

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>23rd March 2022</p>	<p>AGENDA ITEM NO. 5</p>
<p>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2021/22, INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE</p>

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present the Governance and Audit Committee Annual Report 2021/22 together with a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the Annual Report and self-assessment (**Appendix 1** and **Appendix 1B** respectively) and determine whether the Annual Report forms a balanced summary of the work undertaken by Governance and Audit Committee during 2021/22.
- 2.2 Subject to 2.1, endorse the proposals for improvement to further support the Governance and Audit Committee in the effective discharge of its Terms of Reference (and incorporate proposals for improvement within the Committee's Support and Development Action Plan where relevant).
- 2.3 Approve the Governance and Audit Committee Annual Report 2021/22 and its presentation to full Council.

3. REASON FOR RECOMMENDATIONS

- 3.1 To ensure the Council's Governance and Audit Committee is held to account for its work through, amongst other things, the publication of an Annual Report.

4. BACKGROUND

- 4.1 The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition' (from hereon the CIPFA Guidance) sets out the purpose of audit committees as:

- *Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.*
- *The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.*

- 4.2 The publication also sets out the importance for audit committees to be held to account on the extent to which it has fulfilled its purpose, with an annual report being a helpful way to address this. As Members will recall, an overview of the CIPFA Guidance was presented to the 17th September 2018 Audit Committee.

5. DRAFT GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2021/22

- 5.1 In line with the CIPFA Guidance, a draft Governance and Audit Committee Annual Report setting out the work of the Committee is included at **Appendix 1**.

- 5.2 As part of compiling the draft Annual Report, a 'self-assessment exercise of good practice' has been undertaken using the checklist provided within the CIPFA Guidance. The outcome of the self-assessment process is included at **Appendix 1B** and has been used to inform new proposals for improvement that will further support the Governance and Audit Committee in the effective discharge of its Terms of Reference.

- 5.3 The Governance and Audit Committee is requested to review the draft Annual Report and self-assessment, and:

- Determine whether it forms a balanced summary of the work undertaken by the Committee during 2021/22; and

- Consider and if appropriate, endorse the proposed areas for improvement.

5.4 Subject to consideration of the above, the Governance and Audit Committee is requested to approve the Annual Report and its presentation to full Council.

6. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

6.1. There are no equality and diversity or socio-economic implications as a result of the recommendations set out in the report.

7. CONSULTATION

7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 The production of a Governance and Audit Committee Annual Report supports the principles within The Local Government (Wales) Measure 2011 (Chapter 2 / section 81) and is in line with the CIPFA Guidance.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

10.1 The work of the Council's Governance and Audit Committee aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020 – 2024 'Making a Difference', in particular 'Living Within Our Means' through ensuring that appropriate governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSION

11.1 The Governance and Audit Committee Annual Report 2021/22 is attached at Appendix 1. It provides a summary of the work the Committee has undertaken during 2021/22, incorporates a self-assessment against the CIPFA Guidance checklist (Appendix 1B) and sets out new proposed areas for improvement to

help further strengthen the effectiveness of Governance and Audit Committee's work.

Other Information:-

Relevant Scrutiny Committee - Not applicable.

Contact Officer – Paul Griffiths

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

23rd March 2022

**AUDIT COMMITTEE ANNUAL REPORT 2021/22, INCORPORATING A SELF
ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

Item: 5

Background Papers

None.

