NORTH WALES CJC GOVERNANCE & AUDIT SUB-COMMITTEE 04/06/26

Elected Members: Councillor Gareth Jones (Conwy County Borough Council), Councillor Andrew Parkhurst (Flintshire County Council), Councillor Ioan Thomas (Cyngor Gwynedd), Councillor Carol Holliday (Denbighshire County Council), and Councillor Geraint Bebb (Isle of Anglesey County Council).

Lay Members: Nigel Rudd (Chair).

Elected Members (Delegated): Councillor Keith Roberts (Isle of Anglesey County Council).

Other officers present: Alwen Williams (Chief Executive of the Corporate Joint Committee (CJC)), David Hole (CBC Implementation Programme Manager), Dewi A. Morgan (Section 151 Officer – Cyngor Gwynedd), Sian Pugh (Deputy Section 151 Officer – Cyngor Gwynedd), Sara Jane Jones (Senior Accountant – Cyngor Gwynedd), Delyth Wyn Jones-Thomas (Investment Manager – Cyngor Gwynedd), Yvonne Thomas (Audit Manager – Audit Wales), Lora Williams (Audit Lead – Audit Wales), Mark Watkins (Head of Legal Services/Interim Monitoring Officer of the CJC), Menna Machreth (Senior Corporate Policy Officer of the CJC), Ffion Williams (Senior Operations Officer of the CJC), Rhodri Jones (Democracy Services Officer – Cyngor Gwynedd), and Sera Whitley (Democracy Services Officer – Cyngor Gwynedd).

1. APOLOGIES

Apologies were received from Councillor Paul Rogers (Wrexham County Borough Council), William Parry (Lay Member), and Luned Fôn Jones (Audit Manager - Cyngor Gwynedd).

2. ELECT CHAIR FOR 2026/27

Nigel Rudd was elected as Chair of the Sub-committee for 2026/27.

3. ELECT VICE-CHAIR FOR 2026/27

It was resolved to postpone the appointment until the next meeting.

4. DECLARATION OF PERSONAL INTEREST

There were no declarations of personal interest.

5. URGENT BUSINESS

It was pointed out that the Members of this Sub-Committee were nominated, not appointed, and remained a Member until they offered their formal resignation to the Monitoring Officer.

An update on the recruitment of Lay Members was requested. It was noted that nominations had been sought by local authorities, but no formal nomination had yet been received. The Members were informed that should no nominations be received from local authorities, the post would have to be advertised externally.

It was added that a resignation from one of the Lay Members had recently been accepted and that the Sub-Committee was currently operating with two out of its three Lay Members. In response to a question asking whether the Sub-Committee could have four Lay Members, it was confirmed that there was nothing preventing an increase in the number of Lay Members and that this issue would be considered.

An update on the recruitment of Members was also requested, and the Sub-Committee was informed that two resignations were currently expected from Substitute Members therefore the Sub-Committee would depend on local authorities for further nominations.

6. MINUTES OF THE PREVIOUS MEETING

An issue was identified with the draft minutes of the previous meeting held on 9 December 2025 and it was confirmed that this would be dealt with outside of the meeting. It was decided to defer this item and bring the revised draft minutes to the next meeting of the Sub-Committee.

7. TERMS OF REFERENCE AND ROLE OF THE GOVERNANCE AND AUDIT SUB-COMMITTEE

The Members were reminded that an informal session had been held prior to the formal meeting to allow Members to discuss the Forward Work Programme and decide what would be covered within the next twelve months and beyond. It was noted that the Members would already have a broad understanding of the role and functions of Governance and Audit Committees at a local authority level. The officers were thanked for conducting the informal session.

It was highlighted that the role of the Sub-Committee was assurance, review and scrutiny. Members were reminded that this Sub-Committee was not an executive decision-making body and was not to be involved in anything close to, or similar to, the operational management of the organisation.

It was explained that the work programme had been compiled around the terms of reference, which included financial matters, risk, internal control, performance management, general corporate complaints, internal and external audit, and financial statements. It was added that the above should be tested by the Sub-Committee for adequacy, effectiveness, statutory compliance, risk management and control, and overall value for money. It was noted that items that duplicated the work of the CJC and any of its Sub-Committees should be excluded.

8. GOVERNANCE AND AUDIT SUB-COMMITTEE FORWARD WORK PROGRAMME 2026/27

It was explained that the Work Programme would be a live assurance tool and should be reviewed regularly and revised where there was an appropriate governance and/or audit reason to do so.

