



GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY 18TH APRIL 2023 AT 2.00 P.M.

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, Mrs T. Parry, J. Taylor and C. Wright (Vice Chair).

Lay Members:

N. Yates (Chair), M. Rees, V. Pearson and J. Williams.

Together with:

Officers: R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), R. Roberts (Business Improvement Manager), A. Southcombe (Finance Manager – Corporate Finance), N. Roberts (Principal Group Accountant), R. H. Williams (Group Accountant Treasury and Capital), and J. Lloyd (Committee Services Officer).

M. Jones, T. Buckle, and B. Roberts (Audit Wales).

Also in attendance: Councillor E. Stenner.

RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting would be live-streamed and a recording made available to view 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. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P. Cook.

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 24TH JANUARY 2023

It was moved and seconded that the minutes of the Governance and Audit Committee held on 24th January 2023 be approved as a correct record, and by way of Microsoft Forms (and in noting there were 9 votes for, 0 against, and 2 abstentions) this was agreed by the majority present.

RESOLVED that the minutes of the meeting held on 24th January 2023 (minute nos. 1-14) be approved as a correct record.

4. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Head of Financial Services and S151 Officer presented the Governance and Audit Committee Forward Work Programme for the period April 2023 to May 2023, and noted that the Homelessness report that was presented to Members in the January 2023 meeting, would be brought back to the next meeting on 30th May, as requested by Members. Members were also advised that further meetings were being scheduled for September and November 2023.

M. Jones, Audit Wales, also noted that the 'Audit Wales 2023 Audit Plan' would need to be scheduled in the Forward Work Programme.

Members noted the details of reports scheduled for the forthcoming meetings.

It was moved and seconded that the Forward Work Programme be approved. By way of Microsoft Forms and verbal communication, this was unanimously agreed.

RESOLVED that the Forward Work Programme as appended to the meeting papers be approved.

REPORTS OF OFFICERS

Consideration was given to the following reports.

5. AUDIT WALES CAERPHILLY CBC ANNUAL AUDIT SUMMARY 2022.

B. Roberts, Audit Wales, introduced the report which showed the work completed since the last Annual Audit Summary, which was issued in January 2022. Members were advised that the audit summary forms part of the Auditor General for Wales' duties.

The Governance and Audit Committee noted the report.

6. AUDIT WALES AUDIT OF ACCOUNTS ADDENDUM.

The Head of Financial Services and S151 Officer introduced the report which presented the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Addendum Report' for the 2021/22 financial year.

Members were reminded that at its meeting on 10th January 2023, the Governance and Audit Committee received the Audit Wales 'Audit of Accounts Report' which stated that it was the Auditor General's intention to issue an unqualified audit opinion on the 2021/22

Financial Accounts. The 2021/22 Financial Accounts were endorsed by the Governance and Audit Committee and were subsequently approved by Council on the 17th of January 2023, and then certified by the Auditor General on the 18th of January 2023, with an unqualified audit opinion.

Members were also advised that at its meeting on 10th January 2023, the Governance and Audit Committee was also asked to note that an 'Audit of Accounts Addendum Report' would be issued following approval of the 2021/22 Financial Accounts, setting out details of Audit Wales recommendations arising from the audit of the accounts and the associated management responses.

A Member queried the staff shortages within Corporate Finance and Members were advised that recruitment was currently taking place and the section should be fully staffed within the next few months. Members were also advised that a fixed-term post had been established within the capital team, and that a recruitment process had also started for this post.

The Member also sought clarification in respect of the recommendation that the Council should strengthen the reporting to the Governance and Audit Committee in respect of Internal Audit's planned audits, and progress with them during the financial year. Members were advised that this information would be addressed in a report later on the agenda and were also advised that a progress report would be brought back to the Committee at a future meeting.

A Member sought clarification on the disclosure of financial instruments, investments and borrowings, being unnecessarily complex and confusing. Members were advised that the disclosures have provided more detail than necessary, and whilst they would still remain compliant, information provided would be reduced in the future.

