

GOVERNANCE AND AUDIT COMMITTEE

Minutes of an Extraordinary Hybrid meeting held on 18th November, 2024.

The Committee agenda is available [here](#).

The recording of the meeting is available [here](#).

Present: G. Chapman (Chair and Lay Member); Councillors P. Drake, E. Goodjohn, M.J. Hooper, J. Protheroe and N.J. Wood; and M. Evans (Lay Member).

ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing.”

APOLOGIES FOR ABSENCE –

These were received from N. Ireland (Vice-Chair and Lay Member) and Councillor J.M. Norman,

MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 21st October, 2024 be approved as a correct record.

DECLARATIONS OF INTEREST –

No declarations of interest were received.

AUDITED STATEMENT OF ACCOUNTS 2023/24 (CX) –

For this item the Chair welcomed the Head of Finance / Section 151 Officer, the Operational Manager – Accountancy, and from Audit Wales, S. Wyndham and G. Lucey.

The Council had until 31st May each year to submit draft Statement of Accounts and Annual Governance Statement for audit and external audit had until 31st July to issue a certificate.

These deadlines were relaxed during Covid but there was a backlog of work nationally and the Auditor General for Wales had extended the certification deadline to 30th November for 2023/24 Statement of Accounts.

The draft Statement of Accounts and Annual Governance Statement were submitted to Audit Wales on 29th June. This met the locally agreed Audit Wales deadline, but the Council had nevertheless issued a late publication notice, as they were issued later than the above legislative deadline.

The Draft Final Statement of Accounts included the consolidation of the audited 2022/23 City Deal Joint Committee accounts. The Accounts also included a provision for a legal settlement of £750k; both of these changes amended the bottom line of usable and unusable reserves that were reported in July.

There were a number of other changes largely of a presentation and classification nature which were detailed within the report and also included in the Auditor's report.

The Annual Governance Statement demonstrated that appropriate governance arrangements were in place to meet the governance principles. Actions had been identified to address the governance issues identified during 2023/24.

Audit Wales wrote to those charged with Governance to gain assurance that there was no fraud or issues with laws and regulations, which would have an impact on the accuracy and integrity of the Statement of the Accounts. There were no fraud issues impacting on the Council's accounts.

The external audit of the Statement of Accounts was very near complete. The draft Audit Wales ISA 260 was attached at Appendix D to the report and confirmed an unqualified audit report. The ISA260 included appendices that set out the audit amendments agreed and a recommendation in respect of Senior Management remuneration.

Audit work had commenced on the Shared Regulatory Service and The Vale, Valleys and Cardiff Regional Adoption Service the Adoption Service Annual Return review was nearing completion however the audit of the Shared Regulatory Service accounts was not expected to be completed until January 2025.

Councillor M. Hooper stated that he was pleased that there was an unqualified opinion but he also had a number of queries. Firstly, Councillor Hooper asked for more information in relation to the provision of £750k for a legal settlement. Secondly, there was no information in relation to the Cardiff Capital Region City Deal accounts, referring to repeated requests from the Committee to have sight of the accounts and for a representative to come before the Committee to talk members through them. Councillor Hooper's third query, related to the Rental Homes issues and how much liability was being accrued. His final query was in relation to the £5k overpayment to two former Senior Officers, and he raised a concern that for staff there appeared to be different rules, and he stated that the decision not to recover the overpayment should be reviewed.

With regards to the Cardiff Capital Region City Deal Accounts, the Head of Finance advised that he would share their ISO 260 from their audited accounts with members of the Committee to give the assurance that their numbers were in good order. Councillor Hooper, in response, stated that there was a concern that the 2022/23 accounts had taken a long time to be signed off, and so, it would be important to consider if one of the Scrutiny Committees needed to look at whether the Council was receiving value for money and what projects were being delivered for the Vale of Glamorgan. In addition, and in terms of visibility, it was important for the Committee to have sight of the complexities around the accounts which has caused delayed, as part of the functions of the Governance and Audit Committee.

The Chair commented that it would be useful to understand where the minutes of Joint Committees were reported. It was also important for the Governance and Audit Committee to receive assurances that accounts had been signed off correctly, and he agreed that a best value review of the City Deal by the relevant Scrutiny Committee was required.

With regard to some of the complexities around the City Deal accounts, the Operational Manager – Accountancy stated that as the accounts included a number of companies, the consolidation spreadsheets were extremely large, but some additional summarising may be required.

The Committee agreed to a recommendation that a report be provided in regard to the City Deal consolidation with a representative from the City Deal to attend a special meeting of the Governance and Audit Committee to provide the information required.

In response to Councillor Hooper's first and third queries, relating to the £750k legal provision and the Rental Homes issues respectively, the Head of Finance advised that information could be provided under Part II. The Committee therefore agreed to move into private session to receive confidential and sensitive information from officers.

Having returned from private session, Councillor E. Goodjohn queried the overpayments to chief officers specifically about the timeline of the decision that was made. In reply, the Head of Finance advised that what was not in question was whether the Officer had the authorisation to make the decision, but what was an issue was the formal recording of that. The Chair then queried whether it was specifically an overpayment. G. Lucey (Audit Wales), provided some background, in that Audit Wales had reviewed the Senior Officer Remuneration Note, and had confirmed that the figures in there were accurately disclosed. As part of that Audit Wales had identified the overpayments which were unexpected and so which led Audit Wales to query the authorisation process. The Head of Finance advised that the query would be taken away and a response on the timeline provided outside of the meeting via a note. The Chair reiterated his previous point that clarification was required as to whether it represented an overpayment.

Subsequently, it was

RESOLVED –

- (1) T H A T the Final Statement of Accounts and Annual Governance Statement be approved to go forward to Council for final approval of Appendices A and B to the report respectively.
- (2) T H A T delegated authority be granted to the Section 151 Officer in liaison with the Chair of the Governance and Audit Committee to make any final adjustments to the Final Statement of Accounts and Annual Governance Statement as necessary.
- (3) T H A T the response to the Audit Wales audit enquiries at Appendix C to the report be approved.
- (4) T H A T the Draft Audit Wales ISA260 and Management Actions agreed by the Vale of Glamorgan Council be noted.
- (5) T H A T it be noted that there were to be further minor amendments and updates to the ISA260 ahead of it going forward to Full Council.
- (6) T H A T representatives of the Cardiff Capital Region City Deal be invited to attend a Special Meeting of the Governance and Audit Committee to discuss the Cardiff Capital Region accounts.
- (7) T H A T the Head of Legal and Democratic Services report back to the Governance and Audit Committee on where all of the Joint Committee reports and minutes are reported to.

Reasons for decisions

- (1) In order for Full Council to approve the Statement of Accounts and Annual Governance Statement.
- (2) The audit of the Statement of Accounts and Annual Governance Statement is essential complete but there may be some minor amendments to be made before they are approved by Council.
- (3) Audit Wales has written to both officers and those charged with governance with a set of queries to provide assurance on fraud, legal and related parties.
- (4) Having regard to the contents of the report and discussions at the meeting.
- (5) Having regard to further minor updates received.
- (6) Having regard to the technical nature of the accounts that representatives of the Cardiff Capital Region City Deal Joint Committee be advised to attend a future meeting.
- (7) To advise the Governance and Audit Committee of the reported mechanism around minutes for Joint Committees.