

# **Draft Governance and Audit Committee Annual Report 2023-24**

# Draft Governance and Audit Committee Annual Report 2023-24

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# Draft Governance and Audit Committee Annual Report 2023-24

## 1. Foreword - Chair of the Governance and Audit Committee

As the Chair of the Governance and Audit Committee I am pleased to present this Annual Report which sets out the role of the Committee and summarises its work and achievements in the financial year 2023-24.

I hope that the report demonstrates to Council Members, residents and other stakeholders, the vital role of the Committee and the contribution that it makes to the governance of the Council. All meetings are open to members of the public to attend or view online and we welcome the attendance of other Council members.

The Committee is a key component of the Council's corporate governance arrangements as it provides assurance that there are robust arrangements in place for effective governance, risk management and control. These are essential for the effective delivery of public services within the Corporate Plan.

I would like to thank all Members – elected and lay - who served on the Committee in 2023-24 for their support and contributions - and especially the Vice-Chair. Meetings continued to be well attended, and elected and lay members came together from their different backgrounds and perspectives to ensure that the Committee operated cohesively with constructive questioning and challenge throughout.

The Committee continued to receive highly valued professional and practical advice and support from Audit Wales (the external auditor) and from Council officers. As Chair, I particularly value the access I have to those officers who regularly attend and service the Committee. I also appreciate the regular coordination of the Committee's work with that of the Scrutiny Committees, which helps to ensure that there is a consistent approach to scrutiny, challenge and review across the Council's activities.

In recognition of the strong governance culture at Denbighshire, the Committee continues to assess its practices and its effectiveness on an ongoing basis. In 2023-24, we started to review our Terms of Reference and also the scheduling of our work so as to enable more effective feedback where necessary.

There are no significant governance weaknesses for 2023-24 that I wish to highlight, other than any that may be set out in the Council's Annual Governance Statement but given the unprecedented financial challenges facing the Council it is essential that there is continuing assurance on the effectiveness of the financial management processes. This, and the need to ensure that good governance is maintained through a period of significant change, are areas that the Committee will focus on in 2024-25 alongside our regular work.

Finally, I would like to thank the Committee for re-electing me to serve as its Chair in 2023-24. It is a privilege to serve the Council and the people of Denbighshire. I recommend the approval by Council of this report on the work of the Governance and Audit Committee in 2023-24.

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David Stewart, Independent Lay Member - Chair of the Governance and Audit Committee

## 2. Purpose of this Report

The purpose of this report is to provide assurance to the County Council (who is responsible for the Council's governance) that the Governance and Audit Committee (GAC) fulfilled its purpose in the 2023-24 financial year, and to outline the Committee's achievements. It also outlines any changes that are considered necessary to ensure the Committee's continued effectiveness.

## 3. The Role of the Governance and Audit Committee

- 3.1. The GAC is a key component of the Council's governance framework. The committee has a unique status – one that is non-political and independent from other committees. It reports directly to the Council through this report.
- 3.2. The Local Government (Wales) Measure 2011, as amended, requires the Council to have a Committee to:
  - review and scrutinise the authority's financial affairs.
  - make reports and recommendations in relation to the authority's financial affairs.
  - review and assess the risk management, internal control and corporate governance arrangements of the authority.
  - make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.
  - oversee the authority's internal and external audit arrangements, and
  - review the financial statements prepared by the authority.
- 3.3. The GAC is also responsible for the review of the Council's constitution. Any recommendations arising from this are subject to agreement of the Council.
- 3.4. The way that the GAC's functions is informed by the 'Position Statement: Audit Committees in Local Authorities and Police 2022' issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The GAC regularly assesses its practices and effectiveness against the guidance issued with this statement (7.2 below).
- 3.5. The GAC's Terms of Reference (ToR) applicable for 2023-24 is included within Annex 1. After its self-assessment against the CIPFA guidance, the GAC decided to review its ToR (7.5 below). This will enable the GAC to continue to discharge its responsibilities effectively.

