



SPECIAL COUNCIL

MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON THURSDAY, 14TH OCTOBER 2021 AT 5.00PM

PRESENT:

Councillor C. Andrews - Mayor

Councillors:

M. Adams, E.M. Aldworth, A. Angel, C. Bezzina, C. Bishop, A. Collis, S. Cook, C. Cuss, D.T. Davies, N. Dix, C. Elsbury, K. Etheridge, M. Evans, C. Forehead, E. Forehead, J.E. Fussell, A. Gair, N. George, C. Gordon, L. Harding, A. Higgs, A. Hussey, G. Kirby, P. Leonard, C. Mann, P. Marsden, B. Miles, G. Oliver, B. Owen, D.W.R. Preece, J. Pritchard, J. Roberts, R. Saralis, M.E. Sargent, G. Simmonds, E. Stenner, C. Thomas, A. Whitcombe, R. Whiting, L. Whittle, T.J. Williams, W. Williams, B. Zaplatynski

Together with:-

D. Street (Acting Chief Executive), R. Tranter (Head of Legal Services and Monitoring Officer), R. Edmunds (Corporate Director Education and Corporate Services), M.S. Williams (Corporate Director Economy and Environment), G. Jenkins (Acting Corporate Director Social Services), S. Harris (Head of Financial Services & S151 Officer), A. Southcombe (Finance Manager - Corporate Finance), N. Roberts (Principal Group Accountant), E. Sullivan (Senior Committee Services Officer), R. Barrett (Committee Services Officer), M. Harris (Committee Services Support Officer)

Also present:-

A. Veale (Audit Wales)

MAYOR'S ANNOUNCEMENT

The Mayor welcomed Members to the meeting and advised Council that there had been a change to the running order in that Agenda Item No. 4 (Update of Welsh Government Regulations to Establish Corporate Joint Committees and Resultant Changes to the Cardiff Capital Region Joint Committee) stood deferred to a future meeting of Council and would not be considered this evening.

RECORDING, FILMING AND VOTING ARRANGEMENTS

The Acting Chief Executive reminded those present that the meeting was being filmed but would not be live streamed, however a recording would be available following the meeting via the Council's website – [Click Here to View](#). He advised that decisions would be made by Microsoft Forms.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from J. Bevan, P.J. Bevan, D. Cushing, W. David, M. Davies, K. Dawson, A. Farina-Childs, J. Gale (Deputy Mayor), R. Gough, D. Hardacre, D. Harse, D. Havard, M. James, V. James, L. Jeremiah, G. Johnston, B. Jones, S. Kent, A. Leonard, S. Morgan, T. Parry, L. Phipps, Mrs D. Price, J. Ridgewell, J. Scriven, J. Simmonds, S. Skivens and J. Taylor, together with Mrs C. Harrhy (Chief Executive).

2. DECLARATIONS OF INTEREST

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

3. FINANCIAL STATEMENTS FOR 2020/21

Consideration was given to the report, which presented the Audit Wales 'Audit of Accounts Report' for the 2020/21 financial year and had been considered by the Governance and Audit Committee at its meeting on 12 October 2021. The report sought Council's approval of the 2020/21 Audited Financial Accounts, to ensure they can be submitted to the Auditor General in accordance with the Welsh Government deadline of 30th November 2021.

The Cabinet Member for Performance, Economy and Enterprise introduced the report and explained that the Financial Accounts are very complex, with the format and disclosure requirements being determined by various accounting standards, codes of practice and legislative requirements. Members were asked to note that the Council cannot realistically change anything in the Audited Financial Accounts as any changes would require the approval of Audit Wales. The statutory deadline for the preparation of the 2020-21 draft accounts was 31st May 2021, with the statutory deadline for their audit certification by the Auditor General being 31st July 2021. However due to the ongoing impact of the Covid-19 pandemic, Welsh Government wrote to all Councils advising them that they could submit their draft accounts by 31st August 2021 and have them audited and certified by 30th November 2021.

Members were asked to note that the production of the Financial Accounts and the subsequent audit have again been challenging for finance staff and for the audit team from Audit Wales due to staff working remotely. However it is pleasing to note the Auditor General's intention to issue an unqualified audit opinion on the 2020-21 Financial Accounts. The Cabinet Member placed on record her thanks to the Council's Finance Team and to the audit team from Audit Wales for their hard work and professionalism throughout the audit process.

