

GOVERNANCE AND AUDIT COMMITTEE
24 JANUARY 2024

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 24 January 2024

PRESENT:

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

SUBSTITUTE: Councillor: Geoff Collett (for Linda Thomas)

ALSO PRESENT: Councillor David Coggins Cogan attended as an observer

IN ATTENDANCE: Councillor Ian Roberts (Leader of the Council), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion & Resilient Communities), Chief Executive, Chief Officer (Governance), Internal Audit, Performance and Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Strategic Performance Advisor and Democratic Services Officer

Simon Monkhouse and Charles Rigby from Audit Wales

For minute number 53

Vicky Clark - Chief Officer (Housing & Communities)
Martin Cooil - Housing & Prevention Services Manager
Paul Calland - Strategic Housing & Program Delivery Manager

For minute number 54

Service Manager (Enterprise and Regeneration)

50. SUBSTITUTION

In line with Constitutional requirements, the Committee agreed to allow Councillor Geoff Collett (who had undertaken the requisite training) to substitute for Councillor Linda Thomas.

RESOLVED:

That Councillor Geoff Collett be permitted as a substitute for the meeting.

51. DECLARATIONS OF INTEREST

Brian Harvey declared a personal interest on agenda item 5 (Audit Wales report - Social Enterprise) as he was a Director of Double Click.

During discussion on agenda item 4 (Audit Actions Outstanding), Councillor Ted Palmer declared a personal interest as he was a Director of NEW Homes.

52. MINUTES

The minutes of the meeting held on 22 November 2023 were approved.

RESOLVED:

That the minutes be approved as a correct record.

53. AUDIT ACTIONS OUTSTANDING

The Internal Audit, Performance and Risk Manager introduced the update report on outstanding audit actions within the Housing & Communities portfolio, as requested at the previous meeting.

The Chief Officer (Housing & Communities) advised that evidence recently shared with the Internal Audit service would be analysed to enable some of the actions to be closed down.

On Maes Gwern, Sally Ellis felt that time was needed to review the evidence now that financial aspects appeared to have been resolved. She suggested that the Committee be kept informed of progress on outstanding actions as part of Internal Audit Progress Reports. In acknowledging the demands upon the Homelessness and Temporary Accommodation service, she said that the follow-up audit would provide assurance to the Committee whilst regular progress was monitored by Overview & Scrutiny.

The Chair explained that the update was to ensure that information was being made available to Internal Audit, as had been indicated previously. He agreed with Sally Ellis' suggestions on the way forward.

As requested by Councillor Bernie Attridge, the Strategic Housing & Program Delivery Manager provided an update on actions for Maes Gwern.

The Housing & Prevention Services Manager said that information had been passed to Internal Audit and that work would continue with that service to close down the remaining actions on Homelessness and Temporary Accommodation. In response to questions, he provided information on policy reporting arrangements and the need for further investment to resolve system overrides on the Single Access Route to Housing (SARTH).

Following concerns from Councillor Geoff Collett about apparent unresolved issues, the Strategic Housing & Program Delivery Manager spoke about learning taken from the Maes Gwern project and specifically the need to recognise achievements.

Councillor Glyn Banks supported the proposal for future updates through the progress reporting mechanism. He asked about outstanding audit actions under Streetscene & Transportation and was informed that two high priority actions had been closed since the last meeting.

Brian Harvey also spoke in support of the proposed reporting approach and asked how lessons from the Maes Gwern project would be captured and fed into Council processes.

Sally Ellis referred to a formal post-project review and was assured that this would be undertaken with the contractor following the resolution of outstanding issues.

The Chair summarised the views expressed by the Committee that a further report was not required as actions would be monitored by Internal Audit and reflected through progress reporting.

On that basis, the recommendation was moved and seconded by Councillors Ted Palmer and Geoff Collett.

RESOLVED:

That the report and appendix be accepted, and that further updates be reflected as part of the Internal Audit Progress Report.

54. AUDIT WALES REPORT - SOCIAL ENTERPRISE

The Enterprise & Regeneration Service Manager presented a report on actions following receipt of the Audit Wales report on Social Enterprise.

