

Governance and Audit Committee



Cyngor Sir
CEREDIGION
County Council

Annual Report 2022/23

ANNUAL REPORT OF THE CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE ON THE ACTIVITY OF THE COMMITTEE FOR THE YEAR 2022/23

1. Foreword by Alan Davies, Chair of the Governance and Audit Committee

I am pleased to introduce the Annual Report of the Governance and Audit Committee for the 2022-23 municipal year, which provides a summary of the work undertaken during the year, the Committee's progress on current work and goals going forwards.

The committee was subject to a range of changes at the beginning of the year due to the 2022 Local Elections and as a result of the Local Government and Elections (Wales) Act 2021. Council appointed new members to the Committee at its Annual Meeting on the 27th of May 2022, including 6 Councillors and three new Lay Members, with a politically balanced structure.

This report provides an opportunity to introduce the new members of the Committee and thank them for the contributions they have made throughout the year. The broad range of experience they bring has enabled us to provide meaningful independent assurance of the adequacy of the Council's arrangements for governance, risk and assurance. The committee has had oversight of a broad range of matters, and in particular has:

- Reviewed and approved the Council's Annual Statement of Accounts and the findings of their external audit;
- Overseen the annual review of the Council's governance arrangements, including the Governance Framework Review, Local Code of Corporate Governance and Annual Governance Statement;
- Received regular updates from external regulators and inspectorates, and considered Council responses to their findings;
- Overseen the Council's Internal Audit work, including the approval of the Annual Report, Strategy & Plan, Charter and regular progress updates;
- Received regular updates on the Corporate Risk Register and recommended the consideration of adding Recruitment and Retention as a risk;
- Receive the Annual and Mid Year Reports for Compliments, Complaints and Freedom of Information; and
- Received reports on the Ceredigion County Council Self-Assessment Report.

The Committee continues to have a varied programme of work, including standing items for External Regulator and Inspectorate reports and the Council's responses, Internal Audit, the Annual Governance Statement, and the Corporate Risk Register. This ensures consistent oversight across the Committee's areas of responsibility.

The Committee has worked productively with Officers to deliver continued improvement on any issues which arise and will continue to do so going forwards.

Alan Davies, Chair of the Governance and Audit Committee

2. COMMITTEE MEMBERS



Alan Davies, Chair & Lay Member



Andrew Blackmore, Vice Chair & Lay Member



Caroline Whitby, Lay Member



Councillor Elizabeth Evans



Councillor Wyn Evans



Councillor Keith Henson



Councillor Maldwyn Lewis



Councillor Gareth Lloyd



Councillor Mark Strong

3. 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 June and September (2022), and January (2 Meetings) and March (2023). The meeting agendas were full of items for consideration, discussion, and review, with one of the January 2023 Meetings dedicated to the Annual Statement of Accounts.

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 ('MO'), CLO-Policy, Performance & Public Protection, Corporate Manager Internal Audit ('CMIA') and Governance Officer, as well as AW.

Attendance at Meetings

Member	Meeting Attendance (P = Present / A = Apologies / N/A = Not Applicable)				
	06/06/2022	27/09/2022	17/01/2023	19/01/2023	09/03/2023
Alan Davies (Chair)	P	P	P	P	P
Andrew Blackmore (Vice Chair)	N/A	N/A	P	P	P
Cllr. Endaf Edwards	P	A	A	P	A
Cllr. Elizabeth Evans	P	P	P	P	P
Cllr. Wyn Evans	P	P	P	P	P
Cllr. Gareth Lloyd	P	P	P	P	P
Cllr. Maldwyn Lewis	N/A	A	A	P	P
Cllr. Mark Strong	A	A	A	P	P
Caroline Whitby	P	P	P	P	P
Liam Hull (former Vice Chair)	P	A	N/A	N/A	N/A

4. ROLE UNDERTAKEN BY THE COMMITTEE

The Role of the Governance and Audit Committee is clearly set out in the Terms of Reference included in the Council's Constitution, which detail the various functions the Committee carries out. This is a key document of reference for the Committee in ensuring it delivers on its responsibilities.