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## 4. Membership, Attendance and Development

- 4.1. In compliance with the Local Government and Elections (Wales) Act 2021, the GAC membership comprises two thirds elected members (six) and one third independent lay members (three). Also in accordance with the Act, the GAC is chaired by an independent lay member who is elected by the Committee along with the Vice-Chair. Details of individual membership in 2023-24 are set out in Annex 2.
- 4.2. The GAC met on seven occasions relating to the 2023-24 financial year. Attendance statistics are set out in Annex 3.
- 4.3. Each GAC meeting is attended by the Corporate Director - Governance & Business, the Head of Finance and Audit, and the Chief Internal Auditor or their representatives. A representative from Audit Wales also attends each meeting.
- 4.4. In order to develop members in the knowledge and skills required for an effective GAC, the training sessions were held in 2023-24 covering:
  - Risk Management
  - Statement of Accounts
  - Treasury Management
- 4.5. Additionally, in July 2023 two of the GAC's lay members undertook the Carbon Literacy training course run by the Association of Public Sector Excellence.
- 4.6. To help ensure that the work of the GAC continues to be informed by local, regional and national contexts:
  - the Chair has regular meetings with the Council officers set out in 4.3 above, and also with the Chief Executive,
  - the Chair and Vice-Chair sit on the Council's Scrutiny Chair and Vice-Chairs' Group,
  - the Chair and Vice-Chair attended the 'All Wales GAC Chairs Network' meeting in October.
- 4.7. The Chair continues to offer to meet with individual members to explain the Committee's work and to answer any queries or provide direction to further sources of help.

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## 5. Work in 2023-24

- 5.1. This section summarises how the GAC fulfilled its Terms of Reference (ToR) and statutory responsibilities in 2023-24.

### Finance

- 5.2. During 2023-24 the Council's Head of Finance and Audit (Section 151 Officer), Steve Gadd was succeeded by Elizabeth Thomas from 3rd November. Both officers provided informative and candid updates to the GAC on financial planning, the Statement of Accounts and treasury management throughout the year.
- 5.3. The Committee noted the challenges facing the Council in respect to its **financial strategy** and sought assurances concerning the overall financial resilience and sustainability, the effectiveness of budget proposals and the effect of these on the governance of the Council.
- 5.4. The GAC has responsibility for the review and approval of the Council's Annual **Statement of Accounts**. Following their audit by the external auditor, the Statement of Accounts for 2021-22 was approved in September 2023, with **an unqualified audit opinion and audit certificate**. The delays were caused by three main factors:
- Continuing staffing issues within Audit Wales,
  - An issue regarding the valuation of infrastructure assets which impacted all Welsh councils,
  - Issues around asset valuations specific to Denbighshire and which involved a great deal of work to rectify.
- 5.5. At its meeting of 6th March, the GAC was advised by Audit Wales that a delay was also likely to the audit of the Statement of Accounts for 2022-23 and therefore the submission for approval. This was due to further additional work identified from the external audit of a number of other Welsh councils.
- 5.6. The **Treasury Management** Strategy sets out how the Council will manage its borrowings and investments with prudence and in accordance with professional codes, standards, and guidance. Regular management and update reports enabled the GAC to scrutinise and challenge the approach adopted and decisions taken, and to seek assurance that the Council had complied with the Strategy and could demonstrate effective risk and performance management in this area. In recognition that this is a complex area, Committee members were provided with training by the Council's external treasury management advisors in January 2024.

