

## **Cyngor Sir CEREDIGION County Council**

<b>REPORT TO:</b>	<b>Council</b>
<b>DATE OF MEETING:</b>	<b>23 September 2021</b>
<b>LOCATION:</b>	<b>Remotely via Video Conference</b>
<b>TITLE:</b>	<b>Governance and Audit Committee Annual Report 2020-21</b>
<b>PURPOSE OF REPORT:</b>	<b>To provide information on the work of the Governance and Audit Committee during 2020-21</b>
<b>FOR:</b>	<b>Information</b>
<b>Cabinet Portfolio and Cabinet Member:</b>	<b>Cllr. Ray Quant MBE, Deputy Leader of the Council and Cabinet Member for Customer Contact, Legal &amp; Governance, People &amp; Organisation</b>

### **Background**

The Local Government (Wales) Measure 2011 requires each County Council to establish an Audit Committee (now, and hereafter in this Report, referred to as the 'Governance and Audit Committee', per the change of name introduced by the Local Government and Elections (Wales) Act 2021). The Measure prescribes the functions of the Governance and Audit Committee.

The CIPFA Practical Guidance for Local Authorities & police (2018 edition) states that it is important that the Governance and Audit Committee is held to account on the extent to which it has fulfilled its purpose. This will include whether the Governance and Committee has:

- fulfilled its agreed terms of reference
- adopted recommended practice
- assessed its own effectiveness
- Assessed training needs
- Assessed the impact of the Governance and Committee on governance, risk and control
- within the Authority

At the Governance and Audit Committee meeting of 14<sup>th</sup> September 2017 it was agreed that the Governance and Audit Committee would publish an Annual Report providing an assessment on the effectiveness of the Governance and Audit Committee and to provide assurance that issues have been addressed and progressed.

The Governance and Audit Committee Annual Report is used to:

- a) Highlight the work carried out by the Governance and Audit Committee during the year;
- b) Show how the Governance and Audit Committee has made a difference;
- c) Set out the forward work programme for the year ahead and
- d) Provide Self-assessment and assurance.

## Current Position

A Report on the draft Annual Report of the Chair of the Governance and Audit Committee 2020-2021 was presented to the Governance and Audit Committee at its 9<sup>th</sup> September 2021 Meeting. Governance and Audit Committee's views on Paragraph 5 (outcomes or impacts of the Committee's work) were requested. The Committee's recommendation was:

1. That reference is included that the Committee has been preparing during 2020-21 to address the new responsibilities of the Committee in relation to governance; in addition to a proactive role in improving the services provided by the Council where necessary
2. Subject to 1. (above), the Committee approves the draft Annual Report.

(see draft Report, Minutes of Meeting and Committee Decision at:

<https://council.ceredigion.gov.uk/ieListDocuments.aspx?CId=147&MId=207&Ver=4&LLL=0>).

The Annual Report of the Chair of the Governance and Audit Committee 2020-2021, which incorporates the Governance and Audit Committee's proposed amendments at 1. above, is attached (**Appendix 1**) and is hereby presented to Council by the Chair of the Governance and Audit Committee, and will be subsequently published on the Council website.

### **Has an Integrated Impact Assessment been completed? No**

**If, not, please state why**

**Summary:** *This report does not represent a change in policy or strategy.*

### **WELLBEING OF FUTURE GENERATIONS:**

**Long term:**

N/A

**Integration:**

N/A

**Collaboration:**

N/A

**Involvement:**

N/A

**Prevention:**

N/A

**Recommendation(s):** That Council is requested to note the contents of the Report.

**Reasons for decision:** To gain assurances that effective arrangements are in place to manage the authorities financial affairs, risk management, internal control and corporate governance arrangements and that the authorities internal and external audit arrangements are adequate.