The Terms of Reference position the Committee as a fundamental part of the Council's governance framework, stating:

The Governance and Audit Committee is a key component of the Council's corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The Terms of Reference go on to clearly set out the purpose of the Committee, stating:

The purpose of the Governance and Audit Committee is to provide independent assurance to full Council and management of the adequacy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

In carrying out its work, the Committee takes note of guidance from various external bodies and institutes including CIPFA.

According to CIPFA's Position Statement 2022: *Audit committees in local authorities and police*, the purpose of the Governance and Audit Committee is:

To provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

A summary of the work undertaken by the Committee during the year to achieve this is noted below. Meetings were all held on a hybrid basis, with Members and Officers attending either using a virtual platform or in person.

5. Summary of Work for 2022-23

Internal Audit Activity

- The Committee approved the Internal Audit Service's ('IA') Annual Report 2021/22 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 Annual Report was supported by quarterly reports from CMIA to document IA's progress throughout the year.

- The Committee considered the following IA Progress Reports during 2021-22:
 - 2021-22 Quarter 4 (6 June 2022 Meeting);
 - 2022-23 Quarter 1 (27 September 2022 Meeting);
 - 2022-23 Quarter 2 (17 January 2023 Meeting); and
 - 2022-23 Quarter 3 (9 March 2023 Meeting).
- The Committee approved the Annual IA Counter Fraud Report 2021/22, which provided a summary of IA's counter fraud work undertaken during the year.
- The Committee approved the CMIA's IA Strategy and Plan of work for 2023/24.
- An update of the IA Charter (2023-24) was approved by the Committee. The Charter has been re-structured and updated as per recommendations from the IA service's External Quality Assessment to include:
 - The Charter now includes an introduction to explain the purpose of an Audit Charter;
 - Internal Audit's main objectives and how they are accomplished;
 - The Governance & Audit Committee's responsibilities to Internal Audit;
 - The Chief Finance Officer's responsibilities to Internal Audit; and
 - The IA Service's resourcing and current staffing structure.
- On 6 June 2022, the Committee considered an IA Report on the Governance Framework Review 2021/2022 (the Framework supporting the Annual Governance Statement (AGS) for 2021/22) following a Report on the Governance Framework, AGS and Local Code of Corporate Governance being presented to the Committee in January 2022 (Members of the Committee were also involved in its review). The IA review consisted 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, which complemented AW's work on the AGS and provided assurance that the procedure is robust, focussed and effective.
- On 9 March 2023 the Committee also considered the IA Governance Framework Review 2021/22 and noted the review of the Framework.
- On 27 September 2022 the Committee considered the Internal Audit External Quality Assessment Report. A review team from the Isle of Anglesey County Council, consisting of the Head of Audit and Risk and the Principal Auditor, undertook an evaluation of Ceredigion County Council's self-assessment between May and July 2022. The Committee noted the contents of this report.
- The Committee also noted a report on the CMIA Response to the External Quality Assessment.

Regulatory & Inspectorate Reports & Updates

During the 2022-23 year the Committee considered the following Regulatory and Inspectorate Reports and Updates:

AW Quarterly Updates to GAC

- Audit Wales Work Programme and Timetable – Ceredigion County Council (Quarter 4 – 31 March 2022)
- Audit Wales 2022 Audit Plan – Ceredigion County Council (May 2022)
- Audit Wales Certification of Grants and Returns 2020-21 – Ceredigion County Council (March 2022)
- Audit Wales Work Programme and Timetable – Ceredigion Council (Quarter 1 – 30 June 2022)