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5.7. In 2023-24, the Committee received reports on Finance as follows:

Date of GAC Meeting	Item Reviewed
14 <sup>th</sup> June 2023	<ul style="list-style-type: none"><li>• Budget Pressure Update</li></ul>
26 <sup>th</sup> July 2023	<ul style="list-style-type: none"><li>• Annual Treasury Management Report</li></ul>
20 <sup>th</sup> September 2023	<ul style="list-style-type: none"><li>• Approval of the Statement of Accounts 2021-22</li><li>• Update on Draft Statement of Accounts 2022-23</li></ul>
22 <sup>nd</sup> November 2023	<ul style="list-style-type: none"><li>• Budget Process Update</li><li>• Treasury Management Update</li></ul>
31 <sup>st</sup> January 2024	<ul style="list-style-type: none"><li>• Treasury Management Strategy Statement 2024-25</li><li>• Treasury Management Update</li></ul>
6 <sup>th</sup> March 2024	<ul style="list-style-type: none"><li>• Update on the Statement of Accounts Closedown 2022-23</li><li>• Budget Update</li></ul>
24 <sup>th</sup> April 2024	<ul style="list-style-type: none"><li>• Update to Medium Term Financial Strategy and Plan for 2025-26 and 2027-28 and Review of the Council's Financial Resilience and Sustainability</li><li>• Treasury Management Update</li></ul>

## Governance and Risk Management

- 5.8. The Council has a statutory duty to publish an **Annual Governance Statement (AGS)** in compliance with the Accounts and Audit (Wales) Regulations 2014, as amended. The AGS is published with the Statement of Accounts after certification by the Council Leader and the Chief Executive. It provides assurance on the Council's governance arrangements overall, drawing conclusions from various governance functions and especially, the Chief Internal Auditor's annual opinion on the Council's control environment. The draft AGS is reviewed by the GAC separately from the Statement of Accounts.
- 5.9. At its meeting of 26th July 2023, the GAC reviewed the draft AGS for 2022-23, drawing on the Committee's review of other work during the year as necessary. Assurance was sought concerning the actions identified in the previous year's AGS, and where necessary, explanations were sought where actions had been rolled over or amended.
- 5.10. The **Corporate Risk Register (CRR)** was presented to the GAC on 22<sup>nd</sup> November to enable it to comment on the effectiveness of the risk management process and to review those risks that directly relate to key areas of governance. It recommended more frequent and 'lighter-touch' reviews to supplement the current review cycle, to try to ensure that, as far as possible, the CRR reflects the latest risk environment. The GAC uses the CRR to inform its reviews of other reports that come before it.

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5.11. In 2023-24, the Committee received the following reports on Governance and Risk Management, which included a number of annual reports on some key governance functions:

Date of GAC Meeting	Item Reviewed
26 <sup>th</sup> July 2023	<ul style="list-style-type: none"> <li>Annual Governance Statement 2022-23</li> </ul>
20 <sup>th</sup> September 2023	<ul style="list-style-type: none"> <li>Annual Whistleblowing Report</li> </ul>
22 <sup>nd</sup> November 2023	<ul style="list-style-type: none"> <li>Corporate Risk Register</li> <li>Annual Report of the Senior Information Risk Owner</li> <li>Annual Corporate Health and Safety Report</li> <li>Property Compliance Report</li> </ul>
31 <sup>st</sup> January 2024	<ul style="list-style-type: none"> <li>Regulation of Investigatory Powers - Annual Report</li> </ul>

### Performance

5.12. Under the Local Government and Elections (Wales) Act 2021, the GAC is required to provide feedback on the Council's draft annual **Performance Self-Assessment**. This involves reviewing overall performance systems and arrangements (whereas Scrutiny Committees are responsible for scrutinising specific performance issues). The draft assessment was presented to the GAC on 14 June 2023 where recommendations were made concerning:

- Clearer data definitions,
- The benefits of setting performance out in a regional and national context
- The need for collaboration in regard to climate change,
- Opportunities to engage more overtly with business forums
- Council Housing tenants being effectively and meaningfully consulted.

