



2021/22

Contents

Section	Title	Page No
1.	Foreword by Sally Ellis, Vice-Chair of the Governance and Audit Committee	1
2.	Introduction	2
3.	Work of the Governance and Audit Committee and its Effectiveness	3
4.	Internal Audit Opinion – 2021/22	8
5.	Governance and Audit Committee Membership & Attendance	9
6.	Governance and Audit Committee Self-Assessment and Training and Development	11
7.	Future Priorities	13
Appendix A	Governance and Audit Committee Terms of Reference	14
Appendix B	Actions Raised by the Governance and Audit Committee for 2021/22	22
Appendix C	Forward Work Programme for 2022/23	24
Appendix D	Governance and Audit Committee Self-Assessment and Action Plan	26

Date	Approved By	Version
14/11/2022	Governance and Audit Committee	Draft
13/12/2022	Flintshire County Council (planned)	Final

1 Foreword by Ms Sally Ellis, Chair of the Governance and Audit Committee

I am pleased to present the Annual Report of the Governance and Audit Committee which outlines the Committees' work and activities for the year ending 31st March 2022. Whilst I was not Chair of the committee during 2021/22, I was the Vice Chair.

The Governance and Audit Committee is a key part in the Council's governance framework to provide independent oversight on the effectiveness of the Council's governance, risk, financial management, and internal control arrangements. This has continued throughout this financial year.

The Committee has continued to receive valued professional reports, support and advice from Accountancy, Treasury Management, Risk Management, Corporate Business and Communications, Internal Audit and External Audit (Audit Wales). Additionally, we have invited Chief Officers and Service Managers to attend Governance and Audit Committee to respond to concerns raised by members or through various reports, such as those presented by Internal and External Audit.

At each meeting we have reviewed our Forward Work Programme ensuring the work mirrors the level of risks and priorities of the Council. Any actions raised during previous Committee meetings are reviewed for completeness.

I would like to thank members and officers who have supported the work of this Committee by presenting, discussing, challenging, and debating solutions to the governance, risk, financial, and control environment of the Council. The Committee has been well attended throughout the year and where apologies have been given a trained substitute member has attended on the members' behalf.

Finally, I would like to confirm that there are no areas of concern for the Committee to note or report back on which is reassuring for the Council.



Ms Sally Ellis
Vice Chair of Governance and Audit
Committee

2 Introduction

- 2.1 The Governance and Audit Committee is a key part in the Council's Governance Framework. It provides independent governance assurance over the adequacy of the Council's governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, the Committee makes an important contribution by ensuring effective assurance arrangements are in place.
- 2.2 How the Governance and Audit Committee fulfils this role is detailed within the Committee Terms of Reference (March 2021). It states that the Governance and Audit Committee's role and functions will be to:
- A** Review the effectiveness of the Authority's systems of corporate governance, internal control, [complaints](#), [performance \(self-assessment and peer review\)](#) and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements.

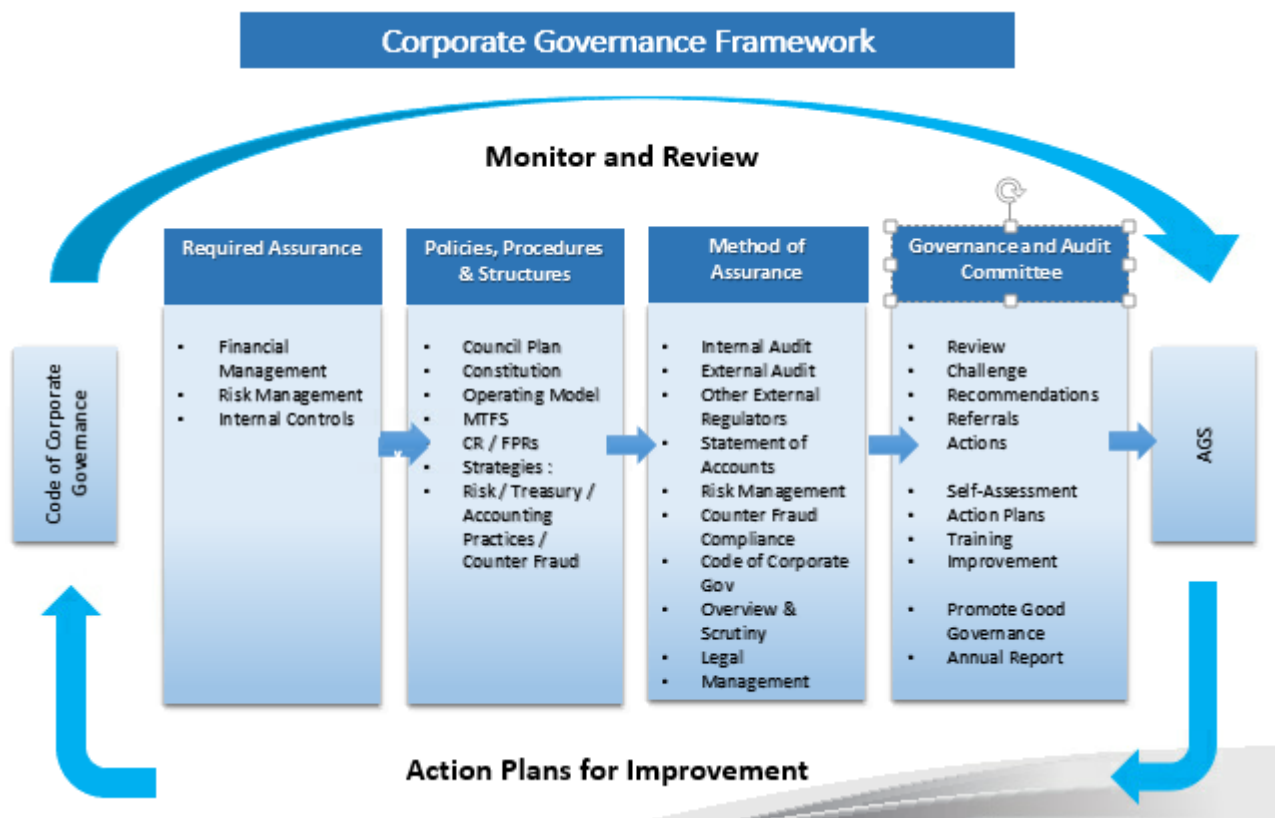
Please note the Committee will not need to review the effectiveness of complaints or performance ([highlighted in blue](#)) until April 2022 when this part of the new Local Government and Elections (Wales) Act 2021 comes into force.
 - B** Oversee the reporting of the statutory financial statements to ensure the balance, transparency and integrity of published financial information, as well as the review of the financial statements prepared by the authority and recommended to County Council; and

