



GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY 8TH OCTOBER 2024 AT 2.00 PM.

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, M. Chacon-Dawson, and G. Enright.

Lay Members:

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

Together with:

Officers: R. Edmunds (Corporate Director of Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), R. Hares (Service Auditor), A.C. John (Senior Audit Assistant), K. Peters (Corporate Policy Manager), J. Pearce (Business Improvement Officer), S. Richards (Head of Education Planning and Strategy), (A. Southcombe Finance Manager – Corporate Finance), S. Hughes (Committee Services Officer) and J. Lloyd (Committee Services Officer).

Audit Wales: M. Jones, I. Phillips, A. Rees, and M. Brushett.

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. TO RECEIVE APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillors A. Broughton-Pettit, E. Davies, J. Taylor, and C. Wright (Vice Chair).

2. DECLARATIONS OF INTEREST.

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

3. GOVERNANCE AND AUDIT COMMITTEE HELD ON 4TH JUNE 2024.

It was moved and seconded that the minutes of the Governance and Audit Committee held on 4th June 2024 be approved as a correct record, and by way of Microsoft Forms this was unanimously agreed.

RESOLVED that the minutes of the meeting held on 4th June 2024 (minute nos. 1-19) 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 October 2024 to January 2025, together with an updated Action Sheet, and Members were advised of an additional Special meeting scheduled for 3rd December 2024, in order to cover additional items that are due to be brought before the Governance and Audit Committee.

Discussion followed regarding the changes that had been made since the previous meeting, and outstanding actions on the action plan. Members requested notification in future, prior to the meeting, of any changes that had been made.

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

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

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

5. AUDIT WALES PROGRAMME AND TIMETABLE – CAERPHILLY COUNTY BOROUGH COUNCIL.

M. Jones, Audit Wales, introduced the report which summarised completed audit work since the last Annual Audit Summary, which was issued in March 2023, including financial audit work and performance audit work.

M. Brushett, Audit Wales, introduced the performance audit element of the report, and advised Members that as this was the quarter one update, some of the information would be out of date, and the quarter two update would be circulated to Members as soon as it was available.

A Member queried whether the financial accounts would now be included on the agenda for the January meeting of the Governance and Audit Committee. Members were advised that this is possible if the audit has been completed. However, a further Special meeting will be arranged if required.

The Governance and Audit Committee noted the update.

6. DRAFT ANNUAL SELF-ASSESSMENT REPORT (INCLUDING WELL-BEING OBJECTIVES) 2023/2024.

The Corporate Policy Manager introduced the report which presented the Governance and Audit Committee with the Draft Annual Self-Assessment Report for 2023/24 (Appendix 1) including the Well-Being Objectives (Appendix 2) for their consideration and comment prior to its' onward submission to Joint Scrutiny on 28th October 2024 and Cabinet on 13th November 2024.

The report also provided the Governance and Audit Committee with assurance that the Council's self-assessment process is robust and effective. Members were advised that the self-assessment report is a statutory requirement under the Local Government and Elections (Wales) Act 2021 and is an important part of the Council's performance framework. This is the third time the Council has produced a self-assessment report, which replaces the former Annual Performance Report.

A Member sought clarification on possible recommendations that could be made, and whether these would be affected by current financial constraints and proposed savings to be made by the authority. Members were advised that any recommendations made by the Governance and Audit Committee, would be referred to Cabinet or Council, and that where these were not endorsed, then a full explanation would be given to the Governance and Audit Committee. Members were also advised that the Independent Panel referred to in the report was a statutory requirement that must occur in each electoral cycle, and its' aim was to assist the authority, and is not an audit.

A Member noted thanks to all Officers for producing the report and sought clarification on the language style used within the report. Members were advised that this would be considered for reports going forward. The Member also sought clarification on counter-fraud and queried why this had not been included in the report. Members were advised that this may have been down to timing but would also be considered for reports going forward.

Discussion followed with regards to the recording of KPI's and it was noted that some of the subjects are included across more than one directorate.

A Member sought clarification on appendix 1 to the report. Discussion followed in relation to good governance and Members were advised that this could be looked at in further detail with Members outside of the meeting.

A Member queried how the time was allocated for certain actions, and Members were advised that this often depends on legislative timings, and requests from CMT, depending on the actions.

A Member also noted thanks for the recent members training session with the Acting Internal Audit Manager and would welcome any further sessions going forward.

The Chair thanked all Officers involved in providing the information for the report.

The Committee reviewed the Draft Annual Self-Assessment (appendix 1) and made recommendations for changes to the conclusions or action the council intends to take.