Officers were thanked for the two training sessions that had been held in April.

Concern was expressed that the Internal Audit Plan had not yet been submitted to the Sub-Committee, although the Internal Audit Progress Report was scheduled to be presented at the next meeting of the Sub-Committee. It was confirmed that work was progressing to develop an Internal Audit Plan, which unfortunately could not be completed in time due to staff absences. It was added that discussions with the Internal Audit Manager had confirmed that any urgent work that arises would be carried out before the next meeting of the Sub-Committee and any updates would be reported back. It was recognised that having an Internal Audit Plan was part of the statutory functions of the Section 151 Officer.

A member asked what the content of the Service Level Agreement was in respect of internal audit for the CJC. It was explained that discussions were still ongoing between Cyngor Gwynedd and Ambition North Wales regarding the Service Level Agreement, but it was confirmed that it would include the number of days of internal audit provision, commitments to report to this Sub-Committee as required, an internal audit plan based on risk in place, and the development of a corporate risk register. It was agreed that any update on completing the Service Level Agreement and completing the Internal Audit Agreement would be shared with Members before the next meeting.

9. RISK MANAGEMENT STRATEGY

The report was presented, highlighting that consideration of the Risk Management Strategy was one of the core statutory duties of the Governance and Audit Sub-Committee.

It was confirmed that the CJC was responsible for approving the Strategy, but it was essential for the Sub-Committee to submit comments early in the process of adopting the Strategy. It is explained that following consideration and any material amendments made to the Strategy based on the Sub-Committee's comments, the leadership team would consider the Strategy and provide comments, and the Chief Finance Officer would then recommend the Strategy to the CJC for adoption.

It was specified that the purpose of the Risk Management Strategy was to formalise actions for the CJC and all emerging duties. It was explained that each individual programme and project had its own risk register, with a lead officer being responsible. It was elaborated that service level risks also existed and that an individual service manager was responsible for managing these risks.

An error was highlighted in the Welsh version of the Risk Management Strategy, confirming that it would be corrected by the time the Strategy was submitted in its final form.

A question was asked about staffing and in particular, how officers acting on behalf of Cyngor Gwynedd and Ambition North Wales prioritised work between the two organisations. It was confirmed that Cyngor Gwynedd was providing many roles on behalf of Ambition North Wales but that work continued to formally agree the Service Level Agreement. It was explained that the Service Level Agreement would provide assurance to Ambition North Wales and Cyngor Gwynedd officers about the level of service and support they expected to receive and/or provide.

It was noted that until the Service Level Agreement was formally agreed, short-term risks may arise in relation to recruitment.

It was confirmed that this Sub-Committee would receive regular updates on the Risk Register, prior to its submission to the CJC, in order to reassure the Sub-Committee that the appropriate risk management arrangements were in place and being duly addressed. It was further noted that it was a statutory duty to submit the corporate risk register to this Sub-Committee.

A member asked what Audit Wales's role was as external auditors in managing risk across the authorities. It was explained that the major risk facing the CJC and all local authorities was ensuring that there were appropriate controls in place and that those controls worked. It was explained that Audit Wales ensured that the appropriate and relevant arrangements were in place, including ensuring that the information in the CJC's accounts was based on sound internal control.

It was further explained that the audit plan was steered by ISA315, and that Audit Wales must consider the risks, the body and the controls, the environment, and assess areas where a financial statement may be incorrect. It was noted that they focused on high risks and reported on the risks identified through the Audit Plan.

10. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26

The report was presented, highlighting that it provided an overview of the CJC's Treasury Management activities for the 2025/26 financial year.

It was explained that, during the financial year 2025/26, the CJC's treasury management activity had remained within the limits set in the strategy in June 2025. It was added that £1.9m of interest on the investments had been received.

It was confirmed that the position on 31 March 2026 was very strong with investments of £56.4 million which was mainly Growth Deal and Investment Zone funding which had not yet been spent.

The types of investments being made on behalf of the CJC were recognised, and it was confirmed that these were consistent with the strategy and type of investments that Cyngor Gwynedd made which included Banks and Building Societies, Local Authorities, Money Market Funds and the Debt Management Office.

Attention was drawn to the compliance report which confirmed that the investment activity had fully complied with the specific limits set.

Further details were requested regarding investments within different counties, and about the length of the terms of investment. It was explained that the terms varied, but they were usually short-term investments. It was added that Arlingclose, the CJC's treasury management advisers, provided due diligence checks on the counties in which we invested.