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.
 - C** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
 - D** Report to the Council annually, summarising the Committee's activities and recommendations.
- 2.3 The full Terms of Reference for Governance and Audit Committee are detailed at Appendix A.
- 2.4 In supporting the Governance and Audit Committee deliver its terms of reference, there is a strong contribution from the independent members, the external advisors and regulators and the Internal Audit Team.

3 Work of the Governance and Audit Committee and its Effectiveness

- 3.1 The Committee has worked within its Terms of Reference, which includes the requirement to monitor and review governance, risk management, financial management and internal controls within the Council to ensure there is an appropriate and effective framework in place. This process is demonstrated in Graphic 1 below.
- 3.2 The Governance and Audit Committee provides the Council with an independent opinion of the effectiveness of the Governance arrangements within the Council including those of the internal and external audit function.

Graphic 1 – Corporate Governance Framework



- 3.3 As referred to at 2.2, the Governance and Audit Committee’s Terms of Reference is split into four main areas referenced A-D. Within tables 1-4 below the Governance and Audit Committee demonstrates how it has met and fulfilled its Terms of Reference by receiving, reviewing, challenging and approving the following reports.

Table 1 – Terms of Reference A

TOR A: To review the effectiveness of the Authority's systems of corporate governance, internal control and risk management		
Committee Date	Report Received	Committees Resolution
02/06/2021	Draft Annual Governance Statement 2020/21	That the Annual Governance Statement 2020/21 be attached to the Statement of Accounts and recommended to Council for adoption.
02/06/2021	Internal Audit Annual Report	That the report and Internal Audit annual opinion be noted.
02/06/2021	Internal Audit Progress Report	That the report is accepted.
28/07/2021	Counter-Fraud Arrangements in the Welsh Public Sector	That the Committee is assured that the Council is taking appropriate steps to counter the risk of fraud.
27/09/2021	Flintshire Financial Sustainability Assessment Final report	That the Committee notes the report and confirms that there are no issues to be brought to the attention of the Cabinet.
27/09/2021	Internal Audit Progress Report	That the report is accepted.
17/11/2021	Housing Rent Income – Audit Wales	That the report be noted.
17/11/2021	Audit Wales review of Town Centre Regeneration	That the Audit Wales recommendations to the Council are noted and the proposed response to Audit Wales is approved.
17/11/2021	Risk Management Update	That the Committee is assured the renewed risk management framework is comprehensive and functional.
17/11/2021	Asset Disposal and Capital Receipts Generated 2020/21	That the report is noted.
17/11/2021	Internal Audit Progress Report	Report is accepted.
17/11/2021	Maes Gwern Contractual Arrangements	That the report be accepted.
26/01/2022	Code of Corporate Governance	That the updated Code of Corporate Governance be endorsed for adoption as part of the Council's Constitution.
26/01/2022	Annual Governance Statement 2020/21 Mid-Year Progress Report	That the Annual Governance Statement Mid-Year Progress update be accepted
26/01/2021	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Annual Audit Summary for Flintshire County Council 2020/21	That the Committee is assured by the Auditor General for Wales' Annual Audit Summary report for 2020/21.
14/03/2022	External Regulation Assurance	That the Committee is assured by the Council's response to external regulatory reports.
14/03/2022	Internal Audit Strategic Plan 2022-25	That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2022-25.
14/03/2022	Internal Audit Progress Report	That the report be accepted.

