



## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY 8<sup>TH</sup> JUNE 2021 AT 2.00 P.M.

PRESENT:

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

Councillors:

E. Aldworth, J. Gale, C. Mann, B. Miles, T. Parry, J. Ridgewell, G. Simmonds, J. Simmonds

Together with:

S. Harris (Head of Financial Services & S151 Officer), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), R. Barrett (Committee Services Officer), J. Lloyd (Committee Services Officer)

G. Jones (Audit Wales)

#### RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

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

L. Lane (Head of Democratic Services and Deputy Monitoring Officer) introduced the item to appoint a Chair and Vice Chair of the Governance and Audit Committee for the ensuing year.

It was moved and seconded that Councillor M.E. Sargent be appointed as Chair. By way of a show of hands this was unanimously agreed. It was moved and seconded that Mr N. Yates be appointed as Vice Chair. By way of a show of hands this was unanimously agreed.

RESOLVED Councillor M. Sargent be appointed as Chair of the Governance and Audit Committee for the ensuing year and N. Yates – Lay Member be appointed as Vice-Chair for the ensuing year.

## **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors M.A. Adams, J. Bevan, D. Hardacre and E. Stenner, together with R. Edmunds (Corporate Director of Education and Corporate Services), S. Richards (Head of Education Planning and Strategy)

## **3. DECLARATIONS OF INTEREST**

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

## **4. MINUTES – 20<sup>TH</sup> APRIL 2021**

During consideration of the minutes, the number of items on the agenda was discussed, and by a show of hands up, it was unanimously

RESOLVED that a maximum of 4 reports, plus the Update from Audit Wales as a standing item, be scheduled for future meetings and that any information reports for the Committee be published and circulated as a separate information pack.

An update on staffing levels within the Audit department was also given by D. Gronow (Acting Internal Audit Manager) confirming that interviews were taking place in the next 2 weeks, with the intention of filling 2 vacancies.

It was moved and seconded that the minutes of the Audit Committee held on 20<sup>th</sup> April 2021 be approved as a correct record, and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 1 abstentions) this agreed by the majority present

RESOLVED that the minutes of the meeting held on 20<sup>th</sup> April 2021 be approved as a correct record.

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

S. Harris (Head of Financial Services & S151 Officer) introduced the Forward Work Programme which is currently populated until the meeting in October 2021.

S. Harris proposed that in view of the aforementioned changes to the maximum number of agenda items, the 'CCBC Anti-Fraud Strategy' item scheduled for the July meeting be moved to the October meeting and the Committee were in agreement with the suggested change.

Subject to the aforementioned changes regarding the maximum number of agenda items for future meetings, and with it being agreed that the CCBC Anti-Fraud Strategy be moved to the October meeting, this was unanimously agreed by a show of hands and it was RESOLVED that the Forward Work Programme be approved

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

## 6. UPDATE FROM AUDIT WALES

Mr G. Jones (Audit Wales) presented an update on the Financial Audit work and Performance Audit work being carried out by Audit Wales in respect of Council activities.

Members were referred to the Delivering Good Governance Review and Financial Sustainability Assessment and were advised that these are due to be presented to the next meeting of the Governance and Audit Committee on 20<sup>th</sup> July. Audit Wales are due to publish their letter later this month, regarding the Council's approach to Recovery Planning. Members were also referred to the local risk based work which is currently under consideration with Audit Wales and the Council's senior management team. Audit Wales are due to produce the 'Springing Forward' project nationally, between all 22 local authorities in Wales, in Autumn and Spring of 2021/2022.

The Committee were also referred to the Assurance and Risk Assessment, which would identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. In particular, Audit Wales would be considering the financial position and implications of the Local Government and Elections (Wales) Act.

Members were referred to the Recent National Reports and the report on Local authority discretionary services. There are no recommendations for local Councils, but the report sets out the position nationally and the pandemic offers an opportunity to reevaluate the role and value of local government. Members were advised that the challenge for local councils will be to apply the lessons learnt from the pandemic and use it to refine, adapt and deliver further improvements in order to create positive change and remain relevant to all of their citizens. The report has been submitted to the council by Audit Wales, which is currently being considered within the scope of the ongoing Transformation Project.