A member asked how the Investment Strategy and its approach were assessed. It was confirmed that security came before liquidity and growth, and where similar investments were assessed and found to be equally as safe as each other, the investment with the highest growth was selected.

A member asked if there was any advantage in just investing in North Wales Councils. It was explained that they did not invest in the economic development of the other local authorities but invested to allow them to continue their operations. It was highlighted that investments in different councils was better than investments by a bank and were usually more secure. It was elaborated that these investments were always short-term.

It was asked whether a long-term investment would be considered to provide a more balanced Investment Strategy. It was explained that the Investment Strategy included the cash that had not been spent on the Growth Deal or the Investment Zone. It was noted that the CJC already had an idea of the spending profile of the Growth Deal and Investment Zone, and it was a matter of balancing the surplus cash and planning when the money would be invested in North Wales and in the region's economic development.

In response to a discussion regarding an agreement with Arlingclose, it was explained that Arlingclose was originally part of a Cyngor Gwynedd agreement, but they now had a separate agreement to provide advice directly to the CJC. It was explained that this was a 12-month agreement and that it would be reviewed when the agreement expired.

Concern was expressed about how the CJC ensured investments were considered in the context of corporate governance failures elsewhere. It was explained that Arlingclose had a list of approved parties and a list of local authorities in which the CJC should not invest. It was emphasised that Arlingclose were experts in the field and conducted a lot of research, and always prioritised security.

11. COMPLIMENTS, COMMENTS AND COMPLAINTS POLICY

The report was presented, highlighting that it was essential for the CJC to continue to strengthen its governance arrangements. It was stressed that it was important for the CJC to have a clear and consistent approach to receiving any feedback, including handling complaints fairly, learning from any issues raised, and amending the policy if necessary.

It was confirmed that Ambition North Wales was committed to complying with its legal duties and the expected standards. It was noted that after receiving this Sub-Committee's comments, the aim was to submit the policy to the CJC for approval and adoption and then publish it on the Ambition North Wales website.

It was explained that the policy focused on the customer and that clear communication was very important. It was detailed that the policy explained how feedback can be submitted, how the feedback will be handled, and when the policy should be used. The Members were informed that there would be a dedicated inbox for submitting feedback, as well as an online form and the option to write to Ambition North Wales. It was highlighted that receiving feedback from the public was important as it allowed Ambition North Wales to celebrate success, learn from mistakes, and identify ways to improve.

It was confirmed that where a solution was not possible, a two-stage approach to the complaints process existed, and an explanation of this approach was presented.

The importance of having the best processes in place for receiving feedback was emphasised. It was added that it was essential to have tight control of the policy document and adopt it to ensure that the most up-to-date version of the policy was used.

It was confirmed that development of the on-line form on the Ambition North Wales webpages had commenced, following a request for an update from the Members. It was added that this form would be bilingual, and that there would also be a dedicated bilingual inbox for receiving feedback.

12. 2025/26 REVENUE AND CAPITAL OUT-TURN POSITION

The report was presented detailing the out-turn position of the Strategic Planning, Transport and Corporate elements. It was confirmed that the total net out-turn position for these elements was an underspend of £1.067 million, and that £600k of this underspend stemmed from grants received from the Welsh Government during the year with these being used to fund costs that had originally been budgeted.

It was explained that they were seeking the Corporate Joint Committee's approval to transfer the underspend to the earmarked reserve to fund expenditure in subsequent years as the activities and functions of the Corporate Joint Committee increased. It was elaborated that the Corporate Joint Committee had already approved over £600k of this reserve to be used as part of the 2026/27 budget and this would then leave a balance of around one million in the fund.

The out-turn position of the Growth Deal and the corresponding funding streams for the year were highlighted. It was noted that the total underspend was £543k with the main underspend under the employees heading. Members were reminded that partner contributions only amounted to around 20% of the budget, which were permanent sources of funding and the remainder were replaceable sources. It was explained that the Corporate Joint Committee was being asked not to use £61k of the reserve and to reduce the contribution from the Growth Deal grant to £868k, to leave a neutral position for the year. It was added that these sources would be used to finance expenditure in years to come and thus reduce the risk of needing to increase partner contributions in future.

An update was presented on movement in the Growth Deal funds during the year along with their balances on 31 March 2026. It was explained that an interest reserve of £5m had been set aside to fund borrowing costs in future years as the expenditure on the capital schemes took place before the grant money was received from the Government. It was recognised that the balance of the resources reserve as at 31 March 2026 was £4.4m, and almost one million of this fund had been earmarked for use in the 2026/27 budget.