**Overview and Scrutiny:** n/a

**Policy Framework:** Democratic Arrangements

**Corporate Priorities:** Cross cutting theme to ensure that services are fit for purpose

**Finance and Procurement implications:** None

**Legal Implications:** None

**Staffing implications:** None

**Property / asset implications:** None

**Risk(s):** None

**Statutory Powers:** Local Government (Wales) Measure 2011

**Background Papers:** None

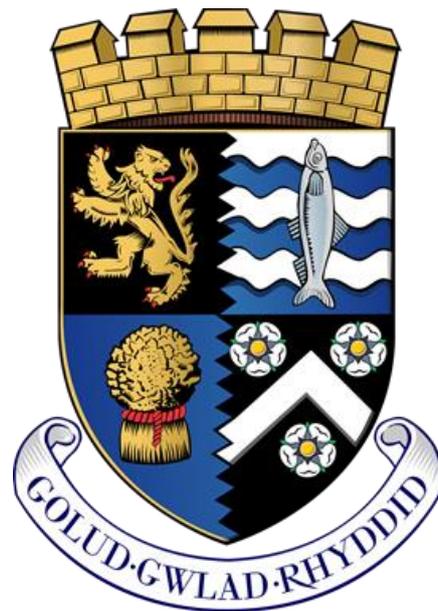
**Appendices:** **Appendix 1:** Annual Report of the Chair of the Governance and Audit Committee 2020-21

**Contact Name:** Elin Prysor

**Designation:** Corporate Lead Officer: Legal & Governance (& Monitoring Officer)

**Date of Report:** 9/09/2021

# Governance and Audit Committee



Cyngor Sir  
**CEREDIGION**  
County Council

## Annual Report 2020/21

# **ANNUAL REPORT OF THE CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE ON THE ACTIVITY OF THE COMMITTEE FOR THE YEAR 2020/21**

## **1. INTRODUCTION**

This is the Annual Report of the Governance and Audit Committee and its objective is to provide a brief summary of the work undertaken during the year, note the work in progress and set out the forward work programme for the coming year.

In addition, the Report will provide an assessment on the effectiveness of the Governance and Audit Committee and provide assurance that issues have been addressed and progressed.

The Governance and Audit Committee ('the Committee') is a small group, currently consisting of seven Members with a politically balanced structure and currently includes one Lay Member. The Committee has been carrying out preparatory work for changes introduced by the Local Government and Elections (Wales) Act 2021, including the size, composition of the Committee, recruitment of lay persons, amending Terms of Reference and duties, (from 2022) the appointment of an independent lay Chair, and additional performance and improvement functions.

## **2. MEETINGS**

The Committee scheduled five meetings for the year to fit in with a detailed forward work programme to cover all of the main areas of work required under its terms of reference, held during July, September and November (2020) and February and March (2021), and the meeting agendas were full of items for consideration, discussion and review.

It is pleasing to note that the work of the Committee is always well supported by the Chief Executive, Corporate Lead Officer ('CLO') Finance & Procurement, CLO Legal & Governance/Monitoring Officer, CLO-Policy, Performance & Public Protection, Head of Internal Audit, Governance Officer, as well as Audit Wales ('AW').

## **3. ROLE UNDERTAKEN BY THE COMMITTEE**

According to CIPFA's Practical Guidance for Local Authorities' Audit Committees 2018, the purpose of the Governance and Audit Committee is:

- To act as a key component of an authority's governance framework. It's function is to provide an independent and high level resource to support good governance and strong public financial management; and
- 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 internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

A summary of the work undertaken by the Committee during the year to achieve this is noted below. Meetings were subject to minor disruption at the start of the year due to the Pandemic, but were re-commenced with the July meeting using a virtual platform. Nonetheless, the Committee was eager to progress its work, and did so in a timely fashion.

### **Internal Audit Activity**

- The Committee approved the Internal Audit Annual Report 2019/20 to include the Corporate Manager-Internal Audit's ('CMIA') annual opinion of assurance on the Council's framework of governance, risk management and internal controls, which fed in to the Annual Governance Statement.
- The above report was supported by quarterly reports from CMIA to document the IA's progress throughout the year.
- The Committee also approved the Annual Internal Audit Counter Fraud Report 2019/20, which provided a summary of the internal audit counter fraud work undertaken during the year. This included internal audit's role in the National Fraud Initiative exercise, and the decision to reprioritise resources to work on the Covid-19 grants due to the additional risks presented to the Council by these payments.
- The CMIA's Internal Audit Strategy and Plan of work for 2020/21 was approved, and the first three quarterly reports documenting progress against this plan were considered.
- An update of the Internal Audit Charter was approved to take account of the service's new staffing structure, along with necessary changes adopted to working practices due to the pandemic.
- The Internal Audit Strategy for was also approved for 2021/22 during which the service plans to continue using a more reactive risk-based way of working due to the pandemic.