The review undertaken by Audit Wales had identified several recommendations and created a self-assessment toolkit for use by councils across Wales. The response and action plan, as appended to the report, provided an opportunity to build on the Council's successes and identify further improvements to the service. The report had been shared with the Environment & Economy Overview & Scrutiny Committee and approved by Cabinet.

Following a question from the Chair, it was explained that remote sessions would help to increase opportunities to raise awareness of social enterprise.

Sally Ellis welcomed the Council's achievements and suggested that the action plan include timescales. The Service Manager agreed that this would be considered as part of the next review.

In welcoming the positive report, Councillor Bernie Attridge paid tribute to the Council's commitment to investing in social enterprise. In respect of roles, Charles Rigby clarified the role of the Committee in being assured by the response and monitoring implementation.

In response to queries from Councillor Andrew Parkhurst, the Service Manager provided explanation on the main types of support given by the Council in the formation of social enterprises. On a question from Brian Harvey, he spoke about procurement activities.

On behalf of the Committee, the Chair thanked the officer and his team for the positive report.

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

RESOLVED:

That the Committee supports the proposed response to Audit Wales and the supporting documents.

55. RISK MANAGEMENT UPDATE

The Strategic Performance Advisor presented an update on the development of the risk management framework since its approval in September 2022. An overview was provided on a range of improvements made to the framework, as detailed in the report, along with information on consultees. The report also included the first view of the Strategic Risk Overview which incorporated all strategic risks across the organisation.

In welcoming the improvements, the Chair asked if the risks showing no direction of change were of concern. The officer explained that this reflected where risks had not yet been updated on the Inphase system. On a query about realistic target risk scores, she explained that since all risks were now imported into the system, the team would be working with portfolios to review and challenge target scores to ensure they were achievable.

Councillor Bernie Attridge spoke about the need for services to continually update information on their respective risks. The Internal Audit, Performance and Risk Manager said that whilst reports were currently shared with Cabinet and Overview & Scrutiny, there were also plans for monthly reports to be shared with Chief Officers to highlight any portfolio issues.

Following comments on political ownership, the Chief Officer (Governance) suggested that wording in the framework more clearly define the primary responsibility of Cabinet Members in respect of risk management.

Sally Ellis emphasised the importance of consistent use of Inphase and the need to reflect the potential for operational risks to evolve into strategic risks within the framework, for example the Amber/Red report on Disclosure & Barring Service (DBS) Checks. The Internal Audit, Performance and Risk Manager agreed to consider this and explained that audit reports identifying risks not included on the register were shared with the Risk Management team. She agreed to expand on roles and responsibilities within the framework to include the practice of inviting strategic risk owners to explain mitigation measures. Comments on the inclusion of long-term trend information on the dashboard were noted and would be incorporated as the system evolved over time.

Councillor Allan Marshall sought clarity on the management of positive consequences of risks. Officers explained that a separate module currently under

development would incorporate the benefits of risk management and that officers would consider if this could be better reflected in the framework.

Councillor Glyn Banks referred to Welsh Government proposals regarding the risk around Out of County Placements and suggested that officers consider workshops to update Members on any changes.

The recommendations were moved and seconded by Councillors Bernie Attridge and Glyn Banks.

RESOLVED:

- (a) That the Committee approves the revised Risk Management Framework (January 2024); and
- (b) That the Committee accepts the Council's Strategic Risk Overview Report.

56. CODE OF CORPORATE GOVERNANCE

The Chief Executive introduced a report on the annual review of the Code of Corporate Governance prior to consideration by the Constitution and Democratic Services Committee. He said that the document remained largely unchanged and highlighted key areas including the framework and the seven principles of good practice applied to the Code.

The Chief Officer (Governance) spoke about links with key documents such as the Annual Governance Statement and Council Plan.

When asked by Sally Ellis about any additional governance mechanisms that could be reflected in the Code, officers gave assurance on the robustness of the Code, having been subject to extensive review and consultation.

The recommendation was moved and seconded by Brian Harvey and Councillor Geoff Collett.

RESOLVED:

That the updated Code of Corporate Governance be endorsed for adoption as part of the Council's Constitution.

57. TREASURY MANAGEMENT 2024/25 STRATEGY AND QUARTER 3 UPDATE 2023/24

The Strategic Finance Manager presented the draft Treasury Management Strategy 2024/25 and associated documents for review and recommendation to Cabinet, along with a quarterly update on Treasury Management activities in 2023/24 for information.