Officer to contact: Paul Griffiths

APPENDIX 1 – ANNUAL REPORT 2021/22

**Rhondda Cynon Taf County
Borough Council**

Governance and Audit Committee

Annual Report 2021/22

1. **INTRODUCTION**

- 1.1 A key component of good governance for all organisations is to have in place a Governance and Audit Committee. Rhondda Cynon Taf County Borough Council complies with this requirement and the [Terms of Reference](#) for its Governance and Audit Committee, as included within the Council's Constitution, is set in line with the Local Government Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of Governance and Audit Committee, as required by the above legislation, is included at Appendix 1A.
- 1.2 2021/22, like the previous year, has continued to be an unprecedented period, with the Covid-19 pandemic having a widespread impact on the delivery of Council services, local communities and wider society. The Governance and Audit Committee was again mindful of this backdrop in setting its workplan for the year on [13th September 2021](#) and also of the need for robust and proportionate oversight of the Council's governance, internal control and risk managements to be in place. This translated into the continuation of an approach where the Governance and Audit Committee focussed on its core responsibilities:
- Reviewing the draft financial statements and monitoring management action in response to the issues raised by external audit;
 - Scrutinising and be satisfied with the Council's Annual Government Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
 - Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
 - Considering the effectiveness of the authority's risk management arrangements;
 - Considering reports and recommendations of external audit in respect of the Council; and
 - Supporting the ongoing development and effectiveness of Governance and Audit Committee.
 - Commencing work as part of preparing the Committee to undertake its new responsibilities, in line with the Local Government and Elections (Wales) Act 2021, in respect of performance assessment and the Council's arrangements for handling complaints.
- 1.3 Section 2 of this report summarises the work delivered by the Governance and Audit Committee during 2021/22 and Section 3 presents the outcome of the self-assessment against the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition' (from herein the CIPFA Guidance).

2. WORK DELIVERED IN 2021/22

2.1 The CIPFA Guidance identifies 'Core Functions' of a Governance and Audit Committee along with what it refers to as possible 'wider functions' of a Governance and Audit Committee.

2.2 The Core Functions are set out below (capital and bold text headers) and the work delivered in support of these core functions is summarised under each.

2.3 BE SATISFIED THAT THE AUTHORITY'S ASSURANCE STATEMENTS, INCLUDING THE ANNUAL GOVERNANCE STATEMENT, PROPERLY REFLECT THE RISK ENVIRONMENT AND ANY ACTIONS REQUIRED TO IMPROVE IT, AND DEMONSTRATE HOW GOVERNANCE SUPPORTS THE ACHIEVEMENT OF THE AUTHORITY'S OBJECTIVES

2.3.1 Legislation requires the Council to prepare an Annual Governance Statement (AGS). The Draft AGS for 2020/21 was reported to Governance and Audit Committee at its meeting on the [12th July 2021](#) and the overall conclusion from assessing the Council's governance arrangements for 2020/21 is that they provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources during an unprecedented period as a result of the Covid-19 pandemic. The Governance and Audit Committee endorsed the 2020/21 AGS and recommended its certification by the Leader of the Council and the Chief Executive for inclusion with the Council's 2020/21 Statement of Accounts.

2.3.2 During 2021/22 the Committee monitored the extent of progress made by the Council to implement the agreed proposals for improvement set out within the 2020/21 AGS, and this update was reported to Audit Committee on [6th December 2021](#).

2.3.3 The draft AGS for 2021/22 is to be presented to a Governance and Audit Committee meeting in the first half of the 2022/23 financial year and will set out, amongst other things, confirmation that all agreed 2020/21 proposals for improvement have been implemented.

2.4 IN RELATION TO THE AUTHORITY'S INTERNAL AUDIT FUNCTIONS:

- **OVERSEE ITS INDEPENDENCE, OBJECTIVITY, PERFORMANCE AND PROFESSIONALISM**
- **SUPPORT THE EFFECTIVENESS OF THE INTERNAL AUDIT PROCESS**
- **PROMOTE THE EFFECTIVE USE OF INTERNAL AUDIT WITHIN THE ASSURANCE FRAMEWORK**

2.4.1 From the 1st April 2019 the Council's Internal Audit Service transferred to a regional Internal Audit Service, hosted by the Vale of Glamorgan Council and

comprising four local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taf County Borough Council and Vale of Glamorgan Council.

2.4.2 The Covid-19 pandemic required Council Services to quickly adapt and implement changes to service delivery arrangements to ensure continued provision of essential frontline services during 2020/21. This approach continued during 2021/22 and a similar approach was also applied by the Internal Audit Service, whereby an **Internal Audit Annual Plan 2021/22** was compiled taking into account: an updated assessment of keys risk; revised service delivery arrangements in place across the Council; and Covid-19 specific functions undertaken by the Council. The Internal Audit Annual Plan for 2021/22 was reported to and approved by Governance and Audit Committee on [12th July 2021](#) and the Head of the Regional Internal Audit Service outlined that the plan would need to be flexible to respond to changing circumstances and events that may occur (e.g. future 'waves' of the coronavirus, ability to access staff and evidence to obtain assurance around internal controls in place and the impact on staff absence levels due to the pandemic).