**Local External Audit** reports from AW were considered throughout the year, to include:

- Covid-19 Recovery – Interim Assurance Letter;
- AW Progress Report: AW - Audit of Ceredigion County Council's 2020-21 Improvement Plan;
- AW Ceredigion County Council Annual Audit Summary 2020;
- Financial Sustainability Report;
- Review of the arrangements for managing Capital Programme;
- AW Audit Plan 2020-21; and
- AW Covid-19 Learning Project.

**National AW reports** considered included:

- Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic;
- Commercialisation in Local Government;
- The National Fraud Initiative in Wales 2018-20;
- Welsh Community Care Information System;
- Letter from Auditor General for Wales to CEO's Public Sector Bodies & Senior WG Stakeholders;
- Draft Management Response forms for the following were considered:

- Commercialisation in Local Government (6/10/2020);
  - 'Raising our Game' Tackling Fraud in Wales (30/7/2020);
  - Review of Public Service Boards (7/10/19);
  - Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility (23/7/2020);
  - The 'Front Door' to Adult Social Care (11/9/19);
  - Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (21/11/19);
  - Well-being of Future Generations: An examination of the design and implementation of the Council's Integrated Services Model – Ceredigion County Council (20/12/19); and
  - The National Fraud Initiative in Wales 2018-20 (13/10/20).
- The Committee also considered a Report on the AW National Report Summary and Proposals for Improvement in relation to the Effectiveness of Local Planning Authorities in Wales, which was considered at the Pre-Development meeting in June 2019 and sent to AW.  
The Committee agreed to note the Report, areas for improvement, progress being made with work in 2020-21, and that an update Report on the improvements be presented to the Committee in 6 months to demonstrate the areas of improvement, together with a further possible national report from AW on planning services. The Committee also agreed that all Members of the Development Control Committee are to be updated on this work at a future pre Development Control briefing session.

#### **Care Inspectorate Wales ('CIW')**

- The Committee considered a Report of the CIW Early Help, Care and Support and Transition for Disabled Children, outlining their findings and recommendations. The Committee noted the Report for information and areas for improvement being made in 2020-21, and agreed that the action plan to address the issues in the report be presented to the Committee for consideration at a meeting early in 2021.
- The Committee considered the CIW Annual Inspection 2019-20 Report for the Council.

#### **Estyn**

- The Committee considered an Estyn Letter on the Council's work in supporting learning communities in schools and pupil referral units between March and October 2020, which had been presented to Cabinet on the 2<sup>nd</sup> of February 2021.

#### **AW Compliance work reviewed included:**

- Audit of Ceredigion County Council's assessment of 2019-20 performance – Certificate received.
- 2019/20 Improvement Plan - Certificate of Compliance.

#### **Regulatory Framework Considerations**

- The Corporate Risk Register is a regular agenda item and considered at each Meeting.

- Due to the Covid-19 Pandemic, a new proposed Corporate Risk R018 Covid-19 was presented to the Committee on 29<sup>th</sup> July 2020 Meeting. The Council's Leadership Group had considered the full Corporate Risk Register and the Committee was advised to note a change to the position as at 10<sup>th</sup> March 2020. The AGS (approved 19<sup>th</sup> March 2020) was, per CIPFA's recommendations, updated to include an outline of the Council's Covid-19 Pandemic response, and how it affected the Council's governance procedures.
- Further adjustments were made to the AGS, as suggested by AW, to clarify the Council's situation, and the Committee agreed to recommend to the Leader and Cabinet that the Record of Urgent Decisions of the Leader of the Council (for the Preparation of Covid-19 23/3/20, in accordance with Part 4 of the Council's Constitution) be reviewed as soon as possible. This was reported back to Committee.
- The Committee agreed on 29<sup>th</sup> July 2020 that all the risks would be reviewed by the next Quarter, and that the relevant Scrutiny Committee meeting invite the CLO - Economy & Regeneration to their meeting to inform Members of the work of Silver Command in relation to supporting businesses, due to the concern on the number of businesses folding during this time, together with the need:
  - o To consider resilience positive future trends facing the County in the short, medium and long term to include a safer and dynamic County;
  - o To address the impact on the local economy in relation to the increase in number shopping on-line; and
  - o For resilience-positive trends and future proofing.
- On 12<sup>th</sup> November 2020, the Committee agreed that that the relevant Scrutiny Committee consider R012 Climate Change and particular Carbon emissions on their Forward Work Programme and to note that the risk to social services was going to be significant due to postponed operations.
- An update was requested by the Committee as to whether the relevant Scrutiny Committee meeting had considered Risk R012 Climate Change. Members were informed that a Report was due to be presented to Cabinet, and would subsequently be presented to Scrutiny for consideration.
- The Governance Framework was reviewed at a Member/Officer working group on 18<sup>th</sup> December 2020, in accordance with AW recommendations and the results used to draft the AGS.
- The Governance Framework (Local Code of Corporate Governance and AGS) was considered and, on 24<sup>th</sup> February 2021, the Committee agreed to recommend to Council the approval of the Draft AGS 2020-21 and the Draft Local Code of Corporate Governance 2021-2022. The Draft AGS 2020-21 was then approved by Council on 18<sup>th</sup> March 2021.
- The AGS's Action Plan is considered as a standing agenda item.