Table 2 – Terms of Reference B

TOR B: To Oversee the reporting of the statutory financial statement's process and review and scrutinise the County Council's financial affairs		
Committee Date	Report Received	Committees Resolution
02/06/2021	Certification of Grants and Returns 2019/20	That the content of the Grant Claim Certification report for 2019/20 and the Internal Audit Review of Grants 2019/20 be noted.
28/07/2021	Draft Statement of Accounts 2020/21	<ul style="list-style-type: none"> • That the draft Statement of Accounts 2020/21 (which includes the Annual Governance Statement) be noted; and • That Members note the opportunity to discuss any aspect of the Statement of Accounts with officers or Audit Wales from July to August, prior to the final audited version being brought back to the Committee for final approval on 8 September 2021.
28/07/2021	Supplementary Financial Information to Draft Statement of Accounts 2020/21	Report is noted.
28/07/2021	Treasury Management Annual Report 2020/21 and Treasury Management Quarter 1 Update 2021/22	<ul style="list-style-type: none"> • That the draft Treasury Management Annual Report 2020/21 be noted, with no matters to be drawn to the attention of Cabinet in September; and • That the Treasury Management 2021/22 first quarter update be noted.
27/09/2021	Statement of Accounts 2020/21	<ul style="list-style-type: none"> • That the final version of the Statement of Accounts 2020/21 be approved, incorporating the updated position on emergency grant funding; • That the Audit Wales presentation 'Audit of the Group Financial Statements 2020/21– Flintshire County Council' be noted; and • That the Letter of Representation be approved.
27/09/2021	Flintshire Financial Sustainability Assessment Final report	That the Committee notes the report and confirms that there are no issues to be brought to the attention of the Cabinet.
27/09/2021	School Reserves Balances Year End 31 March 2021	That the school reserve level as at 31 March 2021 be noted.
17/11/2021	Asset Disposal and Capital Receipts Generated 2020/21	That the report is noted.
17/11/2021	Treasury Management Mid-Year Review and Quarter 2 Update 2022/23	That the Committee notes the draft Treasury Management Mid-Year Report 2021/22 and confirms that there are no matters to be drawn to the attention of Cabinet in December 2021.
26/01/2022	Treasury Management Strategy 2022/23 - Treasury Management Policy Statement, Practices and Schedules 2022-25 and Quarter 3 Update 2021/22	<ul style="list-style-type: none"> • That having reviewed the draft Treasury Management Strategy 2022/23, the Committee has no specific issues to be reported to Cabinet on 15 February 2022; and • That the Treasury Management 2021/22 quarterly update be noted.
14/03/2022	Quarter 4 Treasury Management Update 2021/22	That the Treasury Management 2021/22 quarterly update be endorsed.

Table 3 – Terms of Reference C

TOR C: To monitor the performance and effectiveness of the internal and external audit functions		
Committee Date	Report Received	Committees Resolution
02/06/2021	Internal Audit Annual Report	That the report and Internal Audit annual opinion be noted.
02/06/2021	Internal Audit Progress Report	That the report is accepted.
28/07/2021	Development of a Self-Assessment Model	That the proposed model for the first and trial corporate self-assessment be endorsed.
27/09/2021	Internal Audit Progress Report	That the report is accepted.
17/11/2021	Internal Audit Progress Report	Report is accepted.
26/01/2022	Internal Audit Charter	That the updated Internal Audit Charter be approved.
26/01/2022	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Annual Audit Summary for Flintshire County Council 2020/21	That the Committee is assured by the Auditor General for Wales' Annual Audit Summary report for 2020/21.
14/03/2022	External Regulation Assurance	That the Committee is assured by the Council's response to external regulatory reports.
14/03/2022	Internal Audit Strategic Plan 2022-25	That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2022-25.
14/03/2022	Public Sector Internal Audit Standards	That the report be noted.
14/03/2022	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Private meeting between members, Internal Audit Manager and Audit Wales	N/A

Table 4 – Terms of Reference D

TOR D: To report to the Council annually, summarising the Committee's activities and Recommendations (<i>demonstrating the Committees' effectiveness</i>)		
Date of Committee	Report Received	Committees Resolution
14/11/2022	Governance and Audit Committee Annual Report	That the annual report for 2021/22 be endorsed prior to its submission to Council for approval in December 2022.

- 3.4 Any actions raised by Governance and Audit Committee after reviewing and considering these reports are detailed at Appendix B. Where actions remain open (2 of the 15 raised), these are either ongoing or not due at the point of this report.
- 3.5 By and large, the Committee accepted recommendations made. However, this frequently followed extensive exploration of an issue, detailed questioning and agreed actions. As Appendix B shows, examples of this included ensuring clear arrangements for follow through after Red/Amber Internal Audit reports, ensuring significant new areas of Council responsibility/risk (eg preparing for Climate Change and decarbonisation) form part of the Governance and Audit Committee Forward Work Programme and ensuring the Governance and Audit Committee is properly prepared for new responsibilities under the Local Government and Elections (Wales) Act 2021.
- 3.6 The Committee's Forward Work programme for 2022/23 is detailed at Appendix C.

4 Internal Audit Opinion

- 4.1 The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Governance and Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.
- 4.2 The matters reported in the Internal Audit Annual Report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
- 4.3 There have been no limitations made on the scope of Internal Audit coverage during the year.

For the year ending 31 March 2022, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and internal control.

- 4.4 During 2021/22 we have issued three 'Red / Limited assurance' opinions (compared to previous years 2020/21 zero audits, 2019/20 one audit, 2018/19 two audits, 2017/18 three audits, 2016/17 four audits & 2015/16 six audits), where an urgent system revision was required
- 4.5 Overall 68% of assurance opinions issued were either Green or Amber Green providing the Committee assurance that of the audits undertaken this year in the main there are effective arrangements in place for governance, risk management and internal control.
- 4.6 In order for the Internal Audit team to be in position to undertake such work and deliver this audit opinion, it has an unfettered high profile role within the Council, and has developed and holds an excellent trusted working relationship with portfolios. The breadth of the work has grown in recent years seeing a significant increase in requests for advisory, consultancy and commissioned work.

5 Governance and Audit Committee Membership and Attendance

- 5.1 For the period of this report, the Council had determined that the membership of its Governance and Audit Committee will consist of seven elected Members and two Independent Lay Members (as required by the Local Governance (Wales) Measure 2011). The Independent Lay Members are appointed for a period of five years and Council Members are reappointed annually. The first lay member was appointed in 2017 and the second in September 2019.
- 5.2 The Committee is serviced by Council Officers, principally the Chief Executive, the Chief Officer, Governance (Council’s Monitoring Officer), the Corporate Finance Manager (Section 151 Officer) and the Internal Audit, Performance and Risk Manager. Representatives from Corporate Finance, Performance and Risk, and Audit Wales also attend Audit Committee.
- 5.3 The Governance and Audit Committee met on six separate occasions during 2021/22. For each meeting, the Committee were quorate and there were sufficient Elected Members to generate an informed discussion on the matters raised. The attendance by members demonstrates their continued commitment to the Governance and Audit Committee by their high attendance rate of 98.1%.

