

**Minutes of the Meeting of GOVERNANCE AND AUDIT COMMITTEE
held at the Hybrid - Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron / remotely via
video conference on Thursday, 9 March 2023**

PRESENT: Mr Alan Davies (Chair), Councillors Elizabeth Evans, Wyn Evans, Maldwyn Lewis, Gareth Lloyd, Mark Strong together with Mr Andrew Blackmore and Mrs Caroline Whitby

Also in attendance: Councillors Bryan Davies and Keith Henson (Cabinet Members)

Audit Wales: Mr Derwyn Owen & Miss Non Jenkins

Officers in attendance: Mr Alun Williams, Corporate Lead Officer – Policy & Performance, Mr Duncan Hall, Corporate Lead Officer – Finance & Procurement, Miss Lowri Edwards, Corporate Lead Officer - Democratic Services, Mr Russell Hughes-Pickering, Corporate Lead Officer - Economy and Regeneration, Mrs Alex Jenkins, Corporate Manager - Internal Audit, Mr Harry Dimmack, Governance Officer and Mrs Dana Jones, Democratic Services and Standards Officer

(9:30am -11:05am)

1 Apologies

Ms Elin Prysor, Corporate Lead Officer-Legal and Governance & Monitoring Officer apologised for her inability to attend the meeting.

2 Personal Matters

None.

3 Disclosures of Personal / Prejudicial interest

None.

4 To confirm the Minutes of the Governance and Audit Committee held on 17 January 2023 and 19 January 2023 and to consider any matters arising from those Minutes

It was AGREED to confirm as a true record the Minutes of the Meeting of the Committee held 17 January 2023 and 19 January 2023.

Matters Arising

Minutes 17 January 2023, Item 9 - The Chair stated that consideration should be given in the Forward Work Programme to members of the committee attending future workshops on budget preparations.

5 Governance and Audit Committee Meetings Actions Log

Consideration was given to the Governance and Audit Committee Meeting Actions Log. It was AGREED to note the content and the update as presented.

6 Regulator & Inspectorate Reports and Updates

Consideration was given to the Regulator & Inspectorate Reports and Updates which has 3 parts:

- a) Audit Wales quarterly update to Governance and Audit Committee
- b) Any local risk work issued/published since the last Governance and Audit Committee meeting
- c) Audit Wales National Reports

As part of the update, Mr Derwyn Owen, Audit Wales, also explained the background to proposed increases to Audit Wales External Audit Fees as well as providing an update on the provisional timetable for the auditing of the Statement of Accounts. DO confirmed that Audit Wales will subsequently be issuing their Fees letter shortly which can be reported to the Committee.

Following the presentation by Audit Wales and questions from the floor, it was AGREED:-

- (i) to note the reports for information;
- (ii) to note the possible increase in the audit fee for 2023/24 accounts due mainly to changes in the auditing standard requirements of accounts, it was noted that the Council's Budget for 2023/24 had taken the estimated increase to account, and AW advised they were only able to charge for the time taken to provide the audit, therefore the final fee could possibly be less;
- (iii) to note that it was Audit Wales current intention to complete the audit of the 2022/23 Accounts by 30/11/23 and that the timetable for the 2023/24 and 2024/25 Accounts was currently likely to move forward to 30/10/24 and 30/09/25 respectively. There are currently ongoing discussions with Welsh Treasurers and Welsh Government on closure timescales.
- (iv) to note that the Corporate Lead Officer: Finance & Procurement confirmed that the first draft of the provisional timetable for the 2022/23 Accounts being ready for external audit was currently targeting the middle of July 2023, which was an earlier planned closure than the 2021/22 Accounts which were signed in August 2022.
- (v) that the Chair of the Coordinating Overview and Scrutiny Co-ordinating Committee be requested to consider the report upon the Equality Impact Assessments: More than a tick box exercise?, it was noted however, that the EIA Council's Integrated Impact Assessment was currently being reviewed to be more user friendly for Members to use and for officers to complete.

7 Council Responses to Regulator & Inspectorate Reports Introduction

This Report sets out the Council's responses regarding Regulator and Inspectorate Reports and progress made regarding proposals and recommendations.

This Report has 2 parts:

- a) Council tracker of Regulator/Inspectorate proposals for improvement and recommendations; and
- b) Other Council related matters.

Current Position

a) Council tracker of Regulator/Inspectorate proposals for improvement and recommendations

Council Management Response Forms 2022-2023 Update:

- MRF – Audit Wales – The National Fraud Initiative in Wales 2020-21
- Audit Wales – Assurance and Risk Assessment Update – Carbon Reduction
- Audit Wales – Equality Impact Assessments: More than a tick box exercise?
- Audit Wales – Time for Change – Poverty in Wales – MRF to follow
- Audit Wales – A Missed Opportunity – Social Enterprises – MRF to follow

b) Other Council related matters

None

Following questions from the floor, it was AGREED to note the reports for information.

8 **An update on Asset Valuations - Verbal only**

The Chair provided a brief update stating that a Workshop had been held to receive an update regarding asset valuations and noted that the Committee had been provided with assurance that work was underway to address the issues raised.

A brief update was provided by the Corporate Lead Officer – Economy & Regeneration upon the current position with Asset Valuations. He stated that there were currently eight outstanding valuations which required more detailed work prior to completion. He reported that a Services Manager for Assets had also recently been appointed and would be in additional resource to assist with the valuation work accordingly. A meeting had recently been held with Audit Wales to provide an update on the current work completed on valuations and another meeting was due to be held in a month.

It was AGREED to note the current position.