2.4.3 During the year, the Governance and Audit Committee received Internal Audit performance updates, including how the Service was adapting and undertaking audit work remotely, and details of all finalised audit assignments; this suite of information has enabled Members to consider the effectiveness of the Internal Audit process for 2021/22.

2.4.4 A key part of the Governance and Audit Committee's role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the performance and quality of work delivered throughout the year. The Internal Audit Service fulfilled this requirement through its Internal Audit Charter¹, that was presented to and approved by Audit Committee on [22nd March 2021](#), and provided the Committee with information to assess the independence of the Internal Audit Service.

2.5 MONITOR THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT, INCLUDING ARRANGEMENTS FOR ENSURING VALUE FOR MONEY, SUPPORTING STANDARDS AND ETHICS AND FOR MANAGING THE AUTHORITY'S EXPOSURE TO THE RISKS OF FRAUD AND CORRUPTION

2.5.1 Summary reports of finalised audit assignments were reported to the Governance and Audit Committee during the year to assist the Committee in forming an opinion on the overall control environment in place within the Council for 2021/22. The results of Internal Audit's work for the financial year is brought together in the form of the **Head of Internal Audit Annual Report**, and for 2021/22 will be reported in the first half of the 2022/23 financial year.

¹ Internal Audit Charter - a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Board (i.e. the Council's Governance and Audit Committee).

2.5.2 Based on the internal audit reviews completed during 2021/22 to date, the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2021/22 is 'Effective with a small number of areas identified for improvement'. In addition, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses that have been identified are service specific. This position is based on the internal audit reviews undertaken to date and will be finalised and reported as part of the Head of Internal Audit Annual Report 2021/22.

2.5.3 In line with the above,

- Three audit assignments during 2021/22 were given an audit opinion of limited assurance, where improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. These weaknesses are service specific and in accordance with routine Internal Audit procedures, all three areas will be subject to a follow up review during 2022/23: and
- No follow-up reviews have been requested by Governance and Audit Committee to be built into the 2021/22 Annual Audit Plan.

2.5.4 With regard to the risks of fraud and corruption:

- At the 6th December 2021 Governance and Audit Committee meeting, the Council's Service Director – Pensions, Procurement and Transactional Services provided an overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team, and progress update against the Anti-Fraud, Bribery and Corruption work programme for 2021/22. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area. The Anti-Fraud Annual Report for 2021/22 is to be presented to the 23rd March 2022 Governance and Audit Committee for consideration / approval.
- The Whistleblowing Annual Report for 2021/22 will be reported to Governance and Audit Committee on 23rd March 2022. The overall conclusion as set out in the Report (and subject to approval by Governance and Audit Committee), is that '*the Council's whistleblowing arrangements are appropriate*'.

2.6 CONSIDER THE EFFECTIVENESS OF THE AUTHORITY'S RISK MANAGEMENT ARRANGEMENTS AND THE CONTROL ENVIRONMENT, REVIEWING THE RISK PROFILE OF THE ORGANISATION AND ASSURANCES THAT ACTION IS BEING TAKEN ON RISK-RELATED ISSUES, INCLUDING PARTNERSHIPS AND COLLABORATIONS WITH OTHER ORGANISATIONS

2.6.1 The work-plan for 2021/22 built on the work undertaken in the previous year and continued to widen the coverage of governance and risk management through:

- AGS – the continuation of in-year and year-end progress updates to the Governance and Audit Committee on the implementation of proposals for improvement.
- A programme of Strategic Risk Register updates to the Governance and Audit Committee continued to support Committee Members' understanding of the strategic risks facing the Council and the arrangements in place to manage / mitigate such risks. During the year the following updates were presented:
 - An update and overview of the Council's 2021/22 Strategic Risk Register (9th November 2021 Governance and Audit Committee); and
 - Strategic Risk: Information Management (7th February 2022).

Further updates will be built into the 2022/23 workplan as part of Governance and Audit Committee's on-going work in understanding and reviewing the Council's risk profile.

