

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>15th March 2023</p>	<p>AGENDA ITEM NO. 7</p>
<p>REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL AND FRONTLINE SERVICES</p>	<p>GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23, INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE</p>

Author: Paul Griffiths (Service Director – Finance and Improvement Services) & Lisa Cumpston (Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present the Governance and Audit Committee Annual Report 2022/23 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 the Governance and Audit Committee during 2022/23.
- 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 their incorporation into an action plan to enable on-going monitoring.
- 2.3 Approve the Governance and Audit Committee Annual Report 2022/23 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.

5. DRAFT GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23

- 5.1 In line with the CIPFA Guidance, a draft Governance and Audit Committee Annual Report setting out the work of the Committee during 2022/23 is included at **Appendix 1**.

- 5.2 As part of compiling the draft Annual Report, a 'self-assessment' 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 draft 2022/23 Annual Report and self-assessment concludes overall that:

- The Governance and Audit Committee has reviewed and challenged a range of topic areas during the year and has delivered its Workplan and responsibilities in line with its Terms of Reference; and

- The Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that a small number of new proposals for improvement have been identified to further strengthen existing arrangements.
- 5.4 The Governance and Audit Committee is requested to review the draft 2022/23 Annual Report and self-assessment, and:
- Determine whether it forms a balanced summary of the work undertaken by the Committee during this period; and
 - Consider and if appropriate, endorse the proposals for improvement.
- 5.5 Subject to consideration of the above, the Governance and Audit Committee is requested to approve the 2022/23 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 2022/23 is attached at **Appendix 1**. It provides a summary of the work the Committee has undertaken during 2022/23, incorporates a self-assessment against the CIPFA Guidance checklist (**Appendix 1B**) and sets out proposals for improvement to help further strengthen existing arrangements.

11.2 Subject to the Governance and Audit Committee’s consideration / approval of the 2022/23 Annual Report, the agreed proposals for improvement will be incorporated into an action plan and progress updates reported to the Committee during the forthcoming year.

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

15th March 2023

**GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23,
INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018
PRACTICAL GUIDANCE NOTE**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR –
FINANCE, DIGITAL AND FRONTLINE SERVICES**

Author: Paul Griffiths (Service Director – Finance and Improvement Services) &
Lisa Cumpston (Audit Manager)

Item: 7

Background Papers

None.

Officer to contact: Paul Griffiths

APPENDIX 1 – ANNUAL REPORT 2022/23

**Rhondda Cynon Taf County
Borough Council**

Governance and Audit Committee

Annual Report 2022/23

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 Changes to the way the Council is operating since Covid-19, including new risks as a result of different ways of working, remote and digital working and other service changes have continued to influence 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 [7th September 2022](#) 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;
 - Scrutinising and being satisfied with the Council's Annual Governance 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;
 - Supporting the ongoing development and effectiveness of Governance and Audit Committee; and
 - Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints.
- 1.3 Section 2 of this report summarises the work delivered by the Governance and Audit Committee during 2022/23 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 2022/23

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 2021/22 was reported to the [18th July 2022](#) Governance and Audit Committee meeting and the Committee endorsed the 2021/22 AGS and recommended its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2021/22 Statement of Accounts. Based on the review of effectiveness against the Local Code of Corporate Governance, as set out in the 2021/22 AGS, the Council's governance arrangements provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources, and had appropriate regard to the on-going impact of the Covid-19 pandemic. As part of this process, the Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team and Governance and Audit Committee.

2.3.2 During 2022/23 the Committee monitored the extent of progress made by the Council to implement the agreed proposals for improvement set out within the 2021/22 AGS, and this update was reported to Audit Committee on [7th December 2022](#), noting the Committee were satisfied with the progress made to date.

2.3.3 For information, the draft AGS for 2022/23 is to be presented to a Governance and Audit Committee meeting in the first half of the 2023/24 financial year.

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 During 2020/21 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, and this approach continued during 2021/22. Although the situation settled during 2022/23, an assessment of key risks and changes in service delivery arrangements were taken into account as part of compiling the Internal Audit Annual Strategy and Risk Based Internal Audit Plan 2022/23.
- 2.4.3 The Internal Audit Annual Plan for 2022/23 was reported to and approved by the Governance and Audit Committee on [18th July 2022](#) and the Head of the Regional Internal Audit Service outlined that the proposed plan would need to continue to recognise particular risks and challenges arising from revised working arrangements, such as remote ways of working. The plan would also need to be flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may arise.
- 2.4.4 During the year, the Governance and Audit Committee received Internal Audit performance updates, including how the Service was continuing to adapt 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 2022/23.
- 2.4.5 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 the Governance and Audit Committee on [18th July 2022](#), 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

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).

for 2022/23. 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 2022/23 will be reported in the first half of the 2023/24 financial year.

2.5.2 Based on the internal audit reviews complete during 2023/23 to date, the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2022/23 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 2022/23.