9 **Internal Audit Progress Report Q3**

Consideration was given to the report of the Corporate Manager-Internal Audit on The Internal Audit Progress Report Quarter 3. The report had been presented to ensure that the Committee was satisfied that the Internal Audit Section was undertaking sufficient and appropriate work in order to provide a realistic assurance at year-end, whilst adding value and assisting the Council in achieving its objectives.

It was AGREED to note the work undertaken and current position of the Internal Audit Service

10 Internal Audit Strategy and Plan 2023-24

Consideration was given to the Internal Audit Strategy and Plan 2023-24. It was reported that The Public Sector Internal Audit Standards (PSIAS), along with CIPFA's accompanying Local Government Application Note require Councils to have an Internal Audit Charter with an accompanying Annual Audit Strategy and Plan.

The Plan was designed to ensure a sufficient area of coverage was undertaken to support the annual opinion on the effectiveness of the systems of governance, risk management and internal control across the Council.

This proposed Internal Audit Strategy and Plan supported the IA Charter by summarising the work areas the Internal Audit Section would concentrate its time on during 2023/24.

It was AGREED to approve the Strategy and Plan 2023-24 as presented.

11 Internal Audit Report - Governance Framework Review 2022-23

A review had recently been undertaken of the Framework supporting the Annual Governance Statement (AGS) for 2022/23. The Governance Framework, AGS and Local Code of Corporate Governance were presented to the Committee in January 2023. Members of the Committee were also involved in its review.

Audit Wales provided an audit opinion on the AGS based on its consistency with their knowledge and compliance with legislation. The internal audit review consists of an assessment of the procedures in place to compile the governance framework, the scoring methodology used, and consideration of the 'evidence' noted in the framework. This review therefore complements AW's work on the AGS, and provides assurance that the procedure is robust, focussed and effective.

It was AGREED to note of the Governance Framework Review 2022-23 as presented.

12 Draft Annual Governance Statement

It was reported that a report on the Governance Framework Document was presented to this committee on the 17th of January 2023. This report set out an introduction to the annual review of the governance framework and the requirements that local authorities must abide by.

The Governance Framework Document had been updated following the previous 17th January report to ensure it remains up to date. Updates included:

- Evidence/actions removed from the document where no longer relevant or have been completed.

- Additional evidence has been added for B3.1 in response to discussions at the previous meeting regarding the increased score from 5/6 to 7/8.
- Actions updated to reflect current position including:
 - A1.1 & A1.2 – Including that MO to continue to advise on Code of Conduct matters, that appraisals have recommenced. Also updated to reflect current position with Audit Wales re: Follow-Up Review of the Planning Service.
 - A1.4 – Updated to reflect outstanding actions on Whistleblowing Policy review and activity reporting, and Revised Code of Conduct and Declaration of Interest forms.
 - A3.1 – Updated action to clarify Privacy Notices to be provided to Councillors by Data Protection Officer.
 - A3.1 – Added action that CMIA is to complete professional qualification.
 - B3.1 – Updated action to explain implementation of Engagement and Participation policy to be reviewed before action is complete.
 - E2.2 – Added that Delegated Decision Register to be published.

All changes to the Governance Framework Document since it was last presented to the committee were highlighted in the report.

The Draft Annual Governance Statement 2022-23 had been prepared in accordance with the framework. It included:

- An acknowledgement of responsibility for ensuring good governance;
- Reference to the assessment;
- An opinion on the level of assurance that the governance arrangements can provide;
- A progress report on how issues identified last year have been resolved;
- An agreed action plan to deal with governance issues over the next year; and
- A conclusion

It was AGREED:-

i) to note the Updated Governance Framework Document 2022-23; and
 ii) to recommend that Council endorses the Draft Annual Governance Statement 2022-23 subject to the sentence in the conclusion stating that “the review confirmed that the Council’s governance arrangements are effective and fit for purpose” also be included in the executive summary at the beginning of the document.

13 Corporate Risk Register

Regular reports were provided to the Governance and Audit Committee regarding the Council’s Corporate Risk Register to provide on-going information and assurance that risks identified by senior managers were managed appropriately. This reinforces the Governance and Audit Committee role of providing independent assurance to Council of the appropriate management of the Corporate Risk Register.

As agreed at a meeting of the Council's Leadership Group held on 1st February 2023 meeting, a new risk, R022: Recruitment and Retention had been added, with a risk score of 15.

R003: Corporate Improvement & Performance with an ongoing risk score of 6 had been de-escalated to a service risk as agreed at the Leadership Group meeting held on 8th February 2023. The Council had successfully negotiated its first self -assessment and had set new well-being objectives. Business planning had been successfully re-established since Covid and the Corporate Performance Bboard meet regularly. Furthermore Leadership Group received positive feedback on the performance arrangements at a meeting with regulators on the 16th January 2023.

The only risk to have changed score is R009: Information Management and Cyber Security Resilience. The National Cyber Security Centre had reported a 38% increase in the likelihood on Local Authorities and Health Boards in the UK and therefore the risk score had been revised to "probable" to reflect this.

A new mitigating action had been added to R005: Medium Term Financial Plan

All other risks have been reviewed and include revised RAG status of mitigating actions and updated commentary.

It was AGREED to note the updated Corporate Risk Register as presented, and that Members receive further information on the process of how a risk was added to the risk register by having a briefing session prior to the meeting.

14 Forward Work Programme

It was agreed to note the Forward Work Programme as presented.

15 Any other matter which the Chair decides is for the urgent attention of the Committee

None.

**Confirmed at the Meeting of the Governance and Audit Committee held
on 21 June 2023**

Chairman: _____

Date: _____