5.13. In 2023-24, the Committee received the following reports on Performance:

Date of GAC Meeting	Item Reviewed
14 <sup>th</sup> June 2023	<ul style="list-style-type: none"> <li>Self-Assessment Performance Report</li> </ul>
26 <sup>th</sup> July 2023	<ul style="list-style-type: none"> <li>'Your Voice' Complaints Report</li> </ul> <p><i>There is a statutory requirement for the GAC to review and assess the Council's ability to handle complaints effectively and to make reports and recommendations accordingly.</i></p>
20 <sup>th</sup> September 2023	<ul style="list-style-type: none"> <li>Panel Performance Assessment Arrangements</li> </ul>

### External Audit (Audit Wales) and Other External Regulators

5.14. The GAC places much reliance on the work of **Audit Wales**, the Council's external auditors. We received the following Audit Wales reports and documents in 2023-24, and ensured that where necessary there had been a management response:



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Date of GAC Meeting	Item Reviewed
26 <sup>th</sup> July 2023	<ul style="list-style-type: none"> <li>Are the Council's Corporate Support Functions Effective?</li> </ul>
20 <sup>th</sup> September 2023	<ul style="list-style-type: none"> <li>Assurance and Risk Assessment Review - DCC</li> </ul>
22 <sup>nd</sup> November 2023	<ul style="list-style-type: none"> <li>Annual Timetable of Work</li> <li>Certification of Grants</li> </ul>
6 <sup>th</sup> March 2024	<ul style="list-style-type: none"> <li>Use of Performance Information</li> <li>Sustainable Development - Making Best Use of Brownfield Land &amp; Empty Buildings</li> <li>Digital Strategy</li> <li><i>Management response considered on 24<sup>th</sup> April GAC</i></li> <li>Setting of Well Being Objectives</li> </ul>

5.15. The GAC also received reports from **other external regulators** as follows:

Date of GAC Meeting	Item Reviewed
14 <sup>th</sup> June 2023	<ul style="list-style-type: none"> <li>Estyn Letter following Risk and Assurance Workshops</li> </ul>
20 <sup>th</sup> September 2023	<ul style="list-style-type: none"> <li>Joint Inspection of Child Protection Arrangements (Care Inspectorate Wales, HM Inspectorate of Constabulary and Fire &amp; Rescue Services and Estyn)</li> </ul>
31 <sup>st</sup> January 2024	<ul style="list-style-type: none"> <li>Care Inspectorate Wales –Domiciliary Support Service</li> <li>Ombudsman's Annual Letter 2022-23</li> </ul>

### Internal Audit

5.16. The GAC also relies greatly on the work of the Council's in-house Internal Audit (IA) function. The Chief Internal Auditor (CIA) has a functional reporting role to the GAC and reports managerially to the Head of Finance and Audit (Section 151 Officer). The officer also has direct access to the Chief Executive.

5.17. The IA progress reports received by the GAC received during the year detailed:

- audit opinions on recently completed audits,
- progress in delivering the planned internal audit work,
- the IA forward work programme,
- progress on counter fraud work and referrals for investigation
- IA performance standards.

5.18. The IA Annual Report in respect of the previous financial year, 2022-23, explained that not all planned work had been achieved due to staffing issues and several labour-intensive investigations. The report included the CIA's overall opinion that **“reasonable assurance can be given that there have been no major weaknesses noted in relation to internal control systems operating within the Council”**.

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- 5.19. The GAC was also assured that there had been **no impairments to Internal Audit independence or objectivity** in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 5.20. The IA Charter and IA Strategy for 2023-24 were accepted by the GAC on 14th June 2023. The priorities and approach of IA were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the audit plan.
- 5.21. The GAC received a full year overview of audit work completed in 2023-24, plus key messages, through the IA Annual Report for 2023-24 which was presented to GAC on 12 June 2024. This report again gave a CIA opinion of '**reasonable assurance**' and an annual review and assurance statement on conformance with the PSIAS. Again, not all planned work had been achieved due to an increased number of investigations.
- 5.22. The GAC received the following IA reports during 2023-24:

Date of GAC Meeting	Item Reviewed
14 <sup>th</sup> June 2023	<ul style="list-style-type: none"><li>• Annual Internal Audit Report</li><li>• Internal Audit Charter &amp; Strategy</li><li>• Workforce Planning (Verbal update requested by GAC)</li></ul>
26 <sup>th</sup> July 2023	<ul style="list-style-type: none"><li>• Internal Audit Update</li></ul>
22 <sup>nd</sup> November 2023	<ul style="list-style-type: none"><li>• Internal Audit Update</li></ul>
6 <sup>th</sup> March 2024	<ul style="list-style-type: none"><li>• Internal Audit Update</li><li>• Update on Partnership working (requested by the GAC)</li></ul>

## 6. Key Observations arising from the GAC's Work

- 6.1. **There are no specific internal control weaknesses that the GAC wishes to bring to the Council's attention**, but we would recommend that attention is focussed on the matters set out below, especially in the context of the financial challenges.
- 6.2. **There is a need to continue to carefully monitor budgets and the Medium Term Financial Strategy (MTFS), paying particular attention to ensuring that agreed savings and additional revenue targets are being achieved. Any deviations should be swiftly identified, and corrective action taken to ensure that the overall strategy remains on-track.**
- 6.3. Following on, **continued assurance regarding the Council's overall financial resilience and sustainability should be sought.**

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- 6.4. As the savings proposals take effect and new ways of working are identified and agreed under the **Transformation** agenda, account should be taken of **the impact on governance processes**. This applies to specific governance functions but also to the way that business processes and decision-making arrangements are structured. Also, opportunities to strengthen governance may be identified as a result of the changes.
- 6.5. Some services have been provided through **partnership working** or other joint means for several years, but this may increase with the Transformation agenda. It will be important that there is knowledge across the Council of what current arrangements there are, and the GAC therefore requested the Chief Internal Auditor to start to 'map' these arrangements so that there is a definitive 'list' which also shows the responsibility for the key governance requirements in each case. Although currently an Internal Audit exercise, this piece of work will need to be adopted corporately and added to and adjusted as the effects of Transformation take effect.
- 6.6. There is an inherent risk of the Council's established culture of good governance being eroded away as an effect of financial pressures. Adoption of a local **Code of Corporate Governance**, as recommended by regulatory guidance, could be useful in mitigating this by:
- Providing an explicit commitment to good governance,
  - Promoting a common understanding of what good governance entails,
  - Providing a governance reference point for other documents such as the Corporate Plan, the Performance Self-Assessment and the Annual Governance Statement.
- 6.7. The GAC has observed that the Council's **Corporate Risk Register** is a 'live' document with which members and officers engage effectively. As such, it helps to prepare the Council for the future, and it is therefore fundamentally important that this degree of engagement continues.

## 7. GAC - Review, Self-Assessment and Improvements

- 7.1. Audit Wales reports issued in 2023 of reviews undertaken in 2022 included the following comments on the GAC:
- "We observed robust challenge of corporate service reports by Members both at scrutiny meetings and by the Governance and Audit Committee" ('Are the Council's Corporate Support Functions Effective?')
  - "The GAC's membership is in accordance with the (Local Government Elections (Wales) Act 2021), with one third of the committee being lay persons. Recruitment of the lay personas was completed on time and observations by Audit Wales staff of Denbighshire GAC meetings during 2022

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indicates that the new arrangements appear to be working satisfactorily".  
(‘Assurance and Risk Management at Denbighshire’).