### **Financial Reporting**

- The Capital Monitoring, Capital Programme Outturn and Capital Expenditure Reports are standing agenda items. On 12<sup>th</sup> November 2020, the Committee agreed to note the Reports and that the Report on the Capital Programme be presented to committee on a quarterly basis, with any queries regarding the content of the Report be presented to the Officer(s) prior to the meeting in order that they could attend the meeting accordingly.

- The Committee reviewed the Council's Annual Statement of Accounts (to 31<sup>st</sup> March 2020) and Annual Return for Ceredigion Harbour Authority (to 31<sup>st</sup> March 2020), prior to their presentation to the Council for approval.
- The Committee received AW's annual Audit of Financial Statements Report (ISA260) for 2019-20 and considered issues arising from the Audit.  
The Committee resolved that a letter be sent urgently to the Chief Executive expressing its concern that there continues to be issues raised and delays by Estate Service in responding to AW queries. This had been highlighted in the last four years in the ISA 260 Report, together with how it would be addressed, and the Committee agreed that a Report be received at its next (or subsequent) meeting, from the CLO - Economy & Regeneration, regarding the issues of the ISA 260 in order that the committee receive assurance that these issues had been addressed i.e. evaluations and responses to AW queries, and their proposed resolution to these issues by an action plan.

### **Other Work**

- The Committee considered and noted the contents of a Report of the CLO – Customer Contact regarding the Data Breach, including the Information Commissioner's Office ('ICO') Assessment, and that an update Report on the ICO's recommendations would be presented to the Committee in May 2021.
- The Committee considered an Estates Valuation Report, which included steps to achieve improved valuation performance 2020-21.  
The Committee agreed:
  - to note the Report and the proposed approach presented;
  - that an email would be circulated to Members monthly outlining the work to date in the service improvement plan; and
  - that this item was placed on the Forward Work Programme in order that the committee were updated annually on the work of the service on valuations
- The Committee considered the Well-being and Improvement Objectives Annual Report 2019-20. The 2020-21 Report was to be presented to the Committee prior to approval by Cabinet and Council, but this was not possible for 2020-21 due to timescales and the impact of Covid-19.
- The Committee considered the Improvement Plan Certificate 2020-21.
- The Committee considered a verbal update on the Local Government and Elections (Wales) Bill in relation to:
  - proposed changes to the Committee,
  - the Welsh Government ('WG') Consultation Regulations to establish Corporate Joint Committees (Members were requested to submit comments on this consultation by the end of November 2020 for the Monitoring Officer to collate a corporate response); and
  - draft Statutory Guidance in relation to Performance and Governance of Local Authorities in relation to Part 6 of the Local Government and Elections (Wales) Bill, issued by WG (due to end 3<sup>rd</sup> February 2021).
- The Committee received a Report highlighting aspects of the draft Local Government and Elections (Wales) Bill relevant to the Governance and Audit Committee, including the WG Consultation on regulations to establish Corporate Joint Committees, and draft statutory guidance in relation to Performance and Governance of Local Authorities in relation to Part 6 of the Bill.