Table 5 – Governance and Audit Committee Meeting 2021/22

Members Attendance / Committee Date	02/06/21	28/07/21	27/09/21	17/11/21	26/01/22	14/03/22	Meetings Attended
Cllr C Dolphin (Chair)	✓	✓	✓	✓	✓	✓	6
S Ellis (Lay Member & Vice-Chair)	✓	✓	✓	✓	✓	✓	6
Cllr G Collett	✓	✓	x	✓	✓	✓	5
Cllr J Johnson	✓	✓	✓	✓	✓	✓	6
Cllr A Woolley	✓	✓	✓	✓	✓	✓	6
Cllr P Heesom	✓	✓	✓	✓	✓	✓	6
Cllr J Axworthy	✓	✓	✓	✓	✓	✓	6
Cllr M White	✓	✓	✓	✓	✓	✓	6
A Rainford	✓	✓	✓	✓	✓	✓	6
Total for Committee	9	9	8	9	9	9	
Other Members Present as Observers	3	3	3	3	2	3	
Attendance Ratio for 2021/22				98.1%			
Attendance Ratio for 2020/21				100%			
Attendance Ratio for 2019/20				97.5%			
Attendance Ratio for 2018/19				95.8%			
Attendance Ratio for 2017/18				87.5%			

- 5.4 All members of the Committee, including any substitutes have received the required Governance and Audit Committee training prior to attending their first Governance and Audit Committee meeting. All meetings were held remotely, meetings were recorded, and papers are available on the Council's website. Officers from the Council's External Auditors, Audit Wales (AW) were present at each of the meetings.

6 Self-Assessment, Training & Development

Governance and Audit Committee Self-Assessment

- 6.1 The last self-assessment review was delayed due to the pandemic. As result of this, the change in committee membership this year and the pending release of the new CIPFA guidance for Governance and Audit Committees it was decided that the self-assessment would be more effective if undertaken by the new committee once in post for a period of time. The next self-assessment is now due to take place in December 2022.
- 6.2 As part of preparing this report, a review was undertaken against the Governance and Audit Committee Terms of Reference to ensure compliance. A benchmarking exercise was also undertaken of the Forward Work Programmes for Governance and Audit Committees across Wales. Overall, the Governance and Audit Committee fulfils its TOR and receives appropriate reports at Committee. Any additional reports and or information required by the Governance and Audit Committee to enhance their role will be explored during the self-assessment workshop.
- 6.3 In October 2019, an All-Wales Chair and Vice Chairs of Governance and Audit Committee Network was established and held in Llandrindod Wells. Since 2020 this has operated remotely. During 2021/22, one session has been held and attended by the Chair and Vice Chair of the Governance and Audit Committee and the Internal Audit, Performance and Risk Manager.

Governance and Audit Committee Training and Development

- 6.4 Table 6 provides details of the training courses attended.

Topic	Date	Type of Training	Coverage
Statement of Accounts	23/07/2021	Accounts	Presentation and explanation of the Statement of Accounts.
Treasury Management	08/12/2021	Financial	Half day external training session provided on the Council's approach to Treasury Management.
Chair and Vice Chairs of Audit Committee Network Seminar	06/09/2021	Governance; Risk Management and Annual Governance Statement	Half-Day Session covering: <ul style="list-style-type: none"> Local Government and Elections (Wales) Act 2021 Complaints Handling in Local Authorities Policy in Practice.

- 6.5 Of the 11 areas identified for further improvement during the 2020/21 Governance and Audit Committee's self-assessment review, four actions have been closed, four are ongoing and three remain open.
- 6.6 The main themes of ongoing and outstanding actions, set out in full in Appendix D, relate to:
- strengthening relationships between the Governance and Audit Committee and other parts of the Council's governance structure to ensure roles are complementary and mutually supportive
 - being more effective and visible as an "agent for improvement" within the Council

7 Future Priorities

- 7.1 The Committee's Forward Work Programme (Appendix C) will continue to be reviewed to ensure the contribution to governance, risk management, financial management and internal control is maximised.

Appendix A

Governance and Audit Committee's Terms of Reference

The Terms of Reference for the Governance and Audit Committee was updated to reflect the name change and the new responsibilities as a result of the Local Government and Elections (Wales) Act 2021. Whilst the act will be phased in over a period of time it was agreed to update the Terms of Reference once. **Where text is highlighted blue, these roles and responsibilities will not come into force until April 2022.**

7.00 Statement of Purpose:

The terms of reference sets out the Governance and Audit Committee's position in the governance structure of the Council.

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

7.01 Role:

The Governance and Audit Committee's role and functions will be to:

- A.** Review the effectiveness of the Authority's systems of corporate governance, internal control, **complaints, performance (self-assessment and peer review)** and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements;
- B.** Oversee the reporting of the statutory financial statement's process to ensure the balance, transparency and integrity of published financial information, and to review the financial statements prepared by the authority and recommend them to County Council; and

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.
- C.** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
- D.** Report to the Council annually, summarising the Committee's activities and recommendations.