2.5.3 In line with the above,

- There have been no audit assignments completed to final report stage across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.
- No follow-up reviews have been requested by Governance and Audit Committee to date during 2022/23 to be built into the 2023/24 Annual Audit Plan.

2.5.4 With regard to the risks of fraud and corruption:

- At the 7th December 2022 Governance and Audit Committee meeting, the Council's Service Director – Pensions, Procurement and Transactional Services provided a progress update against the Anti-Fraud, Bribery and Corruption work programme for 2022/23. 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, Bribery and Corruption Annual Report for 2022/23 is to be presented to the 15th March 2023 Governance and Audit Committee for consideration / approval.
- The Whistleblowing Annual Report for 2022/23 will be reported to Governance and Audit Committee on 15th March 2023. 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*'.

2.5.5 As part of supporting Governance and Audit Committee to monitor the effectiveness of the Council's control environment, Members received introductory training sessions in July 2022 that provided an overview of the Committee's Terms of Reference. Further to this, at the [7th September 2022](#) Governance and Audit Committee meeting, Members agreed arrangements to support the Committee's on-going learning and development; this included a training needs analysis, that was completed by Committee Members in

November 2022 and the results reported to the Committee on [7th December 2022](#) (noting that the results were then used to inform a Learning and Development Plan that was reported to and agreed by the Committee at its [14th February 2023](#) meeting). Looking ahead to 2023/24, learning and development items will be reported to the Governance and Committee on at least a quarterly basis and the programme will be coordinated by Council Officers.

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 2022/23 built on the work undertaken in the previous year and continued to widen the coverage of governance and risk management through:

- An overview of the Council's 2022/23 Strategic Risk Register was presented to the Governance and Audit Committee on 14th February 2023 and Members will continue to be provided with updates on this area where material changes occur. In addition, as part of these on-going arrangements, where the Committee determine that more detail updates are required on a specific strategic risk(s), these will be incorporated into the workplan as part of supporting the Committee's role in understanding, reviewing and challenging the Council's risk profile.
- AGS – the continuation of in-year and year-end progress updates to the Governance and Audit Committee on the implementation of proposals for improvement.
- In line with the requirements of the Local Government and Elections (Wales) Act 2021, on [7th December 2022](#) the Committee reviewed the Council's draft Self-Assessment for 2021/22 (incorporating the Council's Corporate Performance Report) in advance of consideration at a meeting of the full Council in January 2023 (noting that the self-assessment included information in respect of partnership / collaboration arrangements). The Governance and Audit Committee resolved, amongst other things, that: it was satisfied with the Chief Executive's responses to questions in respect of organisational capacity to deliver the bigger challenges within the nine themes emerging from the Self-Assessment and also the value of collaboration with partners to seek and deliver improvements in these areas of work; and to make no recommendations for change (in respect of the draft Self-assessment) prior to consideration by full Council.

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 [7th September 2022](#) Governance and Audit Committee, the Service Director – Finance Services presented the certified draft 2021/22 Statements of Account for the Council and the Rhondda Cynon Taf Pension Fund² (this update being accompanied by an overview of Accounting Policies presentation). Also, at the meeting of Governance and Audit Committee on 7th September 2022, Audit Wales provided a verbal update on the progress on the audit of the draft Statements of Account for 2021/22 and informed the Committee, amongst other things, that no significant matters have been identified through the external audit process of the accounts, to date, to bring to the attention of the Committee.
- 2.7.2 The Pension Fund audited Statement of Accounts for 2021/22 were subsequently reported to and approved by full Council on the [23rd November 2022](#) and the Council's 2021/22 audited Statement of Accounts reported to and approved by full Council on [18th January 2023](#). Both sets of Statement of Accounts were issued unqualified opinions by Audit Wales (i.e. clean bills of health).
- 2.7.3 Following on, a mid-year update was reported to the Committee on [7th December 2022](#) setting out a Council position statement of progress to implement recommendations / proposals for improvement reported by Audit Wales. Following review of the position statement, 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 Governance and Committee or any matters of a performance nature that require review by the Council's Scrutiny Committees.
- 2.7.4 Lastly and in line with the Committee's new responsibility, as agreed at the Council's 2022 Annual General Meeting, to review and scrutinise the Council's Treasury Management arrangements, Members of the Committee attended a separate bespoke Treasury Management training session on the 7th September 2022, delivered by the Council's approved Treasury Management Advisors. Following the training session, the Governance and Audit Committee met later the same day and scrutinised the Council's Treasury Management Annual Report 2021/22, following its reporting to full Council 6th July 2022. At the [14th February 2023](#) Governance and Audit Committee meeting, Members scrutinised the 2022/23 Mid-Year Treasury Management Stewardship Report, further to its reporting to full Council on 23rd November 2022.