- 7.2. In July 2023, using the CIPFA 2022 guidance for Audit Committees in the UK, the GAC held a member workshop to self-assess (i) members’ skills and knowledge and (ii) the Committee’s practices and effectiveness.
- 7.3. The former informed the training and development arrangements for GAC members where appropriate. Training in the following financial year was therefore to include:
  - A further session on risk management
  - Internal Audit – its role and status, how its work is planned and how audit projects are undertaken,
  - Procurement
- 7.4. The results of the assessment of practices and effectiveness (details in Annex 4) indicated that the Committee was properly constituted and undertook the key functions required of it. The areas for attention focussed on the need to obtain assurance about the GAC role being understood across the Council and its ability to influence those in leadership.
- 7.5. In response, the Committee started to review its Terms of Reference (ToR) (3.5 above) against the CIPFA guidance, also taking account of practice in neighbouring authorities. The Committee also decided to initiate a review of the way its work is scheduled to see if this could better fit in with the Council’s overall cycle of meetings so to enable the GAC to feed back more effectively.
- 7.6. The approach to reviewing the ToR took account of the need to maintain the established culture of good governance at Denbighshire, but also the unprecedented financial challenges facing the Council. Taking the view that good governance is not purely about avoiding failure and poor governance, but is also about improvement, the re-drafted ToR placed more emphasis on the role and the value of the GAC.
- 7.7. The proposed changes to the ToR and the work programme took particular account of the GAC’s role in regard to ‘**financial affairs**’. This is only vaguely stated in the statutory requirements (3.2 above) and it was therefore proposed that the revised ToR specify the GAC’s responsibility for obtaining assurance about the *financial planning process* as distinct from the detailed scrutiny role of the Scrutiny Committees.

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## 8. Looking Ahead to 2024-25

- 8.1. We will continue to be guided by the professional advice of the officers who regularly attend and service the GAC (4.3 above).
- 8.2. Our work programme will cover all areas of our revised Terms of Reference (ToR) and we will monitor the management of the matters highlighted in section 6 of this report (Key Observations) as well as any new issues which require attention.
- 8.3. We will continue to assess the Committee's practices and effectiveness against existing and any new professional standards. In particular, we will assess the effectiveness of the updated Terms of Reference (ToR) and any modified methods of working and providing feedback.
- 8.4. We will continue to ensure that all GAC members have the required knowledge and skills necessary for the Committee to operate effectively.

## 9. Contacts

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## Annex 1- Terms of Reference

### Governance and Audit Committee Terms of Reference

(Extracted from the DCC Constitution as at May 2023)

#### GOVERNANCE AND AUDIT COMMITTEE

##### Terms of Reference

The Governance and Audit Committee's terms of reference are set out below and it will be for the Committee to determine how to exercise these functions. The Committee may require any Member or Officer of this Council to attend before it to answer questions and may invite other persons to attend meetings of this Committee,

#### 1. Responsibilities in respect of the Council's Constitution

1.1 The Constitution requires the Governance and Audit Committee to monitor and review the operation of the Constitution. It shall make proposals for changes to ensure that the Constitution continues to:

- enable the Council to provide clear leadership to the community in partnership with citizens, businesses and other organisations;
- enable decisions to be taken efficiently and effectively;
- ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;
- create effective means of holding decision-makers to public account;
- ensure that no one will review or scrutinise a decision in which they were directly involved;
- support the active involvement of the citizens in the process of local authority decision-making;
- help members represent their constituents more effectively; and
- provide a means of improving the delivery of services to the community.

1.2 In undertaking this task, the Governance and Audit Committee may:

- observe meetings of different parts of the member and officer structure;
- undertake an audit trail of a sample of decisions;

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- record and analyse issues raised by councillors, officers, the public and other relevant stakeholders; and
- compare practices in this Council with those in other comparable authorities, or national examples of best practice,

1.3 When carrying out these functions the membership of the Governance and Audit Committee shall include as voting members the Chair of the Council together with one member from any political group not otherwise represented on the Committee.

1.4 The Governance and Audit Committee shall conduct a review of the Constitution on an annual basis with recommendations in accordance with 1.1.

## **2 Responsibilities in respect of corporate governance**

2.1 Review the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.

2.2 Review and governance and assurance arrangements for significant partnerships or collaborations

2.3 Monitor the Council's compliance with its own and other published standards and controls.

2.4 Oversee the production of the Council's Annual Governance Statement and recommend its adoption.

2.5 Refer issues for action to other Council committees as deemed appropriate and request responses to ensure that issues are followed up.