Whilst there were no significant changes to the strategy, key areas were highlighted on economic context, local context and a continuation in borrowing and

investment strategies. The quarterly update reported the position on investments at the end of December 2023 along with long and short term borrowing portfolios.

On investment counterparty limits, the Chair spoke about the risk around section 114 notices and suggested some wording to give assurance that the financial position of other authorities was being monitored. The Strategic Finance Manager said that this was covered in the mid-year report, and he confirmed that local authority investments were subject to constant review and guidance from Arlingclose Ltd. On interest rates, he provided estimates of interest rate outcomes compared with projections which had helped the in-year position.

In response to the Chair's question on maintaining resources to support the treasury management function, the Corporate Finance Manager spoke about his role in ensuring adequate financial arrangements across the Council and advised that no specific changes in the team had been identified to date as part of the budget process for 2024/25.

The recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

RESOLVED:

- (a) That having reviewed the draft Treasury Management Strategy 2024/25 and accompanying documents, the Committee has no specific issues to be reported to Cabinet on 20 February 2024; and
- (b) That the Treasury Management 2023/24 quarterly update be noted.

58. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit, Performance and 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 Strategic Core Funding and Disclosure & Barring Service (DBS) Checks.

Sally Ellis raised concerns about the Amber Red report on DBS Checks as this was an important safeguarding responsibility of the Council. She queried why the report was not escalated to Red and requested a report back to the Committee on the completion of actions, noting that this was a corporate risk with the potential to become strategic.

Her comments were echoed by the Chair who shared concerns about the deadlines for actions.

Councillor Bernie Attridge questioned the basis of due dates for risk management reporting on DBS Checks and actions to address the lack of oversight of the payment process on Strategic Core Funding.

Following concerns from Councillor Andrew Parkhurst on the increased number of overdue actions, the Chief Executive agreed that this was disappointing. Whilst acknowledging the fluid nature of action tracking and escalation process, he gave assurance that the importance of closing actions to reduce risks would be reinforced with Chief Officers. On Strategic Core Funding, an update on progress with contract arrangements for third party organisations in receipt of grants would be shared.

In response to further comments about the urgency of DBS actions and the need for corporate oversight, the Chief Executive gave a personal commitment that he would seek assurance on urgent work and clarification to address the issues in advance of the Corporate Manager, People and Organisational Development attending the next meeting and providing a detailed update on progress at the next meeting.

On a further question, officers would liaise with Education colleagues and confirm that individual schools were responsible for their own DBS checks.

The recommendations, which were amended to reflect the concerns raised, were moved and seconded by Brian Harvey and Councillor Attridge.

RESOLVED:

- (a) That the report be accepted; and
- (b) That a report be received at the next meeting relating to the position on the DBS service and urgent actions required to address the problems identified.

59. ACTION TRACKING

The Internal Audit, Performance and Risk Manager presented an update on actions arising from previous meetings. In respect of long-standing actions, an update would be reflected in the next report.

Councillor Andrew Parkhurst referred to the response to his query on the investigation into anonymous allegations discussed in November 2023 and queried why officers had opted to contact one specific organisation, given the range of others that could have been contacted.

The Internal Audit, Performance and Risk Manager agreed that she would endeavour to pursue further, however the responsible officer for the audit had left the Council.

Councillor Parkhurst acknowledged the sensitivities involved and suggested a further discussion to explore the matter further in closed session.

Following debate, the Chair suggested that the Committee allow the Internal Audit Manager to review the query and to report back to the next meeting in an item in closed session. On that basis, the recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the Internal Audit, Performance and Risk Manager review the query raised by Councillor Parkhurst on the anonymous allegation and report back to the next meeting in an item to be held in closed session.

60. FORWARD WORK PROGRAMME

The Internal Audit, Performance and Risk Manager presented the current Forward Work Programme for consideration. No further changes were proposed.

The recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

RESOLVED:

- (a) That the Forward Work Programme be accepted; and
- (b) That the Internal Audit, Performance and 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.

61. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

None.

(The meeting started at 10am and finished at 12.40pm)

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Chair