A. Corporate Governance, Internal Control, Complaints, Performance and Risk Management

1. Evaluate whether Senior Accountable Officers and service teams are setting the appropriate “control culture” by communicating the importance of internal control and risk management.
2. Consider and assure the annual update of the Code of Corporate Governance against the ‘Delivering Good Governance Framework (Wales)’.
3. Consider and assure the draft Annual Governance Statement and make appropriate recommendations/observations prior to its submission to the Council’s Regulators.
4. Evaluate the overall effective development and operation of the internal control and risk management frameworks and consider whether actions raised by the internal and external auditors have been implemented by Senior Accountable Officers.
5. Review and assure the Risk Management Strategy through regular reports on risk management and business continuity plans, processes and outcomes.
6. Monitor progress in addressing risk related issues reported to the Committee.
7. Consider the Council’s framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
8. To review and assess the Council’ ability to effectively handle complaints.
9. To make reports and recommendations in relation to the Council’s ability to handle complaints effectively.
10. To consider the Council’s draft Annual Performance Self-Assessment report and if necessary make any recommendations for changes to the Council.
11. To receive the Council’s finalised Annual Self-Assessment report for the respective financial year as soon as reasonably possible after the end of the financial year.
12. At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report on whether the Council is meeting its performance requirements.
13. To receive and review the Council’s draft response to the report of the independent Panel Performance Assessment and if necessary, make

recommendations for changes to the statements made in the draft response to the Council.

14. Keep under review the Council's Anti-Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy and the assessment of fraud risks and potential harm to the Council from Fraud and Corruption.
15. Consider the Council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
16. Receive reports on all fraud identified and any other special investigations, and action taken.
17. Consider how Senior Accountable Officers are held to account for the security of computer systems and applications to protect against computer fraud or misuse.
18. Ensure the rigorous application of the agreed protocol for the reporting and decision making over business cases for collaborative projects, the management of the transition for approved collaborations, and the subsequent performance management arrangements for the new collaborative services.
19. Obtain regular updates from Senior Accountable Officers and legal advice regarding compliance matters, and be satisfied that all compliance matters have been considered in preparing the financial statements.
20. The Chair and Vice Chair of the Governance and Audit Committee together with the Chairs and Vice Chairs of the six Overview and Scrutiny Committees will attend the Chair and Vice Chair Liaison Group with the primary aim to reduce duplication of work, ensure there is a shared coverage of the Council's risk profile and escalate poor performance between respective Committees.

Appendix A of the Audit Charter provides a diagram of the co-ordination of work between the Overview and Scrutiny Committees and Governance and Audit Committee.

B. Financial:

Statutory Financial Statements

1. Receive the draft annual Statement of Accounts, together with the underlying accounting policies for information. Consider and comment on the final statement of accounts following the receipt of the proposed audit opinion from the Wales Audit Office prior to recommending their approval to the Council.
2. Understand the controls and processes implemented by Senior Accountable Officers to ensure the financial statements derive from the underlying financial

systems, comply with relevant standards and requirements, and are subject to appropriate review.

3. Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, significant accounting and reporting issues and their impact on financial reports, and the results of the audit.
4. Ensure that significant adjustments, unadjusted differences, disagreements with Senior Accountable Officers and critical accounting policies and practice are discussed with the external auditor.

Financial Affairs

5. Understand the internal control systems implemented by Senior Accountable Officers and service teams for the approval of transactions and the recording and processing of financial data.
6. Gain an understanding of the current areas of greatest risk around financial controls and advise and assure on risk management.
7. Keep under review the Council's financial procedure rules and contract procedure rules and all other corporate directions concerning financial control.
8. Review and assure the Treasury Management Strategy and Policy and consider quarterly updates on Treasury Management and make appropriate recommendations / observations to the Cabinet.

C. Internal and External Audit

1. Keep under review the joint working arrangements of the Council's Internal and External Auditors.

Internal Audit

2. Promote the role of internal audit within the Council, as a key element of its control environment.
3. Review and approve the Internal Audit Charter, outlining the role, scope, independence, authority, responsibility and reporting of the department.
4. Keep under review the organisational structure and resource requirements of the Internal Audit Section and consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Internal Audit, Performance and Risk Manager. To approve and periodically review safeguards to limit such impairments.

-
5. Make appropriate enquiries of both Senior Accountable Officers and the Internal Audit, Performance and Risk Manager to determine if there are any inappropriate scope or resources limitations.
 6. Review, approve (but not direct) and monitor the delivery of the risk-based internal audit plan, the approach to using other sources of assurance and any work required to place reliance upon those other sources and ensure the plan considers changes arising from Government, Assembly or Council initiatives.
 7. Approve significant interim changes to the risk based internal audit plan and resources requirements.
 8. Receive summaries of all internal audit reports issued, highlighting key actions with corporate control implications.
 9. Consider reports from the Internal Audit, Performance and Risk Manager on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern including monitoring the implementation of agreed actions contained within internal audit reports, receive report on actions not implemented within good timescales and seek explanations from officers where required.
 - Regular reports on the results of the Quality Assurance Improvement Programme (QAIP).
 - Reports on instances where the internal audit service does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Governance Advice Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
 10. Receive and consider the Internal Audit, Performance and Risk Managers annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement (AGS).

-
- Keep performance indicators under review and evaluate, on an annual basis, the performance and effectiveness of internal audit and its compliance with best practice.
11. Consider summaries of specific internal audit reports as requested.
 12. Receive reports outlining the action taken where the Internal Audit, Performance and Risk Manager has concluded that Senior Accountable Officers and service teams have accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
 13. Contribute to the Quality Assurance Improvement Programme (QAIP) and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
 14. Meet separately with the Internal Audit, Performance and Risk Manager to discuss any matters that the Committee or internal auditors believe should be discussed privately.
 15. Should the needs arise, arbitrate in the event of any failure to agree between a Senior Accountable Officers and internal audit.
 16. Discuss with the external auditor the standard of work of internal audit.