2.6 Provide an annual report to Council on the Committee's performance and effectiveness.

2.7 Monitor the attendance of Members at meetings with guidance from the Monitoring Officer

2.8 The Committee will exercise the functions set out in Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils) in respect of the review of self-assessment reports and panel assessment reports.

## **3 Responsibilities in respect on internal & external audit**

3.1 Approve the internal audit charter.

3.2 Consider the audit planning strategies of the internal and external auditors, including the internal audit's resource requirements and external audit's fee.

3.3 Make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.

3.4 Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. To approve and periodically review safeguards to limit such impairments.

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- 3.5 Consider the annual reports and opinions of the internal and external auditors.
- 3.6 Consider individual internal audit and external regulator reports including but not limited to those from the Wales Audit Office, the Office of Surveillance Commissioners and the Information Commissioner's Office.
- 3.7 Review progress in delivering the Internal Audit Strategy.
- 3.8 Consider management's response to issues raised by the internal auditor and external regulators and, where appropriate, request a response from management.
- 3.9 Review the performance of the internal and external auditors on an annual basis including the external quality assessment of internal audit that takes place at least once every five years.
- 3.10 To commission work from internal and external audit.
- 3.11 Hold periodic private meetings with the internal and external auditors in order to oversee such arrangements.
- 3.12 Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

#### **4 Responsibilities in respect of the financial accounts**

- 4.1 Review, scrutinise and approve the Council's annual statement of accounts, ensuring that proper accounting policies have been followed and that all concerns arising from the financial statement or the audit are brought to the attention of the Council through reports and recommendations.
- 4.2 To keep under review the Council's Financial Regulations and Contract Procedure Rules and all other corporate directions concerning financial control including the use of delegated decisions in respect of contract awards and exemptions from tendering.
- 4.3 Scrutinise the Council's Treasury Management Strategy Statement and the Annual Report on Treasury Activities before approval by Council in February and Cabinet in September respectively.
- 4.4 Receive on a six monthly basis, reports on Treasury Management to ensure that the Committee is updated on the latest developments in the Council's treasury activities.
- 4.5 Review the Council's risk exposure and its ability to manage risk in relation to its treasury management activities.

#### **5 Responsibilities in respect of risk management**

- 5.1 Monitor the effective development and operation of risk management within the Council including reviewing the integrity of any risk management systems and making reports and recommendations to the Council on the adequacy and effectiveness of those arrangements.



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- 5.2 Review the Corporate Risk Register and, where appropriate, request a response from management on actions to manage risks.

## **6 Responsibilities in respect of fraud & corruption**

- 6.1 Monitor Council policies on policy and its procedural arrangements for Officers and Members to raise concerns in confidence, about possible wrongdoing in financial reporting and other matters, including appropriate follow up action,
- 6.2 Review the Council's policy and procedures for detecting fraud and corruption.
- 6.3 Review the Council's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 6.4 Receive, on a quarterly basis, summary reports of all suspected irregularities, including any instances of fraud and corruption, from the Head of Internal Audit & Risk Management

## **7 Responsibilities in respect of complaints**

- 7.1 Receive, on a six monthly basis, statistical reports and details of the complaints received and investigated through the County Council's Complaints Procedure and the outcome of those investigations.
- 7.2 Review and assess the Authority's ability to handle complaints effectively
- 7.3 Make reports and recommendations in relation to the authority's ability to handle complaints effectively,
- 7.4 Review on an annual basis the results of complaints made to the Information Commissioners Office regarding complaints under the Freedom of Information Act, the Data Protection Act and the Environmental Information Regulations.
- 7.5 Review on an annual basis the results of complaints of maladministration made to the Public Services Ombudsman for Wales and any follow up action or 'lessons learned' from such appeals.

## **8 Responsibilities in respect of indemnities**

- 8.1 Consider the level of professional representation of a member under the terms of the form of indemnity to members and officers approved by Council on 23 September 2008".