- The delivery of learning and development topics to help support the Committee in discharging its risk management related and wider responsibilities: 19th September 2021 (the role of the Governance and Audit Committee); 9th November 2021 (an overview of the Council's Financial Procedure Rules); 6th December 2021 (an overview of the role of Audit Wales and the Regional Internal Audit Service); and 7th February 2022 (an overview of the Council's arrangements for dealing with complaints effectively).

2.7 REVIEW THE FINANCIAL STATEMENTS, EXTERNAL AUDITOR'S OPINION AND REPORTS TO MEMBERS, AND MONITOR MANAGEMENT ACTION IN RESPONSE TO THE ISSUES RAISED BY EXTERNAL AUDIT

2.7.1 At the [12th July 2021](#) Governance and Audit Committee, the Service Director – Finance Services presented the certified draft 2020/21 Statements of Account for the Council and the Rhondda Cynon Taf Pension Fund² (this update being accompanied by an overview of Accounting Policies presentation). At the 13th September 2021 Governance and Audit Committee meeting, Audit Wales provided a verbal update on the progress on the audit of the draft Statements of Account for 2020/21 and informed the Committee, amongst other things, that to date no significant areas of concern had arisen for the Committee to be made aware of in relation to the audit of the draft Statements of Account.

² 12th July 2021 Governance and Audit Committee – the Committee also considered the certified draft 2020/21 Statement of Accounts for the Central South Consortium Joint Education Service Joint Committee and the certified draft 2020/21 Annual Return for the Llwydcoed Crematorium Joint Committee

2.7.2 The Council and Pension Fund audited Statement of Accounts for 2020/21 were subsequently reported to and approved by full Council on the [29th September 2021](#), following completion of the external audit process, with both sets of Accounts being issued with unqualified opinions by Audit Wales (i.e. clean bills of health).

2.8 CONSIDER THE REPORTS AND RECOMMENDATIONS OF EXTERNAL AUDIT AND INSPECTION AGENCIES AND THEIR IMPLICATIONS FOR GOVERNANCE, RISK MANAGEMENT OR CONTROL

2.8.1 At the 9th November 2021 Governance and Audit Committee, Audit Wales provided an update on reports issued in respect of 'Financial Sustainability Of Local Government – Covid-19 Impact, Recovery and Future Challenges', 'Financial Sustainability Assessment – Rhondda Cynon Taf CBC' and 'Regulatory Programme Update – Quarter 2'. A further 'Regulatory Programme Update – Quarter 3' was reported to the 7th February 2022 Governance and Audit Committee.

2.8.2 At the [6th December 2021](#) Governance and Audit Committee meeting, an update was reported on the progress made to date by the Council to implement proposals for improvement reported by Audit Wales in its Annual Audit Summary 2020. Following Governance and Audit Committee's consideration of the progress update, the Committee determined that there were no matters of a governance, internal control or risk management nature that require further action or attention by the Committee nor any matters at this stage to be referred to the Council's scrutiny committees.

2.8.3 The full Council meeting on [19 January 2022](#) considered the Audit Wales 'Annual Audit Summary 2021' and the 23rd March 2022 Governance and Audit Committee will consider the progress made to date by the Council in implementing the proposals for improvement set out in the Audit Wales Annual Audit Summary 2021.

3. SELF-ASSESSMENT AGAINST THE CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES & POLICE 2018 EDITION

3.1 The self-assessment checklist included within the CIPFA Guidance has been completed and has been based on the Governance and Audit Committee arrangements in place during 2021/22 and from a review of the information reported to Governance and Audit Committee over this period. The self-assessment is set out at **Appendix 1B** and also includes the results of previous years self-assessments for information purposes.

3.2 The 2021/22 self-assessment process demonstrates that the Council's Governance and Audit Committee has made good progress to implement the

proposals for improvement reported in 2020/21 and has identified two areas for improvement to further support and reinforce the existing arrangements in place.

- 3.3 An update on the progress made to implement proposals for improvement reported in 2020/21 and also new proposals for improvement are set out in Table 1.