The Chair thanked Mr Jones for his report and Members questions were welcomed.

A Member sought clarification on the assurance and risk assessment in relation to local risk based projects. Mr Jones clarified that Audit Wales will be assessing the risk and assurances the council has put in place to deliver effectively and the best value for money. He referred to recent presentation to Cabinet members in which Audit Wales presented a range of options and arrangements to look at, and would be meeting with senior officers in the next few weeks to determine which local risk based areas to consider, with a possible update on this position from Audit Wales at the next meeting of the Governance and Audit Committee.

A Member queried the Well-being of Future Generations Act, noting that the final report had been issued by Audit Wales in November 2019 but that it was yet to be presented to the committee. Mr Jones referred to delays in the process due to the pandemic but assured the Member that the actions identified in the report had been considered and taken forward. It was confirmed by R. Roberts (Business Improvement Manager) that the report had been considered at a meeting of the Social Services Scrutiny Committee in January 2020 and an action plan had been developed. An update is due to be included in the next meeting of the Governance and Audit Committee in July. Mr Jones (Audit Wales) confirmed that this item would be now be updated on their records.

A Member queried the discretionary services of the council and the importance of these during the pandemic and the implications of the budgetary element, from an Audit Wales perspective. Mr Jones advised that the council needs to look at the discretionary services provided against their well-being objectives. Audit Wales would look at this from a value for money perspective but ultimately it would be the council's decision as to which of the discretionary services would be pursued after the pandemic.

A Member referred to £500m allocated by WG to local authorities through the hardship fund and asked if Audit Wales would be reporting on how the council will be using their allocation of money. Mr Jones explained that Audit Wales will be producing a Financial Sustainability Assessment report for 2020/21 for the next meeting of the Committee to reflect the local position. S. Harris (Head of Financial Services and S151 Officer) clarified that the allocation and use of funding is determined by WG and only certain types of additional costs and income losses can be claimed. The Provisional Revenue Budget Outturn report for 2020/21 is scheduled for Cabinet in late June and will include more details on what has been claimed.

A Member queried the recovery planning and whether the feedback letter provided by Audit Wales would be referred to this Committee. Mr Jones confirmed that since the council has launched its strategic recovery framework and transformation programme, the second letter from Audit Wales has been completed and will come back before the committee with issues that have been identified.

Clarification was sought by a Member as to whether standard questioning was given to each local authority by Audit Wales in relation to recovery planning or whether questioning would be specific to each authority. Mr Jones (Audit Wales) confirmed that questions were specific and tailored to each authority. It was also noted by Mr Jones that recovery planning from the pandemic would be different to that of recovery planning for a flood and acknowledged that recovery planning from the effects of the pandemic would be ongoing.

Following consideration of the report, the Committee noted its contents.

## **7. UPDATE ON TRACKING OF AGREED AUDIT REPORT RECOMMENDATIONS**

D. Gronow (Acting Internal Audit Manager) provided Members with an update on progress on the implementation of the audit report recommendations tracker. The External Auditor's ISA 260 Report in 2018 recommended that a tracking document be produced showing details of progress made against Internal Audit recommendations. An audit management software system (MK Insights) was subsequently procured in May 2019 but the full installation has been delayed, most recently by Covid-19. However, good progress has now been made and Members attention was drawn to paragraph 5.10 of the report which summarises the total number of recommendations classified by risk rating and Members were informed of the recommendations issued by the new tracker system and the relevant stages of these recommendations. Members were asked to note the implementation of the new system and to consider the frequency of reporting this information to the Committee.

A Member sought clarification on IT issues with the new system, included in the report and was advised that these issues have now been resolved. The new system does not currently include all schools but there will be ongoing staff training when required.

A Member queried how the risk element of each item was assessed and was referred to a report on this matter that was presented to the Audit Committee in October 2018. This report includes information on low, medium, and high-risk ratings, findings, and conclusions. These are assessed in relation to several criteria, including whether there has been a safeguarding issue or any financial loss. The majority of cases are medium risk and Members were offered the opportunity of having the 2018 report circulated for their information. Some discussion followed on audit findings by risk rating.

