



## AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD REMOTELY VIA MICROSOFT TEAMS ON WEDNESDAY 21ST OCTOBER 2020 AT 10.00 AM

#### PRESENT:

Councillor M.E. Sargent – Chair  
N. Yates – Vice Chair

Councillors: M. Adams, E. Aldworth, J. Gale, C. Mann, B. Miles, T. Parry, M. Sargent (Chair), G. Simmonds, J. Simmonds and N. Yates – Lay Member (Vice-Chair).

Officers: S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), R. Tranter (Head of Legal Services and Monitoring Officer) and A. Dredge (Committee Services Officer).

G. Hawkins and B. Morris (Grant Thornton – External Auditors).

G. Jones (Audit Wales).

R. Tranter (Head of Legal Services and Monitoring Officer) opened the meeting as this was the first meeting of the Audit Committee following the Annual Meeting of Council and a Chair and Vice-Chair was to be appointed.

#### 1. TO APPOINT A CHAIR AND VICE-CHAIR OF THE AUDIT COMMITTEE FOR THE ENSUING YEAR

It was moved and seconded that Councillor M. Sargent be appointed as Chair of Audit Committee for the ensuing year. By a show of hands this was unanimously agreed.

It was moved and seconded that N. Yates (Lay Member) be appointed as Vice-Chair of Audit Committee for the ensuing year. By a show of hands this was unanimously agreed.

#### RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view via the Council's website, except for discussions involving confidential or exempt items. Please follow the link: <https://youtu.be/KnF-xvGLIRc>

#### 2. APOLOGIES

Apologies for absence were received from Councillors J. Bevan, C. Cuss, D. Hardacre, E. Stenner (Cabinet Member for Finance, Performance and Customer Services), R. Edmunds (Corporate Director for Education and Corporate Services) and N. Jenkins (Audit Wales).

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

### **4. MINUTES - 28TH JANUARY 2020**

RESOLVED that the minutes of the Audit Committee held on the 28th January 2019 (Minute No. 1 – 9) were approved as a correct record.

### **5. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Head of Financial Services and S151 Officer presented the Forward Work Programme for 2020 which provided Members with an opportunity to request additional items to be included for future meetings. He advised Members that a Special Audit Committee has been scheduled on the 16th November 2020 for the Committee to consider the Financial Statements for 2019/20, prior to their presentation to Special Council on 24th November 2020.

In addition, the Committee were advised that the Audit Wales Report - 'Raising Our Game' - Tackling Fraud in Wales would be scheduled for the meeting on the 26th January 2021. Officers also requested that Annual Refresher Training be added to the Forward Work Programme, for a date to be convened. Members noted that the Forward Work Programme would be populated for the meetings scheduled throughout 2021, ahead of the meeting in January.

Subject to the changes above, Members noted the Forward Work Programme and the Chair thanked the Officer for the update.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **6. FINANCIAL STATEMENTS FOR 2019/20 - VERBAL UPDATE FROM GRANT THORNTON**

Mr B. Morris provided Members with a verbal update as to the current position with the audit of the Council's Financial Statements for 2019/20. A report was originally due to be presented to the Audit Committee in July but this was subsequently cancelled due to the significant impact of Covid-19. The 2019/20 Financial Statements and External Auditor's Report will now be presented to the Audit Committee at its Special Meeting at 2pm on 16th November 2020.

Mr B. Morris outlined the work that had been undertaken and the difficulties involved and explained that the majority of the work had been completed.

Points of clarification were requested on various aspects of the Auditor's verbal update and Mr B. Morris of Grant Thornton and Officers responded to the points raised. The Head of Financial Services and S151 Officer set out the challenges encountered by staff with the different ways of working and the loss of an experienced member of staff in the accountancy team. It was also confirmed that an update in relation to the Pension Fund deficit has been provided by Torfaen County Borough Council and that this is reflected in the Financial Statements. Members noted the exceptional circumstances surrounding the preparation of this year's accounts and the work undertaken in order to meet the statutory deadline.

The Chair thanked colleagues from Grant Thornton for providing the update and Members noted the current position.

## **7. ANNUAL INTERNAL AUDIT REPORT 2019/20**

Consideration was given to the report which detailed the Acting Internal Audit Manager's overall opinion on the Authority's Internal Control Systems, derived from the work undertaken by Internal Audit Services during the 2019/20 financial year.