Table 1 – 2020/21 Self-Assessment Progress Update and 2021/22 Self-Assessment Proposals for Improvement

Good Practice Questions		2020/21 Self-Assessment				2021/22 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2020/21 and 2021/22 Proposal for Improvement
12b.	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership 	✓			<p><u>2019/20 Update</u></p> <ul style="list-style-type: none"> Skills assessment of Audit Committee Members – COMPLETED and reported to Audit Committee on 1st February 2021. Agree a refreshed programme of learning and development – COMPLETED and agreed by Audit Committee on 22nd March 2021 (and will be incorporated into the Committee's 2021/22 workplan. <p><u>NEW Proposal for Improvement (2020/21)</u></p> <p>As part of the on-going support and development of Audit Committee, the 2021/22 Workplan and Learning and Development Plan should be updated to reflect the work needed in preparation for the implementation of the requirements of the Local Government and Elections (Wales) Act 2021 (for example, the Governance and Audit Committee's new responsibilities in respect of performance assessment and complaints handling).</p>	✓			<p>A programme of learning and development delivered in line with the Committee's Learning and Development Plan</p> <p><u>NEW Proposals for Improvement (2021/22)</u></p> <p>Using lessons learned from 2021/22, undertake a training needs analysis of Committee Members to inform a refreshed learning and development plan for 2022/23.</p> <p>Development a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.</p>

Good Practice Questions		2020/21 Self-Assessment				2021/22 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2020/21 and 2021/22 Proposal for Improvement
19	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?</p>			✓	<p>Due to the need to prioritise reporting arrangements during the Covid-19 pandemic, the Audit Committee Annual Report 2019/20 was not reported to full Council. It is noted however that:</p> <ul style="list-style-type: none"> • Ordinarily the Audit Committee Annual Report would be reported to full Council (i.e. the 2018/19 Annual Report was presented to the Council Annual General Meeting in May 2019); and • The 2019/20 Audit Committee Annual Report was published, reviewed and agreed by Audit Committee at its meeting on 20th July 2020. <p><u>NEW Proposal for Improvement (2020/21)</u></p> <ul style="list-style-type: none"> • An agreed version of the Audit Committee Annual Report 2020/21 should be reported to full Council to enable opportunity for feedback to be provided on the performance of Audit Committee. 	✓			Reported to the 15 th December 2021 full Council meeting where it was resolved to note the Annual Report for the 2020/21 Municipal Year
21	<p><u>EFFECTIVENESS OF THE COMMITTEE</u></p> <p>Does the committee engage with a wide range of leaders and managers, including</p>		✓		<p><u>NEW Proposal for Improvement (2020/21)</u></p> <p>Progress updates in relation to Audit Wales recommendations are reported to Audit Committee annually. It is recommended that updates on the progress being made by the Council to implement Audit Wales recommendations are timetabled within the Governance and Audit Committee Workplan for 2021/22 at mid-year and year-end intervals (or in line with specific requirements).</p>	✓			Progress updates reported to the Governance and Audit Committee i.e. 26 th April 2021, 6 th December 2021 and 23 rd March 2022.

Good Practice Questions		2020/21 Self-Assessment				2021/22 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2020/21 and 2021/22 Proposal for Improvement
	discussion of audit findings, risks and action plans with the responsible officers?								
23	<p><u>EFFECTIVENESS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Has the committee evaluated whether and how it is adding value to the organisation?</p>		✓		<p><u>2019/20 Update</u> Audit Committee continues to take steps to improve the impact of its work, for example, undertaking a training needs assessment and agreeing a learning and development plan and referring specifics matters for more in-depth review to the Council's Scrutiny function.</p> <p>This area will be an on-going action as part of the Audit Committee's development and completion of the self-assessment process for 2021/22.</p>		✓		<p>The 2021/22 work programme supported the Committee in delivering its terms of reference and included updates in relation to: learning and development; assurance; governance and risk; performance updates from internal and external audit; and preparatory work in readiness for the Committee's new responsibilities under the Local Government and Elections (Wales) Act 2021.</p> <p>This position will built on in 2022/23 through the compilation of a balanced programme of work and seeking feedback from the Committee on the effectiveness of its work.</p>

3.4 Subject to a version of the Governance and Audit Committee Annual Report 2021/22 being agreed, the proposals for improvement (as per Table 1) will form the basis of an action plan that will be led and managed by the Governance and Audit Committee during 2022/23. The action plan will be a living document to ensure account is taken of any relevant changes, for example, in service delivery, strategic risks and Governance and Audit Committee's on-going responsibilities.