- The Committee considered a Report of the CLO - Legal & Governance regarding Committee changes per the Local Government and Elections (Wales) Act 2021, and its impact on the Committee. The Committee noted the content of the Report and agreed;
  - to note the Committee's name change to the '*Governance and Audit Committee*' and to recommend to Council the preferred date when the change of name should take effect (in absence of Regulations);
  - a total of 9 Members (made up of 3 independent Lay Members and 6 County Councillors) (Option 1) was its preferred size option ;
  - to note the requirement of the Committee to choose its Chair and Vice Chair, as set out in the Report;
  - to note the requirements regarding the timing of the appointment of a lay Committee Member as the Chair, and Vice Chair of the Committee as set out in the report, to the Democratic Services Committee, and thereafter to Council; also, to seek confirmation if a Lay Member stepped down from the current committee, would it be possible to become a Member of the Governance and Audit Committee;
  - to recruit 2 to 4 candidates as Lay Members during the recruitment process;
  - to note the composition of the Shortlisting Selection Panel to be recommended to Council, together with noting that if any of the Councillors on the panel had to declare an interest, another Member of the Audit Committee would become a Member of the panel accordingly; and
  - to note the Role Description and Person Specification documents and any changes required, timeline for recruitment and future role in relation to performance and complaints-handling.
- The Committee considered a Report on the Council's Corporate Response to the WG Consultation on draft Statutory Guidance - Performance and governance of Principal Councils - Part 6 of the Local Government and Elections (Wales) Act 2021.
- The Committee considered an oral update report by the Corporate Manager – Growth and Enterprise on work carried out in relation to Asset Valuations since the previous meeting. The Committee requested an update at the September 2021 meeting following the publication of the ISA 260 in relation to the Statement of Accounts 2020/21 by AW, in order to ascertain if this issue in relation to asset valuations had been addressed accordingly.
- The Committee informally considered issues relating to Coroners service
- The Committee was invited to a Workshop to provide responses to the WG Consultation on the draft General Power of Competence (Commercial Purpose) Conditions (Wales) Regulations and proposals for Community Councils that meet criteria provided with power to trade.

AW reports not yet received by the Governance and Audit Committee include:

- 2020-2021 Financial Sustainability (draft report stage – aim to be shared June 2021);
- 2020-2021 Review of Planning Services (in progress, aim to complete early summer 2021);
- Audit of Financial Statements Report (ISA260) – November 2021 & Opinion on Financial Statements (by 30 November 2021);

- Audit of the Annual Return for Ceredigion Harbour Authority (to take place September-November 2021 following receipt of draft Annual Return June/July 2021, audit sign off by 30 November 2021); and
- Certification of number of grant claims and returns, as agreed with funding bodies (audit work October-December 2021).

### **All Wales Audit Committee Chairs' Network**

On the 30<sup>th</sup> November 2020 the Chair and Vice-Chair attended the All Wales Audit Committee chairs' Network meeting (held remotely), whose aims is to encourage:

- The sharing of good practice;
- The identification of innovative ways to effectively discharge the formal responsibilities of the Chair's role.
- The opportunity to scope current and future national and regional matters, and potential responses to these challenges.
- A forum to give and seek advice between colleagues who are facing similar challenges.
- A mentoring or development opportunity for new Chairpersons.

Both CIPFA and AW offered their support in delivering training, which focussed on:

1. Making an impact as an Audit Committee;
2. Roles of the Lay Member;
3. Knowledge and skills;
4. AW counter-fraud work feedback;
5. The Local Government & Elections (Wales) Bill; and
6. The Audit Committee Role – the AGS and the Statement of Accounts

## **4. FORWARD WORK PROGRAMME**

A Forward work programme has been devised, which includes the following standing agenda items:

1. AW Progress Update Reports;
2. Internal Audit Quarterly Progress Reports;
3. Regulatory Monitoring Reports;
4. Regulatory Reports for Scrutiny;
5. AGS - Action Plan Progress Reports;
6. Corporate Risk Register;
7. Capital Expenditure Report; and
8. Forward Work Programme.

Other matters: Estate Valuations-so that the Committee is updated annually.