A Member queried matters arising under exhibit 9 in the report, which referred to the Council's business continuity plans being overdue a thorough review and update. Members were advised that this was a finding by Audit Wales IT auditors and not the accountants. Members were also advised that the last review was in 2016 and that there had been significant changes since then that would be updated in a further review that would be undertaken in 2023/24.

A Member sought clarification as to whether the recommendations were the same for all local authorities or whether these were specific to Caerphilly. Members were advised that out of the 9 recommendations, 8 were specific to Caerphilly. Members were also advised that the previous year Caerphilly had received 17 recommendations. The Member also queried whether these recommendations were expected by the Management team and whether these recommendations would be addressed positively. Officers confirmed that the recommendations were accepted and would be addressed as set out in the management responses in the Addendum Report.

The Governance and Audit Committee noted the content of the report.

7. AUDIT WALES CAERPHILLY CBC OUTLINE 2023 AUDIT PLAN.

M. Jones, Audit Wales, introduced the report which sets out details of the Audit Wales team and key dates for delivering their activities and planned outputs.

The Governance and Audit Committee noted the content of the report.

8. INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN 2023/24.

The Acting Internal Audit Manager introduced the report which sought approval from the Governance and Audit Committee of the Internal Audit Services Annual Audit Plan for the 2023/24 financial year. Members were informed that the Committee is responsible for ensuring that risk and internal controls are adequately managed and monitored, and that the work planned by Internal Audit will achieve the required levels of assurance. The report provided details of the resources available and planned work programme for Internal Audit Services for 2023/24.

A Member sought clarification on whether there was adequate internal audit coverage across the authority, and whether assurances could be given on this matter. Members were advised that the whole authority is covered within the 'audit universe' software. Members were also advised that more detailed information was available if required. Members were informed that the audit plan is a rolling programme of audits and each establishment in Caerphilly will get an audit over a specified period of time.

A Member queried whether the information on audits for schools could be separated from all other audits under the authority and requested that information could be provided on progress and audit priorities. Members were offered the opportunity to have a presentation on internal audit work, outside the formal Governance and Audit Committee meetings.

Having considered the report, it was moved and seconded that the Internal Audit Services Annual Audit Plan for the 2023/24 financial year be approved. By way of Microsoft Forms (and in noting there were 9 votes for, 0 against, and 1 abstention) this was agreed by the majority present.

RESOLVED to approve the Internal Audit Services Annual Audit Plan 2023/24.

9. UPDATE ON INTERNAL AUDIT REPORT RECOMMENDATIONS.

The Acting Internal Audit Manager introduced the report which provided Members of the Governance and Audit Committee with an update on progress on Internal Audit Report recommendations. Members had requested that regular reports are prepared to provide information on progress against Internal Audit recommendations. Members were referred to a table in the report at 5.9 which provided information on the status and number of recommendations, and a further table at 5.13 which included their risk ratings.

A Member sought clarification on the uncompleted audits and outstanding recommendations, and whether management teams were aware of the backlog of work outstanding. Members were advised that a number of new staff were employed in internal audit in the last 12 months, and numerous petty cash audits have been logged as individual audits. Members were also advised that regular updates would be provided to Members for assurance that the internal audit work was being progressed.

A Member questioned why there were more recommendations for the Education and Corporate Services directorate than the other directorates in the authority. Members were advised that the current audit coverage included schools, petty cash, purchasing cards, payroll and HR, and that all these departments came under the Education and Corporate Services directorate.

A Member raised concern on the number of overdue audits at the end of the financial year, and queried where the priority would be on referring these to Management and recording

the progress on the completion of the outstanding audits. Members were advised that the details were correct at the time of completing the report, and this may have changed considerably since completion of the report. Members were assured that where these audits are high risk, management would already be aware of them prior to the production of the report.

The Governance and Audit Committee noted the content of the report.

10-11. INFORMATION ITEMS

It was confirmed that none of the following items had been called forward for discussion at the meeting, and the Committee noted the contents of the reports: -

- (i) Regulation of Investigatory Powers Act 2000;
- (ii) Officer's Declarations of Gifts and Hospitality October to December 2022.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.28 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 11th July 2023.

CHAIR