External Audit and External Regulatory Bodies

External Audit

17. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence.
18. Review the external auditors' proposed audit scope and approach for the current year in the light of the Authority's present circumstances and changes in regulatory and other requirements arising from Government, Assembly or Council initiatives.
19. Ensure that the annual audit is undertaken in compliance with statutory requirements.
20. Receive all audit reports, and the annual audit letter, issued by the external auditor, and ensure that all agreed recommendations are implemented.
21. Consider specific reports as agreed with the external auditor.
22. Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.

23. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the chair of the Governance and Audit Committee when required.
24. Review, annually, the performance of external audit and co-ordinate any feedback requested from Audit Wales.

External Regulation: Performance

25. External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies such as the Audit Wales (AW), Estyn and the Care Inspectorate Wales (CIW), plus a number of other external regulatory bodies. To examine how the organisation manages and spends public money including achieving value in delivery. This work is co-ordinated by the Internal Audit, Performance and Risk Management team and a shared protocol for these working arrangements is in place.
26. To gain assurance and confidence of the Council's response to the external regulatory findings the Governance and Audit Committee will:
 - a) Receive periodic reports from external regulators which will include the Council's response to the reports and ensure that effective processes are in place for setting and monitoring against proportionate and effective action plans.
 - b) Receive an annual report collating external regulatory activity on improvement assessment work which is supplemented by local risk based audit work; and
 - c) Receive the Annual Improvement Report from the Auditor General

D. Accountability Arrangements

1. Require the attendance at the Committee of any officer or member, or the submission of a report from any officer, to provide further explanation in connection with any of the above terms of reference.
2. Evaluate the Committee's own performance, both of individual members and collectively, on a regular basis.
3. The Committee must meet at least once a year and must also do so if the Council decides or if at least a third of the Committee's members require a meeting. Beyond those requirements the Committee can meet whenever it likes.
4. The Governance and Audit Committee will keep the above terms of reference under annual review and propose any amendment to the County Council.

5. Report to full council and publish an annual report on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

7.02 Composition

1. The Chair and Vice-Chair of the Governance and Audit Committee will be chosen by the Committee itself at its first meeting following each annual general meeting. The Chair and Vice Chair of the Governance and Audit Committee will be chosen from amongst the opposition group(s), non-aligned Councillors or lay member on the Council (that is to say from amongst the group(s) none of whose members are included in the Cabinet). [From May 2022 the appointment of the Chair must be from one of the Lay Members appointed to sit on the Committee.](#)
2. The County Council shall appoint [two \(three from May 2022\) people who are](#) neither a serving Councillor nor an officer of the County Council or any other Council to serve as a lay members of the Committee with full voting rights. The lay member's term of office shall be from the first County Council meeting following the annual general meeting following the County Council elections until the first County Council meeting after the annual general meeting following the next County Council elections. No more than one member of the Committee shall be on the Council's Cabinet. The Council Leader cannot be a member of the Committee.
3. It is the express wish of the Council that there should be continuity of membership of the Governance and Audit Committee so as to build up a body of expertise and maintain a consistency of approach.
4. In recognising the express wish of the Council but observing the requirements of the legislation for political balance, the Governance and Audit Committee will comprise seven [\(six from May 2022\)](#) Members with the seats allocated in accordance with the legislation to the appropriate political groups and one lay member. Any proposed substitution shall comply with Council Procedure Rule 22.4 and the proposed substitute shall have attended relevant training. Substitutes will only be permitted where the Governance and Audit Committee, at the commencement of its meeting, agrees that good reasons exist for substitution.
5. Members will receive induction training on appointment to the Committee. Ongoing training will be provided as necessary to meet the requirements of the Committee, based on the skills and experience of the members.
6. The business of the Committee shall be conducted apolitically.

Governance and Audit Committee Actions Raised – 2021/22

Appendix B

Item No.	Report	Action Required	Action Taken	Status
No Action raised from June, July & September 2021 Committees				
24th November 2021				
35.	Risk Management	The 'outcome' column of the allocation of risk to O&SC document would be updated to clarify where risks were being reported.	This has now been actioned.	Closed
35.	Risk Management	Risk management would form part of the induction programme for the next Council term following the Elections.	A workshop is being planned in for January 2023 and will include Performance and Risk Management and Corporate Self-Assessment.	Open
38.	Internal Audit Progress Report	An update on the progress of the overdue action for Payroll 2017/18 would be shared with the Committee.	An update has been provided to members on 14 th January 2022.	Closed
38.	Internal Audit Progress Report	The forward work programme to be updated to remove the Internal Audit Progress report for each November meeting. In future the progress report will be presented to Committee each June, September, January and March.	The forward work programme has been updated to remove the November progress report from the programme.	Closed
39.	Governance and Audit Committee Self-Assessment	That preparations for the Annual Report should incorporate a review of the Committee's Terms of Reference to ensure that the remit was being met in full.	This will be undertaken in preparation for the Governance and Audit Committee's Annual report and will be shared with members at the self-assessment workshop.	Closed
39.	Governance and Audit Committee Self-Assessment	That the outcomes and training requirements identified in the action plan from the self-assessment be noted and progressed.	A training programme will be developed and updated to support the Committee's future self-assessment	Open
42.	Forward Work Programme	The Corporate Finance Manager would report back to Committee members following discussions with colleagues across the region regarding preparations for the introduction of a new Finance Management Code.	Discussions are ongoing (on a Regional agenda 14/1/22) and this will also link to a review of the AGS	Closed
26th January 2022				