An update was provided on the year-end review of the Growth Deal capital programme for 2025/26 and the spending profile from 2026/27 onwards. It was noted that a total of £30.64million of expenditure had been made on the Growth Deal by the end of 2025/26. It added that there was a net reduction of £14.28m in expenditure for 2025/26 compared to the budget that had been approved in February 2025, due to a slippage on projects.

The financial position of the Regional Skills Partnership was presented, which showed a neutral position for the year with the £290k expenditure being funded by a Welsh Government grant.

It was confirmed that the grant funding was a fixed amount and did not increase with inflation.

Any comments on the item were requested and received at the Portfolio Board Meeting on 24 April and at the Economic Well-being Sub-Committee meeting on 15 May. It was confirmed that no questions were asked during the Portfolio Board Meeting, but a question had been raised at the Economic Well-being Sub-Committee meeting regarding assurances that the money in the reserves was available for the following year.

A member asked if there was a guideline for the percentage of reserves that the CJC should hold against the turnover. It was confirmed that there was no such guide, but a general rule was that a 2.5% – 5% reserve was needed against the gross expenditure. It was further noted that £600 thousand of reserves had been included to keep the levy down.

It was explained that there were two budgets for the CJC, namely the Growth Deal budget which was funded through a Government grant, the local authorities, and the four education bodies, and the CJC budget which was achieved by charging a levy on the six councils. It was emphasised that they were doing their best to provide assurance to the local authorities and the CJC about how the reserves were used and this was reflected in the Medium-Term Work Plan.

A member asked whether the slippage in some projects was due to internal or external factors, and what effect this would have on future years? It was confirmed that any slippage regarding the Growth Deal was due to various external factors and assurances were given that due diligence was always undertaken, although this may slow down the process.

Concern was expressed about the ambitious nature of commencing and completing any capital project within a single financial year, with particular focus on the £4 million Port of Mostyn project planned for 2026/27. They were assured that the project was the financial contribution from the Growth Deal and was not a reflection of the Development Programme. It was confirmed that the project would be under regular review.

It was confirmed that the report would be submitted to the Corporate Joint Committee meeting for approval on 19 June.

13. NORTH WALES CORPORATE JOINT COMMITTEE - EXTERNAL AUDIT PLAN 2026

The 2026 External Audit Plan was presented, stating that this Sub-Committee would receive the Audit Plan annually. It would set out the audit work that Audit Wales planned to undertake during the year to fulfil its statutory responsibilities as an external auditor.

The Members were reminded that no audit could provide complete assurance that the accounts had been stated accurately, but they followed specific rules and reported any misstatement that was above a recognised threshold.

It was noted that Audit Wales did not have a corresponding gross expenditure figure for 2024-25 for the Corporate Joint Committee. The figure was based on the Ambition Board's 2024-25 gross expenditure for now. It was confirmed that the figure would be updated when draft accounts for 2025-26 were received.

Context was provided on the risks of the Audit Plan, including Management Override risk, risks arising from the fact that this was the first year of producing the Joint Committee's full accounts following the transfer of the Ambition Board, and standard risks seen annually in most audit plans.

It was elaborated that the timetable for completing local Government accounts audits had been brought forward one month from the end of October to the end of September. As this was the first year of preparing complete accounts for the CJC, it was explained that an estimated audit fee had been calculated for auditing the financial statements. It was added that Audit Wales cannot make a profit, so should the actual fee be lower, Audit Wales would refund the CJC.

It was noted that a copy of the draft performance audits would be shared with this Sub-Committee to provide an opportunity to comment on factual accuracy before sharing the final copy on the Audit Wales website.

The focus of the audit was highlighted – there was no focus on the level of the reserves, project slippage and the programme delivery, governance of the Growth Deal, or what the Investment Zone had achieved. It was confirmed that these matters were not part of the audit of accounts, although it was confirmed that there would be a need to plan for the Investment Zone and its audit arrangements.

Further details were requested regarding the recent performance audits that Audit Wales had undertaken, particularly as the focus had shifted to the Regional Transport Plan and the Strategic Development Plan. It was also asked whether these performance audits had been conducted in other Corporate Joint Committees and whether a national output would follow. It was explained that the information was not currently available and that an update would be shared with Members outside the meeting.

The officers were thanked for the update.

The meeting commenced at Time Not Specified and concluded at Time Not Specified

CHAIRMAN