7. CORPORATE RISK REGISTER 2023-2024 6 MONTH UPDATE.

The Corporate Policy Manager introduced the report which provided an update of the Corporate Risk Register in accordance with the Council's Risk Management Strategy. The

updated Corporate Risk Register (Appendix A) was presented to the Governance and Audit Committee for the opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

Members were advised that under the Council's Risk Management Strategy, the Corporate Management Team, own, manage, monitor, and review the Council's Corporate Risks monthly with six monthly progress reports submitted to the Cabinet and the Governance and Audit Committee, which has the role of reviewing and challenging the Risk Register and where relevant, any resultant action plans for the Council's key strategic or corporate risks.

Members were informed that the Corporate Management Team update as at the end of September 2024, confirmed there are currently 17 risks on the Corporate Risk Register with no new risks added since the last report to the Governance and Audit Committee in April 2024.

A Member queried the targeted risk data included in the report and the completion of the mitigating actions referred to in the report. The Member also referred to risk number 20 in the report in relation to bus transport funding and the effect on bus services. Members were advised that the risks were linked to the Medium-Term Financial Plan and that the Council had a statutory duty to deliver a balanced budget. Members were also informed on the target risk level regarding the bus service and how this would be affected by Welsh Government funding.

Discussion followed on the complexity levels of the data analysis, and how this affects the authority. A Member thanked the Officers for the additional information in the report that had been previously requested, and sought clarification on the bus risk, and whether this would be removed from the risk register when the risk becomes low. Members were advised that high risks are always included on the register, but some risks remain on there if they are likely to rise to a higher level in a short amount of time. It was also noted that Counter-Fraud could be included on the risk register at members request, and consideration would be given to a 'workshop' on risks which was also requested by Members.

A Member clarified that the 'target date' column did not appear to include the relevant data, and Members were advised that this would be considered, going forward.

Having reviewed the content of the Corporate Risk Register and associated mitigating actions it was moved and seconded that the recommendations be approved. By way of Microsoft Forms, this was unanimously agreed.

RESOLVED :

That it was satisfied that identified risks are being managed effectively.

8. AUDIT WALES AUDIT OF ACCOUNTS REPORT ADDENDUM.

M. Jones, Audit Wales, introduced the report which was an addendum to the Audit of Accounts Report, which was presented to the Governance and Audit Committee and full Council earlier this year. The report set out the recommendations arising from the audit of the 2022-23 accounts and provided an update on management's progress with implementing past recommendations.

The Head of Financial Services and S151 Officer introduced the covering report which informed Members that at its meeting on 1st May 2024, 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 2022/23 Financial Accounts. The 2022/23 Financial Accounts were endorsed by the Governance and Audit Committee and were subsequently approved by Council on 9th May 2024, and certified by the Auditor General on 14th May 2024, with an unqualified audit opinion.

A Member noted that information referred to, but not included in the report, related to the preparation of accounts and input errors and requested assurance that these would be improved moving forward. Members were advised that steps would be taken to ensure all matters in the report would be addressed, and also noted that the information contained in the report referred to the 2022/23 financial accounts.

The Governance and Audit Committee noted the content of the 'Audit of Accounts Report Addendum,' the recommendations arising, and the associated management responses.

9. AUDIT WALES FINANCIAL SUSTAINABILITY REVIEW – CAERPHILLY COUNTY BOROUGH COUNCIL.

A. Rees, Audit Wales, introduced the report, the objectives of which was to provide assurance that the Council has proper arrangements to support its financial sustainability, and to explain the Council's financial position and the key budget pressures and risks to financial sustainability.

The Head of Financial Services and S151 Officer introduced the covering report which presented Members of the Governance and Audit Committee with the Audit Wales report on its latest financial sustainability review of Caerphilly CBC.

Members were informed that Audit Wales has undertaken a further review of financial sustainability across all 22 principal councils in Wales as this continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. The Governance and Audit Committee considered and commented upon the content of the Audit Wales report and noted that the Audit Wales recommendations had been accepted by Officers and progress will be reported to the Governance and Audit Committee through the existing six-monthly Regulator Recommendation Tracker Progress Update Report.

10. AUDIT WALES REVIEW OF COUNTER-FRAUD ARRANGEMENTS – CAERPHILLY COUNTY BOROUGH COUNCIL.

I Phillips, Audit Wales, introduced the report which informed Members that the audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004. Audit Wales identified the Council's counter-fraud arrangements as a potential risk to the Council putting in place proper arrangements through their local assessment of audit risk, and this local project was specific to Caerphilly County Borough Council.