Item No.	Report	Action Required	Action Taken	Status
48.	TM Strategy 2022/23 & Q3 Update 2021/22	To schedule a future report on Climate Change and decarbonisation activities.	A report will be presented to Governance and Audit Committee in September on this subject.	Closed
49.	Code of Corporate Governance	To highlight in Section 2 the availability of information on the Recovery Committee throughout the pandemic.	The Code of Corporate Governance has been updated to reflect this.	Closed
52.	IA Progress Report	To refer future Amber/Red reports to their respective Overview & Scrutiny Committees including the three on this agenda, and to include that information on Progress Reports.	This has been requested with each of the service areas.	Closed
54.	Forward Work Programme	To share a link to the Audit Wales reports on Care Homes with the Committee.	Provided during the G&AC meeting	Closed
54.	Forward Work Programme	To liaise with the Service to bring forward the Annual Complaints report and schedule the item on Carbon Reduction.	This had been moved to November 2022 meeting however due to the availability of the PSOW and the reporting process this has had to be moved back to January.	Closed
54.	Forward Work Programme	To consider the suggestion made to bring forward the Budget report from September.	Due to the budget report only going to cabinet in July this would need to remain in the FWP for September	Closed
14th March 2022				
59.	External Regulation Assurance	To include progress on external actions in the Annual Report and AGS process, and to include an appendix to future External Regulation Reports.	Updates were provided in the Internal Audit Annual Report of progress against the AGS and External Regulations actions.	Closed
59.	External Regulation Assurance	To provide a response to the Committee on a query raised regarding the Rental Income report (P1 on p.27 of agenda), i.e., whether 'both' in the first bullet point means that these are two separate measures; and whether 'in unpaid rents' indicates that other write-off amounts are included.	Update provided to members 19.05.2022	Closed

Governance and Audit Committee Forward Work Programme – 2022/23

Appendix C

Date / Area of Assurance	28.09.2022	14.11.2022	25.01.2023	22.03.2023	June 2023	July 2023
Audit Wales (AW)	Commissioning Older People's Care Home Placements			Annual Audit Summary (AW) (2021/22)		
				Audit Plan (AW)		
Internal Audit	External Public Sector Internal Audit Standards Assessment 2022		Internal Audit Charter	Internal Audit Strategic Plan	Internal Audit Annual Report	
	Internal Audit Progress Report		Internal Audit Progress Report	Internal Audit Progress Report	Internal Audit Progress Report	
Governance & Risk Management	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	
		GAC Annual Report	Risk Management Update	Annual Report on External Inspections	Draft Annual Governance Statement	
			Code of Corporate Governance			
			Annual Governance Statement Mid-Year review			
Performance			Corporate Complaints & Compliments Annual Report			
			Corporate Self-Assessment Draft Report			
Finance	School Reserves – Annual Report on School Balances	Statement of Accounts			Certification of Grants and Returns Report	Draft Statement of Accounts
		Asset Disposals and Capital Receipts				Supplementary Financial Information to Draft Statement of Accounts
Treasury Management		Treasury Management Q2 – Mid Year Report	Treasury Management Q3 Update and Strategy	Treasury Management Q4 Update		Treasury Management Q1 Update and Annual Report
Senior Officer Updates		Climate Change & Decarbonisation Report				

Matters to be address outside of formal Committee meetings during 2022/23

<p>Governance and Audit Committee</p> <ul style="list-style-type: none"> • Budget Workshops for members – October 2022 • Annual Self-Assessment Workshop – December 2022 • Treasury Management Training – December 2022 • AGS Workshop – Date to be confirmed • Private Meeting (AW and Internal Audit) • Training and Development sessions • Chairs and Vice Chairs Liaison Group Meeting • All Wales Chairs and Vice Chairs Network Group 	<p>General</p> <ul style="list-style-type: none"> • Correspondence, updates to actions and reports for information purposes • Time sensitive consultation • In person / video meetings as and when necessary
--	--

Audit Committee Self-Assessment Summary and Action Plan 2020/21

Appendix D

Summary of Governance and Audit Committee's Self-Assessment 2020/21

No	Topic	Questions Answered			
		Strongly Agree	Agree but identified areas for further improvement	Disagree and action required	Not Applicable
1.	Good Governance: Promoting the principles of good governance and its application to decision making	3	2	0	0
2.	Internal Control: Raising awareness of the need for sound internal control and contributing to the development of an effective control environment	3	2	0	0
3.	Risk: Supporting arrangement for governance of risk and for effective arrangements to manage risk	4	1	0	0
4.	Assurance Framework: Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	3	1	0	1
5.	Internal and External Audit: Reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions.	4	1	0	0
6.	Assurance Arrangements: Aiding the achievement of the Authorities goals and objectives through helping ensure appropriate governance, risk, control and financial assurance arrangements.	3	3	0	0
7.	Ethics and Values: Helping the Authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption.	3	1	0	0
8.	Transparency & Accountability: Promoting measures to improve transparency and accountability and effective public reporting to the Authority's stakeholders and the local community.	3	0	0	1
	Overall Summary	26	11	0	2

Action Plan – Progress against the Governance and Audit Committee’s Self-Assessment during 2021/22

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
1.	Good Governance: Promoting the principles of good governance and its application to decision making						
1.1	How does the Committee promote the principles of good governance within the organisation?		Y		Through training, self-assessment and Audit Wales. However, the Committee was unsure about ‘promoting’ the committee. Given the new Act will require a Lay Member as Chair this will need to be given further consideration. The committee also identified that it would be good to benchmark forward work programmes of other LAs to theirs.	As a result of the new Act, consideration needs to be given as to how the Chair will be able to fulfil their role and form a relationship with officers and members of the Council. To benchmark other G&AC work programmes.	Ongoing – this will continue to develop. Chair and Vice chair already attended COT re action tracking and invited to the budget setting workshops for members in October 2022. Closed – A Benchmarking exercise of GAC FWP’s across Wales has been undertaken and in the whole FCC is comparative with the other LAs.
1.3	How does the Committee promote and encourage openness and transparency in decision making?		Y		The Committee encourages consultation when an issue arises. All reports are open and transparent, available to the public. A discussion took place over how O&SC’s see and/or know about the G&AC. This was picked up in the previous self-assessment. Going forward a questionnaire will also be sent	As part of the self-assessment process next year the Overview & Scrutiny Committees, Cabinet Members and Chief Officers will be consulted.	Open – Self assessment due to be undertaken in December 2022.