A Member sought further information on the new system and opinion from audit. D. Gronow (Acting Internal Audit Manager) confirmed that the new system has a lot of potential to give a lot more information than the previous manual system, for example in relation to findings and trends.

S. Harris (Head of Financial Services and S151 Officer) confirmed that the 2018 Audit

Committee report previously referred to in relation to risk levels, ratings and findings would be circulated to Members for their information, particularly as there were some new Members on the Committee since the original report had been produced.

A Member sought further information in relation to future reports and overdue actions. Discussion followed in relation to current times and changes to working practices, with reviews of overdue actions being more difficult to deal with, but improvements expected in the future with required information on these aspects being provided to Members.

A Member referred to a previous meeting where Audit Wales had made a recommendation in relation to external as well as internal audits. S. Harris referred to previous periodic reports which provide details of progress against external audit proposals for improvement and informed Members that a report is due to be presented to the next Committee meeting.

A Member sought clarification on the high-risk items in the report being a total of 51 items and noted that this seemed a large amount in the high-risk area. Members were advised that many high-risk items are evaluated and may not include financial loss or have an impact on the authority. Members were also advised that they may need to request more specific information if required for future meetings. S. Harris advised members that update reports are proposed for future committee meetings, and in particular, updates on the high-risk items identified by audit and suggested 6 monthly update reports to be brought before this Committee.

Following consideration of the report, and proposed 6 monthly update reports, it was moved and seconded that the Update on Tracking of Agreed Audit Report Recommendations be approved and by way of Microsoft Forms and verbal confirmation (and in noting there were 10 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Update on Tracking of Agreed Audit Report Recommendations be noted.

## **8. CCBC RESPONSE TO 'RAISING OUR GAME – TACKLING FRAUD IN WALES'**

Members were informed that the report was to provide the Committee with a response to the report by the Auditor General together with information on any findings that are pertinent to Caerphilly CBC and any future actions that may need to be considered. Members were referred to the Auditor General for Wales report in June 2019, titled 'Counter Fraud arrangements in the Welsh Public Sector', which was brought before the Committee in January 2021. Members were asked to note the Caerphilly responses to the report and consider future actions that may be needed, to ensure that the Committee has an up to date view on the current counter fraud position in Wales and how Caerphilly CBC is responding.

Members were referred to the information in relation to the 15 recommendations across 7 themes and recent work undertaken with using AP Forensics software which can identify any duplicate payments and help to reduce fraud, also involving collaborations with the DWP and the Police and externally with other local authorities.

A Member queried whether any staff members had been allowed payment in lieu of carried over leave and S.Harris informed the committee that this is not normally the case but due to the pandemic, there had been some exceptional circumstances where this had occurred, which had been agreed by Cabinet.

A Member sought clarification on the Payment Industry Card, and advice was given in relation to the Payment Industry Card – Security Standards. This is a set of regulations issued by the Council's bankers, which allows payments to be made to the Council by debit cards, for example

council tax. There is awareness training provided for the relevant staff who deal with these payments and this covers the 12 standards in the regulations, including IT and data security.

A Member referred to the number of recommendations in the report and proposed further actions to identify clear roles and responsibilities for countering fraud and to develop the action plan to meet the timetable for the recommendations. S. Harris proposed that when the Counter Fraud Strategy is brought before Members in October 2021, it should include an action plan for members to endorse.

A Member sought clarification that the acceptable level of fraud should be nil and should be eliminated with the current measures in place with a robust strategy and culture for an anti-fraud strategy. Members were assured that known losses to CCBC are very low and future developments to the cyber security strategy will mitigate further risks.

Following consideration of the report, and agreed proposals, it was moved and seconded that the CCBC Response to 'Raising our Game – Tackling Fraud in Wales' be noted and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the CCBC Response to 'Raising our Game – Tackling Fraud in Wales' be noted.