## **9 Membership of the Governance and Audit Committee**

- 9.1 The composition of the audit committee for Welsh local authorities is subject to the Local Government (Wales) Measure 2011, as amended, which requires that one-third of the committee membership must be lay members. Only one of the committee's members may be from the council's executive and this must not be the leader or the elected mayor.

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9.2 The Committee will have a membership of nine made up as follows:

9.2.1 Six Councillors politically balanced. Members may not be Chair of Council or a Cabinet member.

9.2.2 Three lay persons.

9.2.3 *lay person* ("*lleygwr*") means a person who—

- (a) is not a member or an officer of any local authority,
- (b) has not at any time in the period of twelve months ending with the date of that person's appointment been a member or an officer of any local authority, and
- (c) is not the spouse or civil partner of a member or an officer of any local authority;

9.3 The Chair of the Committee is to be elected by the Committee

9.4 The person elected as Chair of the Committee must be a lay person.

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## Annex 2 – GAC Membership in 2023-24

Type of Member	2023-24	12 June 2024
Elected Member	Cyng/Cllr Ellie Chard	Cyng/Cllr Ellie Chard
Elected Member	Cyng/Cllr Justine Evans	Cyng/Cllr James Elson
Elected Member	Cyng/Cllr Bobby Feeley from January 2024	Cyng/Cllr Bobby Feeley
Elected Member	Cyng/Cllr Carol Holiday	Cyng/Cllr Carol Holiday
Elected Member	Cyng/Cllr Arwel Roberts	Cyng/Cllr Arwel Roberts
Elected Member	Cyng/Cllr Andrea Tomlin to January 2024	
Lay Member	Nigel Rudd	Nigel Rudd
Lay Member	David Stewart Chair	David Stewart Chair
Lay Member	Paul Whitham	Paul Whitham
Elected Member	Cyng/Cllr Mark Young Vice-Chair	Cyng/Cllr Mark Young Vice-Chair

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## Annex 3 Attendance at GAC Meetings 2023-24

Date of Meeting	Elected GAC Members (Maximum of 6)	Lay GAC Members (Maximum of 3)
14 <sup>th</sup> June 2023	6	3
26 <sup>th</sup> July 2023	5	3
20 <sup>th</sup> September 2023	6	3
22 <sup>nd</sup> November 2023	6	3
31 <sup>st</sup> January 2024	6	2
6 <sup>th</sup> March 2024	5	3
24 <sup>th</sup> April 2024	2	3

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## Annex 4 - Results of Self-Assessment by GAC Members against CIPFA 2022 guidance for Audit Committees in the UK

On the 21 July 2023, a self-assessment training session was held for the Governance and Audit Committee members, to review its performance against a best practice CIPFA framework. Members were asked to complete the CIPFA self-assessment of good practice and knowledge and skills framework in advance of the training session. This assessment incorporated the best practices of the CIPFA 2022 guidance for Audit Committees, including the requirements of the CIPFA Position Statement. This enabled the results to be reflected upon when considering the overall assessment.

Seven members attended the training session and members were very open about what skills they currently had and what skills they needed to improve on. There were a number of questions covering the following areas:

- Audit committee purpose and governance;
- Functions of the committee;
- Membership and support; and
- Effectiveness of the committee.

In respect of the collective Self-Assessment the results were as follows:

- Eight areas were assessed as 'full complies – no further improvement'
- Twelve areas were assessed as 'complies – minor improvement needed'

For the areas reported as 'partially complies – minor improvements needed', the Committee considered:

- Members felt that they needed to familiarise themselves with the CIPFA 2022 guidance for Audit Committees as the majority of Members were relatively new to the Committee;

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- There is sufficient knowledge across the Committee, but Members would benefit from training on the role of Internal Audit, Treasury Management and Risk Management;
- Committee meetings are effective, but we do not have regular discussion and engagement from all Members;
- We will review / seek further partnerships and work force planning assurance going forward.

The table below summarises the overall performance of the Governance and Audit Committee and shows the overall score across the questions.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
Subtotal score	6	4	11	11	8
Total score	99				
Maximum possible score	200**				