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
					to the O&SC chairs. G&AC feel there is little communication between the committee and the O&SC's presently however appreciated the liaison group has only just been reconvened following the pandemic and therefore will reassess at a later date.		
2.	Internal Control: Raising awareness of the need for sound internal control and contributing to the development of an effective control environment						
2.2	Does the Committee formally report the findings of its work and its recommendations for improving internal control to the Council?		Y		Yes, through its Annual report to Council. The Committee did recognise that it would be helpful if they made more recommendations than accepting reports as this would help with visibility.	Where appropriate the Committee to make recommendations rather than accepting reports.	Ongoing - will be applied where relevant.
2.4	Is the Committee recognised within the Council as an agent for improvement?		Y		It difficult to determine this (by lay members) Chair also has a question regarding this – area to explore with the appointment of the new chair. It was also raised that refresher training for G&AC members could be beneficial as well as an awareness session for non G&AC members.	Refer to action 1.1 Develop the training available for the new members of the G&AC and an awareness session for non G&AC members.	Ongoing - Refer to action 1.1
3.	Risk: Supporting arrangement for governance of risk and for effective arrangements to manage risk						
3.3	Does the Committee periodically deep dive into a		Y		The Committee feel this should be done however recognise that there is a degree	Invite individual managers to meeting re risk owners from	Open – development of the Risk Management

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
	specific risk/risk area to confirm that risk management and mitigation arrangements are fit for purpose?				of sensitivity around this. There is also a cross over between G&AC and O&S. G&AC do receive Red reports / Limited assurance reports in full and the Chief Officer / Services will also attend. The review of risks is also picked up as part of the audit planning process.	the risk register to deepen own understanding and promote / awareness.	Framework has delayed this. Further Risk Management update to presented to member in January 2023.
4.	Assurance Framework: Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively						
4.4	Does the Committee have good relationships and able to share information with other parts of the assurance framework, e.g., Scrutiny, Internal Audit, Complaints		Y		Yes, with Internal audit and there is an escalation process in place with the O&SCs. There is a Chairs and Vice Chairs Liaison group in place but feels this is the lowest priority for everyone. However, appreciates that it has only just been reconvened as result of the pandemic. Currently complaints are reported to CROSC however from April 2022 this will fall under the remit of the Committee. Training in this area has been identified by the members.	To arrange training for G&AC member on corporate complaints.	Open – To be provided by the Public Services Ombudsman for Wales at the beginning of the January 2023 committee.
5.	Internal and External Audit: Reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions.						

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
5.4	Does the Committee ensure that internal and external audit recommendations are addressed and implemented by the organisation?		Y		This is always an area for improvement; however, proportionality needs to be considered here.	The Internal Audit Manager to review alternative approaches for actions tracking with Management.	Closed – Chair and Vice Chair attended COT to discuss further. Officer with long overdue actions will be invited to GAC to provide an update.
6.	Assurance Arrangements: Aiding the achievement of the Authorities goals and objectives through helping ensure appropriate governance, risk, control and financial assurance arrangements.						
6.4	Do members of the Committee have strong working relationships with members of the Executive which provide the Committee with early warning of planned developments / projects, and enable the Committee to ensure that appropriate governance, risk, control and financial assurance arrangements are considered at an early stage?		Y		Strong working relationship is there however with the new arrangement for the Chair this will need to be considered carefully. The committee questioned the reference to early warnings. Since the session, the CIPFAs model TOR has since been reviewed and currently does not require the G&AC to be made aware of early warning.	Relationship of the future chair to be considered given the position will be a lay member.	Ongoing – this will continue to develop. Chair and Vice chair already attended COT re action tracking and invited to the budget setting workshops for members in October 2022.
6.5	Do the quarterly Treasury Management reports provide members with the information they need? Is there too much information or too little? Is there anything else that would		Y		Reports are comprehensive Treasury Management training sessions could be developed as the last one was complex. May be one put on internally. The committee also raised a point that	The approach to delivering Treasury Management training to be reviewed to reflect the feedback from the committee.	Closed – Accountancy took on board feedback and adapted training where possible.

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
	be useful to include?				external audit is placing more emphasis on value for money work and questioned whether this would be part of the G&AC remit.	Accountancy to liaise with external audit over the role of G&AC and value for money work	
7.	Ethics and Values: Helping the Authority to implement the value of ethical governance, including effective arrangements for countering risks of fraud and corruption.						
7.3	How does the Committee obtain assurance that values and ethical governance arrangements have been effectively communicated across the organisation and have been embedded?		Y		In terms of ethical values, this is an area the committee has not been involved in, in detail. An audit has been completed. The full report is to be shared with the G&AC for information. The Committee did highlight that it would be useful to see the annual report from the Standards Committee for oversight.	Audit report on Ethical Values to be shared in full with the Governance and Audit Committee. Annual report from standards committee to be shared to the Governance and Audit Committee for oversight	Closed – Report shared with the Governance and Audit Committee on 25/11/2021