- Audit Wales Work Programme and Timetable – Ceredigion Council (Quarter 2 – 30 September 2022)
- Audit Wales Work Programme and Timetable – Ceredigion Council (Quarter 3 – 31 December 2022)
- Audit Wales – Ceredigion Annual Audit Summary 2022 (March 2023)

Local External Audit (AW) Reports

- Assurance and Risk Assessment progress update (May 2022)
- Audit Wales - Springing Forward – Strategic Asset Management – Ceredigion County Council (May 2022)
- Audit Wales - Springing Forward – Strategic Workforce Management – Ceredigion County Council (May 2022)
- Audit Wales - Project Brief: Planning Service follow-up review – Ceredigion County Council (September 2022)
- Audit Wales - Assurance and Risk Assessment 2021-22 Financial Position update (December 2022)
- Audit Wales – Assurance and Risk Assessment Progress Update – Carbon Reduction (November 2022)
- Audit Wales - Project Brief – the Setting of Well-being Objectives at Ceredigion County Council (February 2023)
- Audit Wales - Key questions and what we're looking for – Setting of well-being objectives (February 2023)

National AW Reports/Project Briefs

- Audit Wales Equality Report 2020-2021 (31 March 2022)
- Audit Wales Annual Plan 2022-23 (1 April 2022)
- Audit Wales – Direct Payments for Adult Social Care (6 April 2022)
- Audit Wales – The new Curriculum for Wales (May 2022)
- Audit Wales – WCCIS Letter to MS Chair PAPAC (1 July 2022)
- Audit Wales – Public Sector Readiness for Net Zero Carbon by 2030 (July 2022)
- Audit Wales – Unscheduled Care Project Brief (July 2022)
- Audit Wales – Consultation on Fee Scales 2023-24 (August 2022)
- Audit Wales – AC324 - Letter to Mid and West Wales CJC (1 September 2022)
- Audit Wales – Project Brief – Corporate Joint Committees (CJCs) commentary (August 2022)
- Audit Wales – Equality Impact Assessments: More than a tick box exercise? (September 2022)
- The National Fraud Initiative in Wales 2020-21 (October 2022)
- Audit Wales – Time for Change – Poverty in Wales (November 2022)
- Audit Wales – A Missed Opportunity – Social Enterprises (December 2022)
- Audit Wales – A Picture of Flood Risk Management (December 2022)

Council Responses to Regulatory & Inspectorate Reports considered during the year

MRFs considered (2020-21 & 2021-22):

- Direct Payments for Adult Social Care (April 2022)

- Welsh Community Care Information System – Progress Note (November 2020)
- Review of Planning Service (November 2021) – Update provided by way of Planning Task and Finish Group Action Plan Update 24.08.2022
- ‘Raising our Game’ Tackling Fraud in Wales Update (July 2020)

MRFs considered (2022-23):

- Springing Forward – Review of Strategic Asset Management (June 2022)
- Springing Forward – Review of Strategic Workforce Management (June 2022)
- The National Fraud Initiative in Wales 2020-21 (October 2022)
- Assurance and Risk Assessment Update – Carbon Reduction (November 2022)
- Equality Impact Assessments: More than a tick box exercise? (September 2022)

Care Inspectorate Wales (‘CIW’)

Care Inspectorate Wales – Inspection Report on Targeted Care and Enablement (23 November 2022):

During the 17th of January 2023 meeting of the Committee, it was reported that the Care Inspectorate Wales Inspection Report on Targeted Care and Enablement was satisfactory, and no issues of non-compliance were raised.

Estyn

The Committee considered a report on Estyn Inspections for the Summer Term of 2022 at its meeting on the 27th of September 2022. It was reported that pilot visits had taken place in the Spring Term of 2022 and the inspection regime had continued in its usual form from the Summer Term of 2022. Recent inspections for Ysgol Uwchradd Aberteifi, Ysgol Llangwryfon and Ysgol Penglais had taken place with no schools requiring a second visit. The recommendations raised by Estyn had been included in the School Development Plans of the respective schools. The committee noted that the reports were very positive and that the press had emphasised on one recommendation in the Ysgol Penglais report, and not the report as a whole which was positive.