It is a requirement of the Council's Financial Regulations, the Internal Audit Charter and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. It was explained that the report should:

- Include an opinion on the overall systems of internal controls;
- Present a summary of the audit work that has been undertaken on which this opinion is based;
- Draw attention to any issues which may impact on the level of assurance provided.

Members discussed the report and clarification was provided on several points, including the electronic Audit Management Software System which went live in September 2019. The efficient and effective ways in which the system will be used were explained.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that for the reasons contained therein, the contents of the Report, be noted.

## **8. AUDIT WALES 2020 AUDIT PLAN AND UPDATE LETTERS - CAERPHILLY COUNTY BOROUGH COUNCIL**

Consideration was given to the Audit Wales 2020 Audit Plan and update letters, appended to the Officers report.

It was explained that under normal circumstances the 2020 Audit Plan and update letters would have been presented at the Audit Committee meeting that was scheduled for the 9th June 2020. Due to the suspension of meetings because of Covid-19, the Plan and update letters were emailed to the 13 Members of the Audit Committee on the 8th June 2020. It was requested that responses be received confirming approval of the documents or otherwise. The Audit Committee were asked to formally endorse the Audit Wales 2020 Audit Plan and update letters.

The Head of Financial Services and S151 Officer confirmed that a total of 9 responses were received from Members, with 7 confirming approval of the documents and 2 neither confirming nor disagreeing.

Members discussed the Audit Plan and update letters and clarification was provided in relation to several points regarding concerns with asset and pension valuations.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the Audit Plan and Update Letters, be noted.

**9. INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN 2020/21 (1/10/20 TO 31/3/21)**

Consideration was given to the report which sought Audit Committee approval for the Internal Audit Services Annual Audit Plan - planned work programme for the remainder of the 2020/21 financial year (1/10/2020 to 31/3/2021). Members were asked to note and approve the Internal Audit Services Annual Audit Plan for the remainder of the 2020/21 financial year.

Members discussed the report and clarification was provided on how the plan can be implemented by staff working from home.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the report be noted and the Internal Audit Services Annual Audit Plan 2020/21, be approved.

**10. FINANCIAL SUSTAINABILITY ASSESSMENT - CAERPHILLY COUNTY BOROUGH COUNCIL AND SUSTAINABILITY OF LOCAL GOVERNMENT AS A RESULT OF THE COVID - 19 PANDEMIC**

Mr G. Jones (Audit Wales) introduced the reports in relation to agenda items 10 and 11 together, by way of a presentation.

The Financial Sustainability Assessment - Caerphilly County Borough Council item sought to assess the sustainability of the councils' short to medium-term financial position. This included a focus on the financial strategy as well as reviewing financial 'indicators' and the financial position in relation to:

- performance against budget;
- delivery of savings plans;
- use of reserves;
- council tax; and
- borrowing.

The Sustainability of Local Government as a result of the Covid - 19 Pandemic item, sets out the key findings on the initial impact of the pandemic, the key messages that have been identified and the Audit Wales approach in moving forward.

Points of clarification were requested on various aspects of the presentation and Mr G. Jones of Audit Wales and Officers responded to the points raised. In relation to queries raised regarding the level of reserves and underspend, a significant amount will be invested into the Council's Place Shaping Plan, which will include working with all Members. Reference was also made to the Transformation Strategy (TeamCaerphilly – Better Together) approved by Cabinet, and Members will receive updates on progress in the in the next few months. It was also confirmed that a joint Scrutiny Committee would be held in mid-January 2021 to consider

budget proposals. Details were also provided of the Covid-19 funding claims submitted to Welsh Government.

Following consideration and discussion, it was moved and seconded that the recommendations in both reports be approved. By way of electronic voting, this was unanimously agreed.

RESOLVED that the contents of the reports and presentation, be noted.

**11. INFORMATION ITEMS (Agenda Items 12 and 13):**

The Committee received and noted the following information items:

- (i) Regulation of Investigatory Powers Act 2000.
- (ii) Officers Declarations of Gifts and Hospitality.

The meeting closed at 12.10 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 26th January 2021, they were signed by the Chair.

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CHAIR