

## GOVERNANCE AND AUDIT COMMITTEE

19 OCTOBER 2021

Present: Councillor Hugh Thomas(Chairperson)  
Councillors Cowan, Cunnah, Goodway, Howells, K Jones and  
Williams

### 38 : APOLOGIES FOR ABSENCE

There were no apologies for absence

The Chairman welcomed the following observers to the meeting:

- Dr Janet Wademan the new independent member of the committee and on completion of her induction she would become a full member of the Committee
- Natalie Painter from Audit Wales as a learning opportunity.

### 39 : DECLARATIONS OF INTEREST

None

### 40 : DRAFT AUDITED STATEMENT OF ACCOUNTS, AUDIT OF ACCOUNTS REPORTS (ISA 260) AND ANNUAL GOVERNANCE STATEMENT FOR FINANCIAL YEAR 2020-21

The Chairman advised the Committee that many of these documents had been considered previously by the Committee and this provided an opportunity to concentrate on the reports from Audit Wales.

The meeting was informed that the accounts had been prepared in accordance with the codes of practice developed by Chartered Institute of Public Finance and Accountancy (CIPFA) and the relevant accounts and audit regulations before being signed as draft by the Section 151 Officer on 15 June 2021. The accounts were then made available for a period of public inspection with responses being provided where appropriate to any queries that were raised.

The ISA 260 report from Audit Wales provided an unqualified audit opinion of the accounts with the main amendments being presentational and technical. Officers had worked closely with Audit Wales to make as many amendments as possible to the accounts, but it was re-iterated that these had no impact on the financial performance of the Council in 2020-21.

During the audit period the Annual Governance Statement had been updated to reflect the presentational and grammatical issues identified by Audit Wales.

The Chair and the Section 151 Officer emphasised the comments of Audit Wales in the report which reflected the commitment of the accounts team in the face of the considerable challenge and thanked the team for their work.

The Audit Director from Audit Wales stated that the key conclusion was the unqualified audit opinion in relation to the annual statement of accounts which showed a true and fair view of the transactions of the Authority. He added that

auditors could not give complete assurance but had worked to a materiality level of £13 million. The response from Audit Wales included two emphases of matter where the valuer had placed a material valuation uncertainty of the council dwellings and high-rise properties due to the coronavirus pandemic and the Grenfell Tower fire respectively which had been reflected the declaration made by the Council in its accounts. The report made reference to £2million adjustment, which was a technical matter, but it had been agreed that this will not be done on consolidation. There were no significant issues arising during the audit.

***The Committee Members requested assurances regarding the summary of corrections set out in Appendix 3 of the report. Members sought clarification on the need to make a £25 million correction relating to debtors and, specifically, whether this was in relation to a technical issue or something more significant in terms of how the Council records and registers debt. Members were advised that the adjustment related to the classification of agency arrangements. Officers confirmed that practices have now been put in place to ensure this correction will not be required in next year's accounts.***

***Audit Wales confirmed that there were no fundamental concerns with regard to the financial statements, accounting controls or reporting of the Council. The corrections detailed in Appendix 3 of the report were mainly classification errors rather than systemic issues. Audit Wales also confirmed that the level of materiality of £13.2 million was based upon 1% of gross revenue expenditure.***

The representatives from Audit Wales stated that there were no matters of concern regarding the Cardiff Harbour report.

The Committee was provided the opportunity to make proposals regarding future reports. Suggestions included: having a more balanced approach to the narrative of the report; to include the complexity of the operating environment and acknowledging the work being undertaken in respect of flood defences. In addition, it was requested that the information on pension liability be enhanced to enable assurance of the various factors which made up these liabilities would be beneficial for the committee. The officers welcomed these views and would reflect on how future reports could be enhanced without duplicating information provided in other documents. The officers also identified that in addition to flood defences other policies and developing risks including One Planet Cardiff needed to be reflected in the report.

The Governance and Audit Committee agreed to note the:

1. 2020/21 Draft Audited Statement of Accounts for Cardiff Council and Cardiff Harbour Authority.
2. 2020/21 Draft Audit of Accounts Reports (ISA 260) for the Statement of Accounts for Cardiff Council and Cardiff Harbour Authority.
3. Draft 2020/21 Annual Governance Statement

41 : URGENT ITEMS (IF ANY)

None

42 : DATE OF NEXT MEETING

A special meeting of the Governance and Audit Committee was scheduled for 02 November 2021 and the Chair advised that he had requested that the Vice-Chair to take the lead during this meeting.

The meeting terminated at 2.45 pm