



Welcome to our Governance & Audit Committee Newsletter

I intend to write our newsletter twice a year, to keep you up to date on the work we have delivered, the work we have planned and our outcomes. (David Hugh Thomas, Chair)



Self-Assessment (Well-being) Report & Control Environment Review

Reports of the Chief Executive

In recent years, the Chief Executive, Paul Orders, has attended our Committee annually, to provide assurance on the Council's internal control environment (represented by the arrangements for governance, risk management & internal control).

From this year onwards, the scope of this annual report has widened, in recognition of the Committee's new requirement to review the draft annual Self-Assessment Report and make any recommendations for changes in accordance with the Local Government and Elections (Wales) Act 2021.

Our review of both areas referred to above is outlined below.

Council Control Environment Update	Self-Assessment (Well-being) Report
<p>Our Committee received an outline of the council's performance and assurance frameworks, the arrangements in place to oversee and manage their effective application, and the reporting and improvement arrangements in place.</p> <p>This comprised the Council's planning and performance framework, senior management assurance processes and review arrangements, independent assurance arrangements, and risk management arrangements.</p> <p>The overview consolidated the positions and views that we have received from individual Directors over the last financial year.</p> <p>We were advised of the challenges which will dominate the landscape this autumn that were emerging during the spring, namely economic pressures, rising, and increasingly complex, demand in children's services, system pressures in adult services, and managing the arrival of a significant number of Ukrainian refugees in Cardiff and their associated support and service needs.</p> <p>It is important to remember that during periods of challenge or difficulty, maintaining sound systems of governance, risk management and internal control is vital to guide, support, and assure the Council as it delivers its objectives, and activities.</p>	<p>Our committee reviewed the council's draft Annual Self-Assessment report (represented by the Annual Well-being report) during our meeting in September.</p> <p>The meeting was informative, in which we were provided with a clear outline of the different performance and assurance components which make up the overall assessment. We raised questions from our initial consideration of the report and received useful explanations.</p> <p>Following the meeting, the report's introductory pages were circulated, and we consolidated the views of our committee views and prepared a joint letter for the Leader and Chief Executive.</p> <p>Our Committee considered that the annual report was comprehensive and professionally written, and we recognised the well-structured self-assessment process.</p> <p>The recommendations and observations that we raised with the Leader and Chief Executive from our review related to areas where we considered that the representation of the Council's performance could be enhanced.</p>

Independent Assurance

Annual Reports and Opinions

Governance and Audit Committee

We considered our [Audit Committee Annual Report 2021/22](#) in our July meeting ahead of reporting to Council in September.

The report provides an overview of our work last year, including our key observations and opinion. Over the year we received a number of agenda items to deliver our role. An account of this work and its outcomes are included within our report. We also report how we have measured and assessed our performance to provide assurance to those placing reliance on our work.

Our considered opinion for the financial year 2021/22 is included in the report, which concluded that “the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are captured and reviewed on a regular basis.”

The report identifies the following areas for which we will be seeking particular ongoing assurance:

- Budget Management
- School Governance & Compliance
- Internal Control
- Financial Resilience & Treasury Management

Internal Audit

We considered the [Internal Audit Annual Report 2021/22](#) in our July meeting.

The report provides a review of the internal control environment of the Council and the opinion of the Audit Manager, Chris Pyke. It details the audit work completed to support the opinion and provides performance information and assurance of ongoing compliance with the Public Sector Internal Audit Standards.

The report outlines in the context of the ongoing pandemic, the approach of the audit team to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

The Annual Report sets out that, “based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2021/22 is *effective with opportunity for improvement*. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on resources in the context of an ongoing pandemic in both demand and budgets, which has been managed through a resilient performance culture.”

Ongoing Assurance

Internal Audit

- We receive an update on the work, initiatives and outcomes of Council’s Internal Audit and Counter-Fraud services on a quarterly basis.
- If you would like to know more about the team’s work, please visit our [website](#).

External Audit

- We receive regular updates from our external auditor on their work programme and timetable.
- Our latest update was received in July and is available on the Council’s [website](#).

Recommendation Tracker

Our Committee receives a consolidated report twice a year of the recommendations which have been received from external review bodies (Audit Wales, Estyn, Care Inspectorate Wales, and Her Majesty’s Inspectorate for Prisons). The report contains a management update of how each recommendation is being addressed and more recently details have been added of the relevant oversight board or committee. Our latest update on the [Reports of External Review Bodies](#), was in July.

