



Welcome to our Audit Committee Newsletter

I intend to write our newsletter twice a year, to keep you up to date on the work we have delivered, the work we have planned and our outcomes. (Ian Arundale, Chair)



Audit Committee Member Changes

Changes to Audit Committee Membership

Cllr Ashley Lister and Cllr Rod McKerlich attended their first Audit Committee meeting in September 2019.

They are already providing good value through their active Audit Committee input.

Cllr Phil Bale, Cllr Susan Goddard, Cllr Mary McGarry and Cllr David Walker have all stood down as Members of the Audit Committee since my last Newsletter.

We thank them for their valued time and engagement as Audit Committee Members and wish them well.

A Busy End to 2018/19

Our Reviews

We concluded our review of the Council's **Statement of Accounts (SOA) 2018/19**, through which we:

- Considered the Council's accounting policies and application
- Challenged and questioned financial transactions, balances and narrative information

We concluded our review of the Council's **Annual Governance Statement (AGS) 2018/19**, through which we:

- Considered the Council's governance framework & approach
- Challenged and questioned the results of supporting assessments and disclosures

Our Opinion 2018/19

We have reported the following summary opinion to Council for the financial year 2018/19

'It is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place.

Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis.'

We have raised certain concerns in the following areas, which we will continue to focus on this year

- Budget Management
- Internal Control
- Financial Resilience
- School Governance and Compliance

If you would like to know more, please read the Audit Committee Annual Report 2018/19 that I presented to Council on 12 September 2019.

Networking and Engagement

Webcasting Meetings

As part of our commitment to improve awareness of the role and work of the Audit Committee, we have arranged for two Audit Committee meetings to be Webcast each year.

Our September Committee meeting was Webcast and can be accessed via the following link

<https://cardiff.moderngov.co.uk/ieListDocuments.aspx?CId=137&MIId=3933&Ver=4&LLL=0>

Audit Committee Networking & Development

In October, we held our first **Audit Committee Chairs Network event**, sponsored by the WLGA and attended by the majority of the Local Authorities in Wales.

It was a pleasure to Chair the event, in which we received expert guidance and support from the Wales Audit Office and the Chartered Institute of Public Finance and Accountancy (CIPFA).

The day provided practical advice and insight to help us to share ideas and continue to improve our effectiveness as a Committee. There is a good appetite to continue to hold networking events for the benefit of us all.

We have continued to receive training as a Committee.

Further to our induction training, we have recently received in-house training on Financial Management and Accounting and Internal Audit. Arrangements are being made for us to receive Treasury Management Training from the Council's external Treasury advisors.

Directorate Reviews

In June, we have received an update from the Director of Economic Development on their Internal Control Environment. These updates related to **risk management, internal controls and good governance**.

Economic Development

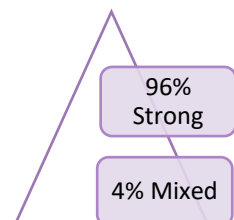
Challenges

A Statutory Building Equipment Maintenance risk is monitored through the corporate risk register.

During the Committee meeting, a number of Members raised health and safety matters upon which further discussions were requested and held with lead officers to seek the necessary assurance.

Good Governance

The Directorate has assessed its application of good governance at 96% strong.



Assurance

The Directorate has a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

In September, we received one of our **biannual updates from Nick Batchelar, Director of Education and Lifelong Learning.**

School Governance, Balances and Deficits

The Audit Committee has welcomed ongoing updates on school governance, balances and deficits, but has continued to raise concerns about governance and compliance matters in schools, which are regularly responsible for a greater proportion of audit reports giving concern. In our annual opinion 2018/19, we have reported that we remain concerned that certain schools have not achieved a satisfactory level of stewardship and internal control.

In respect of the school balances, the Committee has that noted **twelve schools carried forward a deficit balance at 31 March 2019**, which is higher than the nine schools for the previous year. We have also raised concerns that **fourteen schools** with surplus balances exceeding Welsh Government thresholds for three consecutive years, **have not responded to a direction to spend by the Council.** Management have advised they are escalating processes with school Management to address this.

We will continue to receive updates from the Director of Education and Lifelong Learning on school governance on a six monthly basis and will review the financial position annually.

Our Internal Audit and Investigation Teams

Internal Audit

We have continued to receive progress reports and information in each Committee meeting relating to the work and findings of our Internal Audit and Investigation Teams. **We pay particular attention to audits with adverse audit opinions, and we monitor the progress of recommendations.**

Following our September Committee meeting, **I wrote to three Directors** who had recommendations, which were particularly overdue for implementation in their areas of responsibility. As a Committee, we have requested an account for delays, and a commitment and revised targets for delivery.

Fraud Awareness Campaign

Cabinet approved the Council's Counter-Fraud and Corruption Strategy in July 2019.

This has led to a significant Fraud Awareness campaign across the Council led by the Investigation Team, with **Mandatory eLearning and face-to-face sessions** rolled out across all non-pc users.

Fraud Awareness messages and assurance are being sought in schools, via face-to-face training for Headteachers, access to eLearning for school staff, and a **Control Risk Self-Assessment internal audit for all Schools this autumn.**

The Council is also participating in **International Fraud Awareness week** from 18 November 2019, through which further messages information and support will be provided to staff.

To know more about the work and findings of the Audit and Investigations Teams...
View the Audit Committee Pages on the Council's Website – We receive an update in each meeting!

Governance

Internal Control

Finance

Risk Management

We are independent

We are made up of four independent lay members & eight Councillors (non-Cabinet)

- ✓ **We review governance and internal controls**
- ✓ **We review Financial reporting, control and value for money**
- ✓ **We review Risk Management**

We receive and discuss reports and updates from a range of Managers, the Internal Audit and External Audit Teams.

In November, we are looking forward to...

- **Meeting with the Corporate Director, People and Communities** to discuss the control environment in Housing and Communities and Waste Management
- Considering our ongoing programme of substantive items on **audit, treasury and risk management**