Investigatory Powers Commissioner’s Office

IPCO Surveillance and CHIS Inspection – Ceredigion County Council 16 September 2022:

The IPCO Inspection report had been received following a recent routine inspection into the Council’s use of Directed Surveillance and Covert Human Intelligence Sources. The report had been responded to and no further action was required.

Regulatory Framework Considerations

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

The Committee were informed that:

- R005 Medium Term Financial Plan – the risk score had increased to reflect the impact of rising inflationary pressures. Oil and prices of other goods were increasing above those budgeted. There was also a risk that pay awards would be higher than costed and inflation indices affecting contracts will impact on the next and the following year's budget.
- R016 Brexit – this was removed from the register as it became impossible to determine the impact of Brexit alone versus other global factors contributing to the economic situation.
- R018 Covid 19 – the risk score was reduced. The current Omicron variant proved to be more transmissible but less serious to health than some of its predecessors as the vaccination programme had been particularly effective. Both UK Government and Welsh Government rolled back regulation and nearly all restrictions had been lifted, resulting in Council services reintroduced, subject to risk assessments.
- R022 Recruitment and Retention – At the 27th of September 2022 meeting of the Committee, members requested that the Corporate Lead Officer – Policy, Performance and Public Protection convey the views of Members to the Leadership Group that Recruitment and Retention should be considered for inclusion on the risk register as several services were unable to recruit. The Leader stated he would also convey these views to the LG. The Council's Leadership Group agreed at a meeting held on the 1st of February 2023 to include Recruitment and Retention on the Corporate Risk Register and this was reported to the Committee on the 9th of March 2023.

Feedback by the Committee for Officers also included a need to readdress the high risk associated with food safety inspections. The committee raised its concerns that there was a backlog of work to be completed and a shortage of inspectors to reduce this.

Annual Governance Statement ('AGS')

- The Committee considered a Report on the Draft Annual Governance Statement 2021-2022 and Governance Framework Document, and AGS Progress Update on 6 June 2022. agreed to note the Progress Report on actions set out in the AGS and that the AGS would be reported quarterly to the Committee in the future.
- On 27 September 2022 the Committee noted a Report on progress of the Annual Governance Statement 2021-22 and Annual Governance Statement 2022-23. It was noted that the approved Draft Annual Governance Statement 2021-22 was being considered by Audit Wales prior to being presented again alongside the Annual Statement of Accounts. It was also noted that a workshop was to be held on the 28th of November 2022 for relevant Officers and Committee Members to consider progress on the actions set out in the 2021-22 Annual Governance Statement.
- The Governance Framework Document was reviewed at the 28 November 2022 Workshop and the results used to draft the 2022-23 Annual Governance Statement.
- On 17 January 2023 the Committee considered a report on the Governance Framework Document 2022-23, the Local Code of Corporate Governance 2023-24 and Annual Governance Statement 2022-23 Update. During this meeting, the

Committee also agreed to approve a score increase for behaviour B3.1 due to the implementation of the Engagement and Participation Policy. The Committee also recommended that Council endorses the Local Code of Corporate Governance 2023-24.

- The Draft AGS 2022-23 and Local Code of Corporate Governance 2023-24 were approved by Council on 20 April 2023.
- The AGS Action Plan is considered as a standing agenda item.