The Audit Wales Audit of Accounts report and audited Financial Accounts were presented to the Governance and Audit Committee at its meeting on 12th October 2021, where following due consideration and including a number of questions raised by Members, the Committee unanimously endorsed the recommendation to Council that the 2020-21 Audited Financial Accounts should be approved.

Appendix 3 of the Auditor's report provides details of misstatements identified during the audit process, which have been subsequently corrected by management and incorporated into the Audited Financial Accounts. It is important to stress that these adjustments have no impact on the 2020/21 Provisional Revenue Outturn position reported to Council on 13th July 2021, or on cash or usable reserve balances held at 31st March 2021.

There were two uncorrected misstatements highlighted in the Auditor's report that are not material individually or collectively. The first of these related to a debtor balance of £1.5m that requires further work to be undertaken to confirm the nature of the balance and the appropriate accounting treatment. The Governance and Audit Committee noted that this was also raised as part of the 2019/20 audit of accounts and asked why the matter is still outstanding. Officers reminded Members that the 2019/20 Audit of Accounts report contained 20 recommendations that were accepted by management and that the majority of these have now been addressed. Furthermore, finance staff had a number of other priorities to deal with during the 2020/21 financial year, including the processing of Covid-19 business grants in excess of £55m and dealing with a significant increase in other specific grant funding related to the pandemic. However, Officers confirmed that the work to address the uncorrected misstatement of £1.5m will be completed during the coming months and that an update would be provided at the Governance and Audit Committee meeting on 25th January 2022.

The other uncorrected misstatement highlighted in the Auditor's report related to the financial differences between the valuation reports and accounting records for Tredomen Innovation Park and Tredomen Business Park. This was identified late in the audit process and will therefore also be adjusted in the 2021/22 financial year.

Council were asked to note that following certification of the accounts by the Auditor General, Audit Wales will issue an 'Audit of Accounts Addendum Report' which will set out the main findings of the audit along with recommendations and management responses. This addendum report will also be presented to the Governance and Audit committee at its meeting in January 2022.

Council placed on record their thanks and appreciation to Mr Steve Harris and all staff involved in the preparation of the Financial Accounts for 2020/21 and it was recognised that due to the hard work of all staff involved, the Financial Accounts would be approved six weeks in advance of the Welsh Government deadline.

Mr Anthony Veale from Audit Wales was welcomed to the meeting, who was in attendance to answer Members' questions relating to the Auditor's Report.

Council discussed the report and a Member asked if Audit Wales were comfortable with the misstatements outlined in the Auditor's Report. Mr Veale confirmed that Audit Wales are comfortable with the two unadjusted misstatements, as individually and collectively they fall below the materiality level that is set for the audit of Caerphilly Council's accounts which is set at £6.6m. Therefore this is a threshold that Audit Wales can tolerate, and the requisite adjustments will be made in next year's Financial Statements.

The Member sought affirmation of Audit Wales' position in view of the debtor balance of £1.5m. Mr Veale confirmed that Audit Wales are comfortable with this figure and explained that these particular items are judgmental items given the circumstances around them. Ultimately Audit Wales are reassured in the knowledge that the Council is undertaking a continued review of those balances and therefore this matter will be picked up as part of the Audit Wales recommendations and the follow-up work that will be coming back to the Governance and Audit Committee in the new year. Therefore Mr Veale confirmed that Audit Wales are comfortable in signing off the Council's Financial Statements for 2020/21 as attached to the report.

Following consideration and discussion, it was moved and seconded that the recommendations contained in the Officer's report be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 42 for, 0 against and 2 abstentions) this was agreed by the majority present.

RESOLVED that:-

- (i) Council receive and comment upon the Audit Wales 'Audit of Accounts Report';
- (ii) the 2020/21 Audited Financial Accounts be approved;
- (iii) It be noted that an 'Audit of Accounts Addendum Report' will be presented to the Governance and Audit Committee at its meeting on 25 January 2022, setting out details of Audit Wales' recommendations arising from the audit of the Council's 2020/21 Financial Accounts and the associated management responses.

4. UPDATE OF WELSH GOVERNMENT REGULATIONS TO ESTABLISH CORPORATE JOINT COMMITTEES AND RESULTANT CHANGES TO THE CARDIFF CAPITAL REGION JOINT COMMITTEE

Members were advised that this item had been deferred to a future meeting of Council.

The meeting closed at 5.16 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 16th November 2021 they were signed by the Mayor.

MAYOR