

Governance and Audit Committee



Cyngor Sir
CEREDIGION
County Council

Annual Report 2023/24

ANNUAL REPORT OF THE CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE ON THE ACTIVITY OF THE COMMITTEE FOR THE YEAR 2023/24

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 2023-24 municipal year, which provides a summary of the work undertaken during the year, the Committee's progress on current work and goals going forward.

This report provides an opportunity to outline the work of the Governance and Audit Committee over the last year and I thank members for the contributions they have made throughout the year. The broad range of experience they bring enables the Governance and Audit Committee to provide meaningful independent assurance of the adequacy of the Council's arrangements for governance, risk and assurance.

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

Throughout 2023/24 the Governance and Audit Committee has influenced and supported corporate improvement within the Council by overseeing the drafting and creation of the updated Risk Management Framework and the new Governance Framework which will act as an overarching document of the Council's Governance arrangements and replace the Local Code of Corporate Governance. The Committee also reviewed and discussed the update to "Statutory and Non Statutory Guidance on democracy within principal Councils" relating to Annual Governance Statements.

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 in the governance framework review and the 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 and regular progress updates;
- Received regular updates on the Corporate Risk Register
- Received the Annual report on Compliments, Complaints and Freedom of Information; and
- Received reports on the Ceredigion County Council Self-Assessment Report.

The Committee continues to have a varied work programme, 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.

I believe the Governance and Audit Committee has had a successful year and our set objectives and actions have been achieved. 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 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. Meetings were held during June and September (2023), January, February and March (2024). The meeting agendas were full of items for consideration, discussion, and review, with the February 2024 Meeting 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 Audit Wales.

Attendance at Meetings

Member	Meeting Attendance (P = Present / A = Apologies)				
	21/06/2023	27/09/2023	24/01/2024	06/02/2024	14/03/2024
Alan Davies (Chair)	P	P	P	P	P
Andrew Blackmore (Vice Chair)	P	P	P	P	P
Cllr. Keith Henson	P	P	P	P	P
Cllr. Elizabeth Evans	P	P	P	A	P
Cllr. Wyn Evans	A	P	P	P	P
Cllr. Gareth Lloyd	P	P	P	P	P
Cllr. Maldwyn Lewis	P	P	P	P	P
Cllr. Mark Strong	P	P	P	P	P
Caroline Whitby	P	P	P	P	P

4. ROLE OF 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 details 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 audits, 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:

- Audit Wales,
- Care Inspectorate Wales (CIW), and
- 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.

5. SUMMARY OF WORK FOR 2023-24

A summary of the work undertaken by the Committee during the year to achieve this is set out below and a detailed listing of internal reports can be found in Appendix I and external reports in Appendix II. Meetings were all held remotely as the Governance and Audit Committee are one of two committees piloting online-only meetings.

Internal Audit Activity

The Committee has carried out its responsibilities to the Council's Internal Audit function by reviewing and approving the Internal Audit Service's ('IA') remit and authority to include their Charter, Strategy and Annual Plan.

Internal Audit's Annual Report 2023/24 to include the Corporate Manager-Internal Audit's ('CMIA') annual opinion was also reviewed by the Committee. The CMIA's annual opinion of assurance on the Council's framework of governance, risk

management and internal controls feeds into the Council's Annual Governance Statement.

The above Annual Report was supported by the CMIA's annual Counter Fraud report, quarterly progress reports from the CMIA to document IA's progress throughout the year and Management Action reports to inform the GAC of progress made by management on the implementation of actions to address findings set out in Internal Audit reports.

Regulatory & Inspectorate Reports & Updates

During the 2023-24 year, the Committee considered the following Regulatory and Inspectorate Reports and Updates (The full list of reports considered can be seen in Appendix ii):

- AW Quarterly Updates to GAC - The Committee received 3 quarterly updates from Audit Wales.
- Local External Audit Reports - The Committee received 10 local external audit reports from Audit Wales.
- National Reports/Project Briefs - The Committee received 12 national reports from Audit Wales.

The Committee considered the Council's response to 9 Regulatory Reports during 2023-2024 as Organisational Response Forms (ORFs). These remain on the Committee's action plan until the Committee is satisfied that the Council has sufficiently addressed issues raised.

Risk Management

The Governance and Audit Committee actively reviewed the draft Risk Management Policy, Strategy and Framework and made several suggestions for improvement which were accepted in the final document approved by Cabinet.

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

In 2023/24, the Committee were informed that:

- the Medium-Term Financial Plan risk had been increased to reflect the impact of rising inflationary pressures.
- the Covid-19 risk had been downgraded from the Corporate Risk Register following the lifting of restrictions.
- Cyber Resilience and Information Management had been split into two individual risks as recommended by the Committee to monitor and manage the risks more effectively.
- An additional risk of 'Systems End of Life' was added during the year to recognise and monitor required changes to key systems used by the Council.

Council draft Self-Assessment document

Consideration was given by GAC to Part 6 of the Local Government and Elections (Wales) Act 2021 which relates to the introduction of a new Self-Assessment based performance regime for Principal Councils.