The Head of Financial Services and S151 Officer introduced the covering report which presented the Governance and Audit Committee with the Audit Wales report on its review of counter-fraud arrangements in Caerphilly CBC.

Members were advised that the Audit Wales report had identified a number of weaknesses in the Council's counter-fraud arrangements and set out a number of recommendations that have been accepted in full by management. Details of the recommendations are set out in

the organisational response form, which was attached at Appendix 2, and also included details of completion dates for agreed actions and the responsible officer.

A Member queried whether Caerphilly County Borough Council was specifically chosen for this review by Audit Wales. Members were advised that various subjects are chosen for different Councils and depending on the results, this would be flagged as requiring a further in-depth account. Discussion followed on the recommendations made by Audit Wales, and how these compared to other Councils, and a Member noted that 'urgent action' was requested in relation to the recommendations made by Audit Wales. Members were assured that this was being addressed and a further report was due before Members at the Special Governance and Audit Committee meeting in December.

The Chair noted that he had contributed to the Audit Wales report via interview and would have preferred to have viewed the report before it was published and queried whether other Councils were going through the same process. Members were advised that all draft reports are referred to the Council for comments before they are cleared for publishing. The Chair was assured that this would be taken into consideration going forward, for future reports.

The Governance and Audit Committee considered and commented upon the content of the Audit Wales report and noted that the Audit Wales recommendations had been accepted by Officers and progress will be reported to the Governance and Audit Committee through the existing six-monthly Regulator Recommendation Tracker Progress Update Report.

11. FRAUD RESPONSE PLAN.

The Acting Internal Audit Manager introduced the report which sought Governance and Audit Committee approval of the Fraud Response Plan. Members were advised that Audit Wales had recently undertaken a review of Counter-Fraud arrangements in Caerphilly CBC, and that one of the recommendations in the Audit Wales report is that the Council should produce a Fraud Response Plan.

Members were referred to the draft Fraud Response Plan attached as Appendix 1 which defined how the Council will respond to allegations of fraud and provided guidance to officers and other parties. Members were advised that the Governance and Audit Committee is responsible for ensuring that strategies and policies relating to fraud risk are adequately managed and monitored in order to gain assurance on the adequacy of internal control frameworks within the Council.

A Member noted there were no dates in the response plan and queried whether Audit Wales were satisfied with the report. Members were advised that the report set out what was required, and Audit Wales had viewed the report after it was published. Members were assured that certain timescales could be included going forward and were also referred to 'lessons learnt' information that could also be included. The Chair also noted that the 'lay members' would need to be acknowledged in future reports.

A Member noted thanks for the report and noted the confidentiality control required. Members were advised that CCBC policies exist which cover confidentiality issues and expectations of Officers. Members were also advised that online training was due to be launched, which would include the comments from Members at this meeting.

Having considered the Fraud Response Plan, it was moved and seconded that the recommendations be approved. By way of Microsoft Forms this was unanimously agreed.

RESOLVED to: Approve the Fraud Response Plan.

12. FRAUD RISK ASSESSMENT.

The Acting Internal Audit Manager introduced the report which informed the Governance and Audit Committee of the Fraud Risk Assessment methodology that had been adopted by the Internal Audit Team, reported the findings of the Fraud Risk Assessment, and presented the initial Fraud Risk Register that had been produced following the risk assessment process.

Members were advised that Audit Wales had recently undertaken a review of Counter-Fraud arrangements in Caerphilly CBC, and that one of the recommendations in the Audit Wales report was that the Council should ensure that the risk of fraud is accurately assessed.

Members were also advised that the initial risk register, its findings and methodology would be embedded into individual Directorate Management Team processes and would also help to inform the annual Internal Audit Plan, and an updated report would be presented to the Governance and Audit Committee on a six-monthly basis.

Discussion followed in relation to 'risk' and those that had been identified, together with the specific control measures for 'fraud risk.' Members were advised that the risk register template had been sourced from CIPFA, and development sessions would be considered for Members going forward.

The Committee noted the methodology that had been adopted to undertake the Fraud Risk Assessment and reviewed and commented upon the initial Fraud Risk Register and noted that six-monthly updates would be provided for the Committee.

13-14. INFORMATION ITEMS.

It was confirmed that the following items had not 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) Officers Declarations of Gifts and Hospitality April to June 2024.

The Chair thanked Members and Officers for their attendance and the meeting closed at 4.13 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 21st January 2025.

CHAIR