flintshire. When asked about the timely completion of actions, the Service Manager provided assurance on the implementation of Recommendations 2 and 3 and advised that Recommendation 1 would require wider support from colleagues across the Council to meet the deadline.

In agreeing with concerns about the unsustainability of the financial position highlighted in the report, Councillor Glyn Banks commented on the impact of national housing decisions. On one of the findings, Duncan Mackenzie explained that the service could be more proactive in dealing with internal and

external elected Members to help manage expectations and demands upon the service.

Brian Harvey sought an update on IT issues previously reported and was informed that more support had been provided to cope with demands upon the service. It was also noted that the findings of this specific audit potentially regarded the IT system for homelessness and housing support as best practice.

In thanking the Service Manager and all those involved in the positive report, Councillor Ian Roberts commented on the need for national oversight of the challenges highlighted. Charles Rigby provided explanation on reporting arrangements to Welsh Government (WG), such as the forthcoming national study on homelessness by Audit Wales which would help to highlight common issues.

Councillor Andrew Parkhurst asked about a possible collective response to WG on the financial pressures. The Service Manager said that whilst there was increased funding for prevention work and non-statutory services, the main pressures were around Council funding for staff posts and emergency accommodation costs above the grant funding allocation. He went on to refer to the commitment given by WG to end homelessness and gave assurance that representations continued to be made at regional and national level.

The Chief Executive said that the service was making a positive impact on homelessness, however the unsustainable position created a pressure for all councils, as recognised by Audit Wales. On Councillor Parkhurst's suggestion, he said that whilst representations continued, he would write to the Minister to reinforce the concerns of the Committee.

The Chair thanked the Service Manager and his team for the positive report and contributions from Audit Wales colleagues. The positive feedback was welcomed by the Service Manager who paid tribute to the teams involved and Audit Wales colleagues who had worked on the review.

The recommendations in the report were moved and seconded by Councillor Glyn Banks and Brian Harvey.

RESOLVED:

- (a) That the Audit Wales report into Homelessness Services at Flintshire County Council be noted; and
- (b) That the Council's responses to the recommendations of Audit Wales for future monitoring and oversight purposes be noted.

66. AUDIT WALES ASSURANCE AND RISK ASSESSMENT REVIEW REPORT 2021-22

The Chief Executive presented a report on the Audit Wales review of areas of Assurance and Risk Assessment work. On the implications of the Local Government and Elections (Wales) Act 2021, it was confirmed that arrangements were being put in place to meet the requirements of the legislation, with no

recommendations for improvement. On the Council's carbon reduction plans, it was reported that the Council had a clear vision and strategic support for its approach to decarbonisation and net zero by 2030, with one recommendation to fully cost its action plan and align with the Medium Term Financial Strategy.

The Chief Executive highlighted estimated costings and carbon savings from key actions which had been considered by Cabinet, the Environment and Economy Overview & Scrutiny Committee and Climate Change Committee.

Charles Rigby explained that this was an annual national review and that the timeliness of the report had been impacted by changes in resources within Audit Wales. He acknowledged the carbon neutral challenges across the public sector, as highlighted by the Auditor General.

In response to a question from Sally Ellis on previously reported challenges with procured services, Charles Rigby explained that this was a high-level report and that the conclusion on developing best data would reflect those issues.

When asked by Councillor Andrew Parkhurst about the 2030 target, the Chief Executive reiterated the Council's carbon commitments and the need for shared responsibility to meet the deadline. He also spoke about the role of local businesses and explained that the Council was engaging with those groups.

The Programme Manager for Climate Change and Carbon Reduction advised that the requirement to review the strategy in 2024/25 would enable data trends to be analysed to reflect on the ambitions within the timescale and to focus on the Council's influencing the wider community.

Councillor Glyn Banks commented on carbon offsetting activities and use of hydrogen vehicles.

As requested by Brian Harvey, the Programme Manager reported positive feedback from public engagement activities undertaken over the past year to seek views, inform and educate. There would be further opportunity for public consultation on the review of the Climate Change Strategy.

The recommendation was moved and seconded by Councillor Ted Palmer and Sally Ellis.

RESOLVED:

That the Committee is assured by the content and observations of the Auditor General for Wales' Assurance and Risk Assessment Review report.