## **5. OUTCOMES AND/OR IMPACTS of the Committee's work**

To be proactive and improve services where necessary

AGS

It was necessary to review the 2019/20 AGS prior to including it with the Statement of Accounts in September, due to the impact of the pandemic on the Council's decision-making structure and the provision of services.

A review of the 2020/21 Governance Framework highlighted the need for:

- Members and Officers to be advised further on the need to declare interests in organisations which actually or may conflict with Council interests;
- Continued reviewing of Members holding directorships, trusteeships, or memberships of outside bodies, and committees, including feedback and added value;
- Continued updating of the Code of Conduct for Officers and Members;
- Advising Officers further on the need to declare directorships and other employment;
- Advising Members on the need to declare hospitality/gifts;
- Advising Chief Officers on the need to declare close personal relationships with other Officers or Members;
- Updating the Leadership Group on e-learning and continued monitoring of Mandatory e-learning take up of Whistleblowing module;
- Continued preparations to comply with Local Government and Elections (Wales) Act 2021 changes and taking account of legislative changes;
- Publishing of the Delegated Decisions Register;
- A review of the Complaints/Compliments Policy;
- Provision of Ethics & Fraud training;
- Continued review of the FOI Publication scheme;
- Continued review of the Community Engagement Policy;
- Monitoring feedback;
- Publication of service performance, including costs and value for money data;
- Continued work to link Local Performance measures to all level 1 business Plan Objectives;
- Continued review of the size of the Audit Committee (now Governance and Audit Committee), Lay Member recruitment; and
- Monitoring of progress of Actions/recommendations.
- Workshops-to consider consultations
- Informal meetings as required

The above matters are being monitored by the Committee as part of the AGS action plan reported to the Committee throughout the year.

## Covid-19

The Committee has also monitored and reviewed the Council's work in relation to Covid-19:

- The Committee has monitored the development of the AGS, which has been revised to take into consideration the Covid-19 Pandemic. The AGS includes a dedicated section on the Covid-19 Pandemic and includes reference to:
  - Temporary delegated powers for the Council's Chief Executive and Leadership Group through the use of Urgent Decisions for decisions

- relating to the Council's COVID-19 response, in accordance with Council's Constitution.
- Records of Urgent Decisions, for urgent decisions being made by the Covid-19 Leadership Group ('Gold Command'), which are published on the Council's Website;
- Periodic reviewing of the Urgent Decisions of the Leader;
- A Covid-19 Roadmap outlining the services the Council currently provides and service plans;
- The Council forming strategies and plans to take into account risks caused by the Pandemic;
- Remote meetings between the CMIA and Governance and Audit Committee Chair during the Pandemic; and
- The Monitoring Officer reminding members and c-opted independent Members of their obligations regarding declarations of interest for enhanced Covid-19 lockdown grants for businesses.
- The Committee recommended to the Leader and Cabinet that the Record of Urgent Decisions (for the Preparation of Covid-19 23/3/20, in accordance with Part 4 of the Council's Constitution) be reviewed as soon as possible. This was reported back to Committee.
- The Committee monitors and reviews the Council's Corporate Risk register, and considered the new proposed Corporate Risk R018 Covid-19 on 29<sup>th</sup> July 2020 Meeting.

#### Estates Service

The Committee also made recommendations in order to assist with issues raised in the ISA260; relating to the Estate Service, such as:

- recommending that a letter be sent to the Chief Executive in relation to the Service and queries by Audit Wales, and how this would be addressed, - resolving that a report be received from the CLO Economy and Regeneration .;
- considering an Estates Valuation Report, which included steps to achieve improved valuation performance 2020-21.
- -resolving that an email would be circulated to Members monthly outlining the work to date in the service improvement plan; and
- Adding the matter to the Forward Work Programme in order that the committee is kept updated on issues.

## **6. SELF-ASSESSMENT & ASSURANCE**

The Committee did not carry out a self-assessment.

The CIPFA Practical Guidance for Local Authorities' Audit Committees 2018 sets out guidance on the function and operation of Audit Committees in local authorities. It recognises that an Audit Committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business.

**I believe this has been achieved, as the Committee has placed its focus on governance, risk and assurance during the year and has added value by**

**ensuring robust arrangements are in place to support improvements across the Council.**

**Councillor Rowland Rees-Evans**

**Chairman – Governance and Audit Committee - 2020/2021**