² 7th September 2022 Governance and Audit Committee – the Committee also considered the certified draft 2021/22 Statement of Accounts for the Central South Consortium Joint Education Service Joint Committee and the certified draft 2021/22 Annual Return for the Llwydcoed Crematorium Joint Committee

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 first Governance and Audit Committee meeting of the 2022/23 Municipal Year on [18th July 2022](#), Audit Wales reported the 2022 Audit Plans for the Council and Rhondda Cynon Taf Pension Fund, and thereafter provided quarterly Audit Wales Work Programme Updates during the year to enable the Committee to be kept up-to-date with the work of Audit Wales and providing opportunity to seek clarity / further information where deemed required.

2.8.2 In addition, Audit Wales presented finalised reports to the Governance and Audit Committee during the year (accompanied by Council progress updates on the implementation of recommendations / proposals for improvement contained within the reports):

- [7th September 2022](#) – reports in respect of ‘Springing Forward – Strategic Asset Management’ and ‘Springing forward – Workforce’; and
- [7th December 2022](#) - the Audit Wales ‘Assurance and Risk Assessment Summary Report’ and ‘Transformational Leadership Programme Board – Baseline Review – Cwm Taf Morgannwg Regional Partnership Board’.

2.8.3 The Audit Wales ‘Annual Audit Summary 2022’ will be reported to the 15th March 2023 Governance and Audit Committee.

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 2022/23 and from a review of the information reported to the 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 2022/23 self-assessment process demonstrates that the Council’s Governance and Audit Committee has progressed the proposals for improvement reported in 2021/22 and has identified three areas for improvement to further strengthen the existing arrangements in place.

3.3 An update on the progress made to implement proposals for improvement reported in 2021/22 and also new proposals for improvement are set out in Table 1.

Table 1 – 2021/22 Self-Assessment Progress Update and 2022/23 Self-Assessment Proposals for Improvement

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 Proposal for Improvement
7	<p>Functions of the committee Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? i.e. Good governance; assurance framework including partnerships and collaborative arrangements; internal audit; external audit; financial reporting; risk management; value for money or best value; counter fraud and corruption; and supporting the ethical framework.</p>				No finding / proposal for improvement included within the 2021/22 self-assessment.	✓			<p>The Governance and Audit Committee's 2022/23 annual Work Programme supported the delivery of its core responsibilities, as set out within the Committee's Terms of Reference.</p> <p>During 2022/23, information was reported to the Governance and Audit Committee in respect of partnerships and collaborative arrangements as part of the Council's 2021/22 Self-Assessment and also a specific partnership related report was issued by Audit Wales (i.e. Transformational Leadership Programme Board – Baseline Governance Review – Cwm Taf Morgannwg Regional Partnership Board).</p> <p>It is considered the arrangements can be built upon by the Council to set out the overall partnership landscape it operates within and the strategic approach to enable the Committee to determine whether it requires further information and / or assurance in this area.</p>

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 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>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>	✓			<p>A training needs analysis has been undertaken during the year and has inform the compilation of a refreshed learning and development plan that will commence delivery from March 2023 (and be kept under on-going review).</p> <p>The learning and development work undertaken following the Local Government elections in May 2022 has focussed on completing the training needs analysis and compiling a new learning and development plan. As learning and development sessions are delivered during 2023, these will be made available via an on-line library.</p>

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 Proposal for Improvement
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>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>		✓		<p>Section 2 of the Annual Report sets out the range of information reported to the Governance and Audit Committee during 2022/23 as part of supporting the Committee to deliver its Terms of Reference,</p> <p>Building on the sound arrangements in place, there is a need to continue to capture feedback from the Committee on areas for improvement and engage with other local authorities / bodies to identify good practice / approaches to evaluate the impact of the Governance and Audit Committee's work.</p>

3.4 Subject to a version of the Governance and Audit Committee Annual Report 2022/23 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 2023/24 and kept under on-going review.

4. CONCLUSIONS

- 4.1 During 2022/23 the Council's Governance and Audit Committee has reviewed and challenged a range of topic areas, including the work of Internal and External Audit, the Committee's responsibilities as set out in the Local Government and Elections (Wales) Act 2021 and its new responsibility as agreed at the Council's 2022 Annual General Meeting in respect of reviewing and scrutinising the Council's Treasury Management arrangements.
- 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, and has been supported via a range of specific learning and development sessions.
- 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 the 2022/23 self-assessment process, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that a small number of new proposals for improvement have been identified to further strengthen existing arrangements.

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 (revised)

Local authorities to appoint governance and audit committees

A local authority must appoint a committee (a “Governance and 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,
- (da) review and assess the authority's ability to handle complaints effectively,
- (db) make reports and recommendations in relation to the authority's ability to handle complaints effectively
- e) oversee the authority's internal and external audit arrangements, and
- f) review the financial statements prepared by the authority.

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

It is for a Governance and 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		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 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		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 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		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 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?	✓			✓			✓			✓		