4. CONCLUSIONS

- 4.1 During 2021/22 the Council's Governance and Audit Committee has reviewed and challenged a wide range of topic areas, including the work of Internal and External Audit and commenced the preparatory work in readiness for the Committee's new responsibilities as set out in the Local Government and Elections (Wales) Act 2021.
- 4.2 From a review of the coverage of Governance and Audit Committee's work and oversight during the year, as set out in Section 2, it is considered that the Committee has delivered its Workplan and responsibilities in line with its Terms of Reference.
- 4.3 The Annual Report also sets out, in Section 3 / Appendix 1B, the results of the self-assessment undertaken against the checklist included within the CIPFA Guidance. The outcome of this process demonstrates that the Council's Governance and Audit Committee has made good progress to implement the proposals for improvement reported in 2020/21 and has also identified a small number of new proposals for improvement to further reinforce the existing arrangements in place.

RESPONSIBILITIES OF AUDIT COMMITTEE IN LINE WITH THE LOCAL GOVERNMENT (WALES) MEASURE 2011 AND LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

Chapter 2, section 81 of the Local Government (Wales) Measure 2011

Local authorities to appoint audit committees

4.0A local authority must appoint a committee (an “Audit Committee”) to—

- a) review and scrutinise the authority's financial affairs,
- b) make reports and recommendations in relation to the authority's financial affairs,
- c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
- d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
- e) oversee the authority's internal and external audit arrangements, and
- f) review the financial statements prepared by the authority.

5.0A local authority may confer on its Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.

6.0It is for an Audit Committee to determine how to exercise its functions.

Local Government and Elections (Wales) Act 2021

Council Performance Arrangements

(i) To consider the Council's draft Annual Performance Self-Assessment report and if deemed necessary may make recommendations for changes to the Council.

(ii) To receive the Council's finalised Annual Self-Assessment report in respect of a financial year as soon as reasonably practicable after the end of that financial year.

(iii) At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report into which the Council is meeting its performance requirements.

(iv) To receive and review the Council's draft response to the report of the independent Panel Performance Assessment and if deemed necessary may make recommendations for changes to the statements made in the draft response to the Council.

Complaints Handling

(i) To review and assess the Council's ability to deal with complaints effectively.

(ii) To make reports and recommendations in relation to the Council's ability to deal with complaints effectively.

Self-assessment of good practice

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
Audit committee purpose and governance													
1	Does the authority have a dedicated audit committee?	✓			✓			✓			✓		
2	Does the audit committee report directly to Full Council?	✓			✓			✓			✓		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			✓			✓			✓		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			✓			✓			✓		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			✓			✓			✓		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			✓			✓			✓		
Functions of the committee													
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework 		✓		✓			✓			✓		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			✓			✓			✓		

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			✓			✓			✓		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A			N/A			N/A					
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			✓			✓			✓		
Membership and support													
12	Has an effective audit committee structure and composition of the committee been selected? This should include:												
a.	separation from the executive	✓			✓			✓			✓		
b.	an appropriate mix of knowledge and skills among the membership		✓			✓		✓			✓		
c.	a size of committee that is not unwieldy	✓			✓			✓			✓		
d.	consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	✓			✓			✓			✓		
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the Full Council?	✓			✓			✓			N/A		
14	Does the chair of the committee have appropriate knowledge and skills?	✓			✓			✓			✓		
15	Are arrangements in place to support the committee with briefings and training?	✓			✓			✓			✓		
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓			✓	✓			✓		

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Finance Officer?	✓			✓			✓			✓		
18	Is adequate secretariat and administrative support to the committee provided?	✓			✓			✓			✓		
Effectiveness of the committee													
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	✓					✓	✓		
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			✓			✓			✓		
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			✓				✓		✓		
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			✓			✓			✓		
23	Has the committee evaluated whether and how it is adding value to the organisation?		✓			✓			✓			✓	
24	Does the committee have an action plan to improve any areas of weakness?	✓			✓			✓			✓		
25	Does the committee publish an annual report to account for its performance and explain its work?	✓			✓			✓			✓		