67. DISCLOSURE AND BARRING SERVICE (DBS) UPDATE

As requested in March, an update had been shared on progress with actions from the internal audit of Disclosure and Barring Service (DBS) Checks due to concerns raised by the Committee.

The Corporate Manager, People and Organisational Development was in attendance to provide a further update to give assurance of progress. She reminded Members that the audit had not included schools as this would form part of a separate audit. Having prioritised investigating positions three years and under without a DBS, she provided detailed information on the current position as at 9 April 2024. In addition, a range of changes had been implemented including manually updating the iTrent system for DBS checks for new starters and transferring when a new record is created. A risk around service managers undertaking DBS checks had been identified and discussions were taking place on potentially moving that responsibility back to the HR team. In continuing with the cleansing exercise, a number of next steps were identified including the removal of 'essential' markers against posts not meeting the criteria, development of departmental renewal reminders and exploring best practice.

The Corporate Manager agreed to share the information with the Committee via email and went on to advise of the disclosure responsibilities set out in employee contracts.

The Chief Executive said that significant work had been undertaken since the issuing of the report and that moving responsibility of DBS checks back under the HR team would centralise that service and improve controls.

Sally Ellis welcomed the update which provided assurance on actions and oversight. Her request that the risk on DBS checks be reflected on a register was noted by the Corporate Manager who agreed to action.

The recommendations were moved and seconded by Councillors Ted Palmer and Linda Thomas.

RESOLVED:

- (a) That the verbal update be noted; and
- (b) That the risk identified on DBS checks be reflected on the corporate risk register.

68. QUARTER 4 TREASURY MANAGEMENT UPDATE 2023/24

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 2024. The Council's position on investment and long and short term borrowing was reported, together with an update on the economic context and interest rate forecast.

In response to questions from the Chair, the Strategic Finance Manager provided clarification on the borrowing forecast and key considerations for investments.

Following a request by Councillor Glyn Banks for a graph to accompany the long-term borrowing spreadsheet, officers agreed to review the format for future reports.

The recommendation was moved and seconded by Councillors Ted Palmer and Andrew Parkhurst.

RESOLVED:

That the Treasury Management 2023/24 quarterly update be endorsed.

69. GOVERNANCE & AUDIT COMMITTEE SELF-ASSESSMENT

The Internal Audit, Performance & Risk Manager presented the results of the self-assessment undertaken in February during an online workshop following the completion of questionnaires. The overall results would feed into preparations on the Annual Governance Statement for 2023/24 and the Committee's Annual Report.

Following a verbal update on questionnaires received after the deadline, the Chair expressed his disappointment at the response rate, particularly from Overview & Scrutiny Chairs.

As suggested by Brian Harvey, it was agreed that half yearly updates on actions would be scheduled.

In recognising the benefits of the self-assessment process, Sally Ellis said that more work was needed to strengthen links with Overview & Scrutiny. She went on to refer to the shared responsibility across the membership of this Committee in ensuring that actions were being completed.

Her comments were endorsed by the Chair who said that Democratic Services officers had been asked to co-ordinate meetings with Overview & Scrutiny Chairs. His suggestion for an informal pre-meeting immediately prior to the June meeting to co-ordinate questions and resolve issues was supported.

The recommendations were moved and seconded by Brian Harvey and Sally Ellis.

RESOLVED:

That having considered the report, the Committee agrees:

- (a) That half yearly updates on the action plan be scheduled in the Forward Work Programme;
- (b) That the Chair and Vice-Chair be invited to meetings with the Overview & Scrutiny Chairs; and
- (c) That an informal pre-meeting takes place prior to the next meeting in June.

70. 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 in 2022/23 demonstrated that the Council generally conformed with all the requirements. Work was due to commence on the implications of the new Global Internal Audit Standards to be implemented from 2025.

The recommendation was moved by Councillor Glyn Banks and seconded by Sally Ellis.

RESOLVED:

That the report be noted.

71. EXTERNAL REGULATION ASSURANCE 2023-24

The Chief Executive presented the report to give assurance that reports from external regulators and inspectors in 2023/24 had been considered in accordance with the agreed internal reporting protocol. The report summarised progress against actions and noted that assurance mapping work was being undertaken to identify any other external regulation providing assurance and/or recommendations for improvement.

The Chair asked about the Audit Wales 2022 report 'Time for Change - Poverty in Wales' and was assured that actions had been progressed and would be reported to this Committee.