Annual Governance Statement ('AGS')

The Committee considered a report on the Draft Annual Governance Statement 2023-24 following a Governance Framework review meeting on the 6th of December 2023.

It was noted that the approved Draft Annual Governance Statement 2022-23 was considered by Audit Wales prior to being presented again alongside the Annual Statement of Accounts. The AGS 2022-23 was approved by Council on 6th February 2024.

The AGS Action Plan is considered a standing agenda item.

Governance Framework

During 2023-24, as well as the standard annual review of the Council's governance arrangements, the Committee has also been actively involved in the creation of a new Governance Framework which replaces the Local Code of Corporate Governance. The Committee has overseen the drafting and creation of the new Governance Framework which will act as an overarching document of the Council's Governance arrangements.

The Chair and Vice Chair of GAC met with officers and worked closely on the development of the Governance Framework. The Governance Framework was presented to the Governance and Audit Committee on the 14th of March 2024 and was approved by the Council on the 21st of March 2024. The Governance Framework has been published on the website.

Care Inspectorate Wales Annual Report

The Committee reviewed the Care Inspectorate Wales Annual Report as the Regulation and Inspection of Social Care Wales Act 2016 requires registered service providers to submit an Annual Report to the Welsh Ministers following the end of the financial year.

Financial Reporting

The Committee reviewed the Council's Annual Statement of Accounts (to 31st March 2023). The Committee received AW's annual Audit of Accounts Report (ISA260) for 2022-23 and considered issues arising from the Audit. The Committee agreed to note the contents of the Report.

The Statement of Accounts was initially due to be considered by the Committee in November 2023. However, these meetings were postponed to 6th February 2024 due to delays in receiving Audit Wales' Audit of Accounts Report.

Compliments, Complaints and Freedom of Information

The Committee considered the Annual Report of Compliments, Complaints and Freedom of Information (2022-2023) at its 27th of September 2023 meeting. The report provided an overview of the Council's Complaints and FOI service between 1st April 2022 and 31st March 2023. 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 agreed to endorse the Annual Report and note the Ombudsman's Annual Letter.

All Wales Audit Committee Chairs' Network

On 6 October 2023 the Chair and Deputy Chair attended the All-Wales Governance & Audit Committee Chairs' Network meeting, whose aim 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.

The Institute of Internal Auditors and CIPFA offered their support in delivering training, which focussed on:

- Risk Management
- New Global Internal Audit Standards
- Statement of Accounts

6. GOVERNANCE & AUDIT COMMITTEE SELF-ASSESSMENT

A workshop was held on the 13th of June 2023 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. The Committee agreed to complete the 'Self-assessment of good practice' template and consider a more suitable alternative to the 'Evaluating the impact and effectiveness of the audit committee' template for future years.

7. FORWARD WORK PROGRAMME

The Governance and Audit committee have a Forward Work Programme which includes the following standing agenda items:

- Regulatory & Inspectorate Reports and Update;
- Council Responses to Regulatory and Inspectorate Reports;
- Internal Audit Quarterly Progress Reports;
- AGS Progress Reports;
- Corporate Risk Register;
- Forward Work Programme; and
- Committee Meeting Actions Log.

8. OUTCOMES AND/OR IMPACTS OF THE COMMITTEE'S WORK

Annual Governance Statement (AGS)

The Committee had a positive impact on the Council's corporate governance processes. The Chair and Deputy Chair provided input and effective challenge in the drafting of the Council's new Governance Framework.

In addition, the committee reviewed minor amendments to the 2022-23 AGS prior to including it with the Statement of Accounts, and to reflect that actions previously anticipated to be taken had now been accomplished and recommended the updated AGS to Council for approval.

A comprehensive review of the Council's Governance framework was undertaken, which considered the following:

- Monitoring Officer (MO) to continue to advise Chief Officers on the need to declare close personal associations with other Officers or Members.
- Ongoing review of Chief Officers business declarations to include review of Members holding directorships, trusteeships, or memberships
- MO to consider member feedback and added value.
- Whether the Delegated Decisions Register should be published.
- Continued monitoring of the Mandatory e-learning take up of the Whistleblowing module.
- To continue respond to legislative changes as required e.g. Local Government and Elections (Wales) Act 2021.
- Continued monitoring of progress of actions taken in response to external audit recommendations.

Risk Management

The Chair and Deputy Chair effectively considered the draft Risk Management Policy, Strategy and Framework and made constructive challenge to the process to ensure that it is robust and effective.

Internal Audit

The Committee promotes the results of Internal Audit engagements and has recommended that the Museum Shop report be presented to and considered by the Thriving Communities Scrutiny committee to ensure that suitable corrective action is prioritised and monitored.