## **9. ANNUAL INTERNAL AUDIT REPORT 2020/21**

Members were informed that the purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2020/21 financial year. It is a requirement 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. The report should include an opinion on the overall systems of internal controls and present a summary of the audit work that has been undertaken on which this opinion is based and draw attention to any issues which may impact on the level of assurance provided.

Members were advised that the pandemic had significantly impacted on the work of Internal Audit with the work programme being suspended in the first half of the financial year due to staff having to focus on other priorities linked to the Covid-19 response. A work programme was agreed by the Audit Committee for the second half of the financial year including financial audit work and risk self-assessments in schools.

Members were informed that the Internal Audit Manager's opinion is that overall, the Council's systems and control procedures are effective based on the reduced level of audit coverage during the 2020/21 financial year. There has been some impact due to the Covid-19 pandemic and staffing issues but not enough to adversely affect the annual opinion. Plans are now in place to overcome these limitations in 2021/22 with the adoption of new working practices, the gradual reopening of locations and establishments and the appointment of staff to fill the vacancies in Internal Audit Services.

A Member clarified that O/S meant outstanding and queried whether there were any concerns in relation to schools. D. Gronow confirmed that in relation to school audits still outstanding, audit was awaiting guidance from Environmental Health and Education as schools were currently open to pupils but not any external staff. This work would continue as soon as possible.

A Member sought clarification on the involvement audit have with school staff contracts and whether these are checked in relation to temporary contracts being audited. The Member was advised that HR would be responsible for the staff contracts, but that audit involvement could include checks on payments made after employment.

Following consideration of the report, it was moved and seconded that the Annual Internal Audit Report 2020/21 be noted and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Annual Internal Audit Report 2020/21 be noted.

## **10. DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21**

Members were presented with the Draft Annual Governance Statement for 2020/21 and information given in relation to the preparation of the document by the corporate governance review panel, who consider the responses of heads of service, directors and key officers, which are then incorporated into the document. Members were informed of the process for approving the statement.

The Chair thanked the Officer and there were no Member questions.

Following consideration of the report, it was moved and seconded that the Draft Annual Governance Statement 2020/21 be approved and by way of Microsoft Forms and verbal confirmation (and in noting there were 9 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the Draft Annual Governance Statement 2020/21 be approved.

## **11-15 INFORMATION ITEMS**

The Committee noted the contents of the following reports which had not been called forward for discussion at the meeting:-

- i. Regulation of Investigatory Powers Act 2000.
- ii. Officers Declarations of Gifts and Hospitality January to March 2021.
- iii. Register of Employees Interests Forms 2020/21.
- iv. Corporate Governance Panel Minutes.

It was confirmed that Item 15: Annual Review of Complaints Received Under the Council's Corporate Complaints Policy 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 had been called forward for discussion at the meeting.

L. Lane presented the information item to Members which was to provide members with a review of the corporate complaints received during the year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021. Members were given information on the specific service areas covered by this report and the different stages allocated to each complaint received.

A Member sought clarification on the complaints received for Communities and Housing

where information stated, 'Following Council Policies/relevant legislation'. The member queried whether policies were likely to be reviewed in the future if genuine complaints were continuously received.

The member was advised that the complaint category also included following legislation, and reference was made to planning legislation and policies in relation to planning applications and building control. In relation to Housing, the complaints may have been in relation to 'right to buy' policies and legislation. Discussion followed regarding types of complaints received and relevant policies and legislation. Concerns were raised that the actual details of the complaints may not be referred to those responsible for council policies.

Members were referred to the Directorate Performance Assessments which would include details of complaints received and which would subsequently be referred to scrutiny committees, management teams and cabinet. Discussion followed in relation to the number of complaints received in relation to street lighting.

L. Lane acknowledged that more information could be available in the future in relation to complaints and the reasons why they were upheld or not. S. Harris advised members that a new system was being made available which could provide more information in relation to complaints. L. Lane suggested that an updated report for complaints could be available for members at the meeting in October 2021.

Having discussed avenues for improving the complaints reporting process, the Committee noted the contents of the report.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 4.23 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 20<sup>th</sup> July 2021.

---

CHAIR