Financial Reporting

- The Committee reviewed the Council's Annual Statement of Accounts (to 31 March 2022) and Annual Return for Ceredigion Harbour Authority (to 31 March 2022), prior to their presentation to the Council for approval.
- The Committee received AW's annual Audit of Accounts Report (ISA260) for 2021-22 and considered issues arising from the Audit. The Committee agreed to note the contents of the Report, congratulated the Service on the excellent Report and that an additional meeting would be arranged a month later to receive an update on the issues raised in relation to the Estates Service (Asset Valuations).
- On the 16th of February 2023 a workshop was held to receive an update on Asset Valuations in response to the issues raised in AW's ISA260 report. Following this workshop, a verbal update was provided by the Chair of the Committee and Officers from the Estates Service on progress made towards completing identified actions. The Committee were satisfied that a plan was in place to address the observations made by Audit Wales. Updates will continue to be provided by the Chair until the Committee is satisfied that the issues have been addressed.
- The Statement of Accounts was initially due to be considered by the Committee on 17 November 2022, prior to approval by Council on 24 November 2022. As a result of a UK wide issue in relation to the accounting treatment and associated disclosure note requirements concerning Infrastructure Assets, these meetings were postponed to 19 January 2023 and 26 January 2023 respectively. Welsh Government had also extended the deadline for approving the audited accounts from 30 November 2022 to 31 January 2023.

Other Work

Ceredigion County Council Self-Assessment Process

The Committee was delivered a presentation on the Ceredigion County Council Self-Assessment process at its 6th of June 2022 meeting. This was in response to the new self-assessment based performance regime introduced by Part 6 of the Local Government and Elections (Wales) Act 2021. This initial presentation outlined the following issues:

- Part 6 of the Local Government and Elections (Wales) Act 2021
- Key points of the Self- Assessment Process

- Key Lines of Enquiry
- Timeline
- Election Cycle 2022-27
- Integrating with the Performance Self-Assessment
- What does it mean for Governance and Audit?

At its meeting on the 27th of September 2022, the Committee considered the Ceredigion County Council Draft Self-Assessment Report 2021/22. The report noted that Part 6 of the Local Government and Elections (Wales) Act 2021 places a duty on the Governance and Audit Committee to review the draft Self-Assessment Report and make recommendations. The Committee agreed to endorse the Ceredigion County Council Draft Self-Assessment Report 2021/22 as presented.

The Committee received the Ceredigion County Council Final Self-Assessment report at its 17th of January 2023, including the Annual Review of Performance and Well-being Objectives. The Committee agreed to receive the report and to continue to scrutinise it in order to improve performance in future.

Corporate Strategy 2022-27

The Committee received a report on the Ceredigion County Council Corporate Strategy 2022-27 at its 17th of January meeting. The purpose of the report was for the Committee to receive the new Corporate Strategy and Corporate Well-Being Objectives. It was reported that the Corporate Strategy would be delivered over the next five years and that progress will be reviewed annually in the Council's Self-Assessment report.

Compliments, Complaints and Freedom of Information

- The Committee considered the Annual Report of Compliments, Complaints and Freedom of Information (2021-2022) at its 27th of September 2022 meeting. The report provided an overview of the Council's Complaints and FOI service between 1st April 2021 and 31st March 2022. The report included specific information on the number and type of compliments received, the different complaints stages, performance and outcomes relating to these and information on compliance with FOI and EIR legislation. Information was also provided on contact received by the Public Services Ombudsman for Wales during this period, with the Ombudsman's Annual Letter attached for information. The Committee requested that the number of complaints escalated from stage 1 to stage 2 be included in future reports, and whether complaints had reference to a lack of communication. The Committee agreed to endorse the Annual Report and note the Ombudsman's Annual Letter.
- The Half-Year Report of Compliments and Complaints was considered by the Committee at its 17th of January meeting. The Committee agreed to endorse the contents of the report and requested further detail on the complaints received and its impact on residents. In response, the Corporate Lead Officer, Policy and Performance, reported that this information could be collated but was concerned that there was currently not sufficient resource in the service to collate this information. The committee remain keen to receive the detail requested in due course.

All Wales Audit Committee Chairs' Network

On 3 October 2022 the Chair attended the All Wales Governance & Audit Committee Chairs' Network meeting, 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; and
- A mentoring or development opportunity for new Chairs.