Networking and Engagement

All Wales Governance and Audit Committee Chairs' Network

Our Audit Manager has continued to lead on the coordination of an annual All Wales Governance and Audit Committee Chairs' Network, which is sponsored by the Welsh Local Government Association (WLGA).

These network events provide an invaluable opportunity for Chairs to meet, share experiences and ways of working, and to hear from expert speakers on good practices in the delivery of our roles, and the functioning of our Committees.

During October, we held a multi-location meeting event which delegates attended either in person or remotely. The sessions were delivered by Diana Melville, Governance Advisor of the Chartered Institute of Public Finance and Accountancy (CIPFA) and covered:

- [CIPFA Position Statement on Audit Committees 2022 and supporting guidance](#)
- Assessing Committee Effectiveness, through group session work
- Looking at tricky areas for Chair and group discussions of the ways forward
- An overview of the new requirements for Committees from the Local Government and Elections (Wales) Act 2021

Diana is the author of core guidance for Audit Committees from CIPFA (Practical Guidance for Local Authorities and Police), which is widely recognised as leading best practice. It was very timely to discuss the 2022 publication with her which was released during October.

Ongoing Reviews

Complaints and Compliments

Our committee has a role to review the arrangements for complaints handling within the Council.

During July, we received an update on the implementation of a [new corporate complaints system](#), which followed a briefing that we received on the system specification, and the project-based review and decision-making which was used to inform the procurement process.

The report we received provided:

- details of the current level of assurance from internal sources as well as commentary from the Public Services Ombudsman for Wales,
- details of the development and planned deployment of the new corporate complaints system.
- the draft Complaints and Compliments Annual Report 2021/22 for wider context

As there are separate arrangements and responsibilities for officer complaints handling corporately, in schools and within social services, we are reviewing the separate assurance arrangements in place. We will then look at each arrangement in more detail.

Risk Management

Our committee has continued to receive quarterly corporate risk management updates, through which we have considered and discussed the Council's Corporate Risk Register. The [latest update](#) we received was at our meeting in September.

We were advised in our September meeting that during quarter one, there has been a focus on reviewing the Directorate Risk Registers to ensure that all relevant risks have been captured. We were also advised that lead officers have reviewed risk registers to improve the recording of risk mitigations and targets.

When we invite senior officers to attend committee meetings, we take an interest in understanding the controls in place to manage directorate risks, as part of wider assurance updates.

Financial Management

Financial Update and Resilience Issues

Our Committee has continued to receive financial updates from Chris Lee, (Section 151 Officer and Corporate Director Resources) in each Committee meeting, in our September meeting, we were advised that net expenditure is expected to exceed our budget by some margin, as at the end of July.

We were advised of the primary reasons for increased net expenditure, relating to matters which were set out in Economic Development, Education and Children's Services, although the significance of these were offset by a saving against the budget for underutilisation of the COVID / energy budget.

We were also advised that the in-year financial position will have worsened as the pay award has not been finalised in order to be accounted for, costs of energy have increased, and there are current year pressures that are not fully mitigated.

We have been advised of the next steps being taken including a Cabinet review, mitigating actions and budget strategy work.

The update we received can be reviewed on the Council's [website](#).

Treasury Management

Through its Treasury Management role, the Council needs to govern and manage its borrowing and investments effectively, with prudence and in accordance with professional codes, standards, and guidance. Our Committee reviews and considering relevant reports of how this is demonstrated.

In September, our Committee received the [draft Treasury Management Annual Report 2021/22](#), prior to submission to Council. This is in accordance with our role to seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Whilst the annual report is backward looking, we discussed the current difficult economic conditions with officers and we were advised that the Treasury Management Strategy will be reviewed in the autumn and considered based on a number of factors, supported with advice from external advisors, and affordability indicators.

About Us & Our Work

Governance

Internal Control

Finance

Risk Management

Performance

We are made up of four Independent Lay Members & eight Councillors

- ✓ We review governance and internal controls
- ✓ We review financial reporting, control and value for money
- ✓ We review risk management
- ✓ We review the performance assessment

We receive and discuss reports and updates from a range of Managers, the Internal Audit and External Audit Teams.

Why not watch our [webcast meetings](#)