Councillor Andrew Parkhurst sought assurance on actions from the Care Inspectorate Wales (CIW) report in respect of ensuring appropriate housing options for young care leavers. It was confirmed that this was scheduled for Cabinet and Social & Health Care Overview & Scrutiny Committee in June. As requested by Sally Ellis, the report would also come to this Committee in June.

The recommendation was moved and seconded by Councillors Andrew Parkhurst and Linda Thomas.

RESOLVED:

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

72. INTERNAL AUDIT STRATEGIC PLAN

The Internal Audit, Performance & Risk Manager presented the three year Internal Audit Strategic Plan for 2024/27 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 for completion in 2024/25 with priority ratings indicated. The date shown in the introduction would be amended to reflect the reporting period.

During discussion on Internal Audit resources, the Chair commented that any further reductions in posts may be of concern.

The recommendation was moved and seconded by Councillors Ted Palmer and Andrew Parkhurst.

RESOLVED:

That having considered the areas covered, including those prioritised for the first year, and the level of audit resources given the level of assurance required, the Committee approves the Flintshire Internal Audit Strategic Plan for 2024-2027, subject to the date correction in section 1.1.

73. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit, Performance & Risk Manager presented the update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last update, two 'Amber Red' (some assurance) reports had been issued on Corporate Credit Cards and Declaration of Interests. A 'Red' (limited assurance) report had been issued on Deferred Charges and Management of Residential Care Liabilities for Social Service on which relevant officers were in attendance.

On the latter, the Senior Auditor provided background on the scope of the review and key findings before handing over to the Senior Manager (Safeguarding and Commissioning) to report on progress with the detailed action plan and additional work identified to improve processes. She thanked Internal Audit colleagues for their support on the review.

In response to queries from the Chair, the Senior Manager explained that the use of a matrix (as recommended by Internal Audit) was a means of collating and recording information from various sources and that the upgraded system would improve the handling of management information. She also advised that engagement with external solicitors would help ensure consistent information on property charges.

Councillor Andrew Parkhurst thanked the officer for the positive response. In response to questions, the Senior Manager said that whilst the audit had found inconsistencies with management oversight, there was no financial impact due to diligent work on debt recovery by the Enforcement team and external legal advice.

Sally Ellis welcomed the detailed action plan and asked about opportunities to share approaches with other authorities using the same systems. The Senior Manager confirmed that discussions had taken place at network meetings and that the testing of cases at regular internal meetings would help to identify further improvements.

In response to a question from the Chair on the limited assurance report on Corporate Credit cards, the Corporate Finance Manager confirmed that following a review by the Education management team, the use of credit cards in schools had been withdrawn.

Following concerns about the latter from Councillor Andrew Parkhurst, the Internal Audit Manager provided context on the types of corporate credit card use required across the authority.

The recommendation was moved and seconded by Brian Harvey and Sally Ellis.

RESOLVED:

That the report be accepted.

74. ACTION TRACKING

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

The recommendations were moved and seconded by Councillors Linda Thomas and Glyn Banks.

RESOLVED:

That the report be accepted.

75. FORWARD WORK PROGRAMME

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration and would update following discussion at today's meeting.

Mike Whiteley and Charles Rigby provided clarification on the deferral of the Audit Wales Plan to July and forthcoming reports on financial sustainability.

On that basis, the recommendations were moved and seconded by Sally Ellis and Brian Harvey.

RESOLVED:

- (a) That 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.

76. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

Exclusion of the press and public was moved and seconded by Councillor Andrew Parkhurst and Brian Harvey.

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraphs 14 and 18 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

77. UPDATE AGAINST ANONYMOUS ALLEGATIONS

As requested at the previous meeting, the Internal Audit, Performance & Risk Manager provided a verbal update on the findings of the investigation undertaken following concerns raised by Councillor Andrew Parkhurst. Prior to the meeting, she had circulated detailed information on third party organisations in receipt of strategic funding and also advised of preparations for the implementation of the core funding review. She had no concerns based on the scope of the investigation.

Following the update, the officer provided clarification to Councillor Parkhurst on further queries and advised that work was underway with the Legal team on the remaining outstanding contracts and that a report to Cabinet during the Summer would be shared with this Committee at a later stage.

The Chair thanked the officer for her work on the matter.

78. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

None.

(The meeting started at 10am and finished at 1.15pm)

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Chair