Alan Davies

Chair – Governance and Audit Committee – 2023-2024

Internal reports

Report Title
<p>2023-24 Quarter 4 (21 June 2023 Meeting)</p> <ul style="list-style-type: none"> • Actions Log • Governance & Audit Committee Annual Report 2022-23 • CMIA - Internal Audit Progress Report Q4 Jan – Mar 2023 • CMIA – Management Actions Report Oct 2022 – Mar 2023 • CMIA – Annual Report 2022-23 • CMIA – Counter Fraud Report 2022-23 • Corporate Risk Register Q4 2022-23 • Forward Work Programme
<p>2023-24 Quarter 1 (27 September 2023 Meeting)</p> <ul style="list-style-type: none"> • Actions Log • Annual Governance Statement Update • Governance & Audit Committee Self-Assessment • CMIA – Internal Audit Progress Report Q1 Apr – Jan 2023 • Internal Audit Self-Assessment Report 2022-23 • Annual Compliment, Complaints and Freedom of Information Requests Report 2022-23 • Ceredigion County Council Draft Self-Assessment Report 2022-23 • Corporate Risk Register Q1 2023-24 • Risk Management Policy, Strategy and Framework • Forward Work Programme
<p>2023-24 Quarter 2 (24 January 2024 Meeting)</p> <ul style="list-style-type: none"> • Action Log • Annual Governance Statement 2022-23 • Draft Annual Governance Statement 2023-24 • CMIA – Internal Audit Progress Report Q2 Jul – Sept 2023 • CMIA – Management Actions Report Apr – Sept 2023 • Internal Audit Charter • Corporate Risk Register Q2 2023-24 • Risk Management Policy, Strategy and Framework • Welsh Government Statutory and Non-Statutory Guidance • Ceredigion County Council Self-Assessment 2022-23 • Forward Work Programme
<p>2023-24 (6 February 2024 Meeting)</p> <ul style="list-style-type: none"> • Annual Governance Statement update 2022-23 • Report of the Corporate Lead Officer Finance & Procurement upon the Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts for the year ended 31st March 2023
<p>2023-24 Quarter 3 (14th March 2024 Meeting)</p> <ul style="list-style-type: none"> • Actions Log • Draft Annual Governance Statement 2023-24 • Corporate Governance Framework • CMIA – Internal Audit Progress report Q3 October – Dec 2023 • CMIA – Internal Audit Strategy & Annual Plan 2024-25 • CMIA – Governance Framework Review 2023-24 • Welsh Government Statutory and Non-Statutory Guidance • Forward Work Programme

External Reports

Report Title
<u>Audit Wales Quarterly Updates to Governance and Audit Committee</u>
Audit Wales Work Programme and Timetable – Ceredigion County Council (Quarter1– September 2023)
Audit Wales Work Programme and Timetable – Ceredigion Council (Quarter 2 –January 2024)
Audit Wales Work Programme and Timetable – Ceredigion Council (Quarter 3 – March 2024)
<u>Local External Audit Reports</u>
Audit Wales – Letter to LG Bodies (June 2023)
Audit Wales – Ceredigion County Council Detailed Audit Plan 2023 (June 2023)
Audit Wales - Certification of Grant and Returns 2021-22 (June 2023)
Care Inspectorate Wales – Performance Evaluation Inspection of Ceredigion County Council (September 2023)
Audit Wales – Setting of Wellbeing Objectives (September 2023)
Audit Wales - Planning Service Follow-up review (September 2023)
Audit Wales – Digital Strategy Review (January 2024)
Audit Wales – Springing Forward – Strategic Workforce Management (January 2024)
Audit Wales – Audit of Accounts Report – Ceredigion County Council (February 2024)
Audit Wales – Annual Audit Summary (March 2024)
<u>National Reports/Project Briefs</u>
Audit Wales Our Work Programme 2023-26 (June 2023)
Audit Wales - Project Brief: Use of Performance Information – Service User Perspective and Outcomes (June 2023)
Audit Wales – Cracks in the Foundations – Building Safety in Wales (September 2023)
Audit Wales – Consultation on Fee Scales 2024-25 (September 2023)
Audit Wales – Springing forward – Lessons for our work on workforce and assets in local government (September 2023)
Audit Wales – Equality Impact Assessment (January 2024)
Audit Wales – Time for Change – Poverty in Wales (January 2024)
Audit Wales – Corporate Joint Committees Report (January 2024)
Audit Wales – A Missed Opportunity – Social Enterprises (January 2024)
Audit Wales – Project Brief – Assurance and Risk Assessment (January 2024)
Audit Wales – Sustainable Development? – Making the best use of brownfield and empty buildings (March 2024)
Audit Wales – From Firefighting to Future-proofing – The Challenge for Welsh Public Services (March 2024)
<u>ORFs considered (2023-24):</u>
Audit Wales – Time for Change – Poverty in Wales (June 2023)

Audit Wales – A Missed Opportunity – Social Enterprises (June 2023)
Audit Wales – Springing Forward – Review of Strategic Workforce Management (June 2023)
Audit Wales – Equality Impact Assessments: More than a tick box exercise? (September 2023)
Audit Wales – Cracks in the Foundations – Building Safety in Wales (September 2023)
Audit Wales – Planning Service Follow-up Review (September 2023)
Audit Wales – Setting of Wellbeing Objectives (September 2023)
Audit Wales – Digital Strategy Review (January 2024)
Audit Wales – Sustainable Development? – making the best use of brownfield land and empty buildings