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

1. CIPFA's Position Statement and guidance
2. Assessing Committee Effectiveness
3. New requirements for the Governance and Audit Committee from the Local Government and Elections (Wales) Act 2021

6. FORWARD WORK PROGRAMME

A Forward Work Programme has been devised, which includes the following standing agenda items:

1. Regulatory & Inspectorate Reports and Update;
2. Council Responses to Regulatory and Inspectorate Reports;
3. Internal Audit Quarterly Progress Reports;
4. AGS Progress Reports;
5. Corporate Risk Register;
6. Forward Work Programme; and
7. Committee Meeting Actions Log.

7. OUTCOMES AND/OR IMPACTS of the Committee's work

Annual Governance Statement

* see also above schedule of Committee's involvement with AGS.

The Committee reviewed the 2021/22 AGS prior to including it with the Statement of Accounts in January 2023, to include minor amendments and to reflect that actions previously anticipated to be taken had now been taken.

Following approval by Council of the Draft AGS 2021-22 on 8 July 2022, several amendments were made in response to recommendations from Audit Wales prior to its consideration by the Committee in January 2023. These were largely updates to the various dates included for work carried out during the year as further progress had been made since the Draft was prepared in July 2022. In addition to these dates, the

conclusion of the self-assessment review of the CIPFA Financial Management Code had been included as recommended by Audit Wales in accordance with CIPFA guidance.

The Committee reviewed the updated AGS on 19 January 2023 and agreed to recommend to Council it approves the amended 2021-22 AGS. The 2021-22 AGS was approved by Council on 26 January 2023 in accordance with the Committee's recommendation.

A review of the 2022/23 Governance Framework Review highlighted the need for:

- The MO to continue to advise Members further on the Code of Conduct.
- MO to continue to advise Chief Officers further on the need to declare close personal associations with other Officers or Members.
- Ongoing review on Chief Officers business declarations to include review of Members holding directorships, trusteeships, or memberships
- MO to consider member feedback and added value.
- Reviewed Code of Conduct for Officers to be issued once approved.
- Officers to complete a Mandatory Ethics/Fraud e-training module once completed & approved.
- Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.
- Discussions are currently taking place with Audit Wales to support their Planning Service Follow-Up Review. Any recommendations will be responded to.
- Leadership Group to be updated on e-learning with HR reporting to Leadership Group.
- Delegated Decisions Register to be published.
- Continued monitoring of the Mandatory e-learning take up of Whistleblowing module.
- Whistleblowing Policy has been reviewed and updated-to be presented to Overview and Scrutiny Committee and Cabinet for approval.
- Privacy notices for Councillors being developed and to be provided by Data Protection Officer.
- Corporate Manager – Internal Audit to complete professional qualification.
- Review of the FOI Publication Scheme in progress.
- A new Engagement and Participation Policy, 'Talking, Listening and Working Together' has been published. Implementation of this policy to be considered before action complete.
- To continue to take into account legislative changes e.g. Local Government and Elections (Wales) Act 2021.
- To implement legislative changes, such as regarding the Local Government and Elections (Wales) Act 2021 and consider/monitor risks facing each partner when working collaboratively, including shared risks.
- Continued monitoring of progress of actions take in response to external audit recommendations.

The expected completion date for the actions listed above is March 2024 at the latest.

8. SELF-ASSESSMENT & ASSURANCE

A workshop was held on the 28th of November 2022 to consider the 'Self-assessment of good practice' and 'Evaluating the impact and effectiveness of the audit committee' templates included in the CIPFA Position Statement 2022. An additional workshop will be arranged soon to prepare final versions of these documents, which will be presented to the committee at its September 2023 meeting. This is to ensure that the entire year can be reflected upon during the workshop.

The CIPFA 'Position Statement 2022: Audit committees in local authorities and police' 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.

Alan Davies

Chair – Governance and Audit Committee - 2022/2023