

<b>Isle of Anglesey County Council</b>	
Report to:	<b>The Executive Full Council</b>
Date:	<b>25 April, 2022</b>
Subject:	<b>Changes to the Constitution</b>
Portfolio Holder(s):	<b>Dafydd Rhys Thomas</b>
Head of Service / Director:	<b>Rhys Hughes</b>
Report Author: Tel: E-mail:	<b>Angela Harwood</b>  <b>AngelaHarwood@ynysmon.gov.uk</b>
Local Members:	<b>Affects whole Council</b>

<b>A –Recommendation/s and reason/s</b>
<ol style="list-style-type: none"> <li>1. That the Executive recommend to the Council the adoption of the changes to the Constitution outlined in this report and that the Council agree to make the changes recommended.</li>   <li>2. That the Council agree to make the recommended changes and delegate to the Monitoring Officer the power to make the changes to the Constitution as recommended together with any ancillary or consequential changes arising.</li> </ol> <p><b>Background.</b></p> <p>The Local Government and Elections (Wales) Act 2021 ('the Act') introduced changes to the terms of reference for some committees mainly the Governance and Audit and Standards Committees.</p> <p>The Constitution has been amended to reflect these changes and the main ones relating to the Standards and Governance and Audit committees are at Appendices 1 and 2 of this report (showing tracked changes and clean, amended copies).</p> <p>In addition, the recent boundary review will result in an increase in the number of councillors on the Council from 30 to 35 after the elections. This has the effect that the size of some committees will need to be increased. It is proposed that, where there is a choice, seats on committees are increased in proportion to the increase in the total number of elected members, rounded-up where necessary.</p> <p>The Council is also entitled to an additional senior salary but its allocation can be a matter for the new Council to consider.</p> <p>These changes are outlined in the table below.</p>

<b>COMMITTEE</b>	<b>PREVIOUS PROVISION</b>	<b>NEW PROVISION</b>
Full Council	30 Members	35 Members
The Executive	Up to 9 Members	Remain the same
Scrutiny Committees	10 Members	12 Members
Governance and Audit Committee	8 Members 1 lay member	8 Members and 4 lay Members
Standards Committee*	2 County Council Members, 5 Independent members 2 community council members	Remain the same
Planning and Orders Committee	11 Members	13 Members
Appeals Committee	10 Members	12 Members
School Appeals*	3 or 5 lay members	Remain the same
Social Services Appeals Committee*	3 Members Independent Chair	Remain the same
Appointments Committee	10 Members	12 Members
Licensing Committee	11 Members	13 Members
Joint Planning Policy Committee*	14 Members, 7 from each Authority	Remain the same
Democratic Services Committee	Quarter of Council Members	9 Members
Investigation Committee*	3 Members	Remain the same
Disciplinary Committee*	3 Members	Remain the same

\* No changes proposed as committee is either statutory, fulfils specific, limited function or is established by agreement with others

**B – What other options did you consider and why did you reject them and/or opt for this option?**

Do nothing. However, this could mean that the council is acting unlawfully if the terms of reference for some Committees are not changed to reflect the new legislation.

**C – Why is this a decision for the Executive?**

Changes to the Constitution are reserved to full Council. The Executive is being requested to recommend these changes to the Council.

**Ch – Is this decision consistent with policy approved by the full Council?**

Yes changes to the Constitution are reserved to the full Council.

**D – Is this decision within the budget approved by the Council?**

Yes. Changes to the Constitution are undertaken by the Monitoring Officer after approval by the full Council.

**Dd – Assessing the potential impact (if relevant):**

1	How does this decision impact on our long term needs as an Island?	Ensures that the Council is acting lawfully
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	NO

Dd – Assessing the potential impact (if relevant):		
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	N/A
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	No
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	None anticipated
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	None anticipated
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	The Constitution is available in both Welsh and English

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Accepted
2	Finance / Section 151 (mandatory)	Accepted
3	Legal / Monitoring Officer (mandatory)	Author of the report
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

F - Appendices:
Appendix 1 Governance and Audit Committee Terms of Reference with tracked Changes. Appendix 2 Standards Committee Terms of Reference with tracked changes

Ff - Background papers (please contact the author of the Report for any further information):

The Local Government and Elections (Wales) Act 2021

## Appendix 1

### **3.4.8 Governance & Audit Committee – Terms of Reference**

#### **3.4.8.1 Statement of purpose**

3.4.8.1.1. The Governance and Audit Committee is a key component of 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.

3.4.8.1.2. The purpose of the Governance and Audit committee is to provide to members of full Council (*those charged with governance*) independent assurance of the adequacy of the risk management framework, the internal control environment, ~~panel performance~~, and the integrity of the financial reporting and governance processes. It oversees internal and external audit and other regulators, helping to ensure effective assurance arrangements are in place. It also reviews and assesses the authority's ability to handle complaints effectively and makes reports and recommendations in relation to the authority's ability to handle complaints effectively.

3.4.8.1.3. There is clear separation between the role of the Governance and Audit committee and that of scrutiny committees. The Governance and Audit committee role seeks assurance that internal control systems of the council are working and risks effectively managed, rather than the actual scrutiny of activities.

3.4.8.1.4 ~~It also receives and comments upon the council annual assessment report and the report of the performance assessment panel.~~

#### **3.4.8.2 Composition and arrangements**

3.4.8.2.1 The Governance and Audit Committee is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011 and is a fully constituted committee of the Council operating at a strategic level. The committee will conduct its business non-politically and must abide by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989.

3.4.8.2.2 The committee will consist of one third of lay members: four lay members - eight and eight elected members ~~and one lay member~~. Elected members will be politically balanced and will not be members of the executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee. The Chair will be a lay member and ~~the Deputy Vice-Chair will not be a member of the executive or an assistant to it's executive. recommend the appointment of the lay member to the Governance and Audit Committee. Th~~ The lay members will serve for a fixed term to coincide with the length of the Council, i.e. five years, and will serve a maximum of two terms. All members, including the lay members, are subject to the Council's Code of Conduct and will declare any interests. The lay members will have equal status to that of the elected members in terms of access to staff and information, for the purposes of the Governance and Audit committee.

3.4.8.2.3 The chair of the Governance and Audit committee ~~will must be a can be a councillor or a lay member, but must not be a member of a group that forms part of the council's executive, except where all groups are represented on the executive (in which~~

~~case the chair must not be a member of the executive).~~ The committee members will decide upon the Chair and deputy ~~Chair~~ of the committee. All committee members, including the lay members, shall have a vote.

3.4.8.2.4 Any officer or member called to attend a Governance and Audit committee meeting must do so. They must answer any questions asked of them except ones that they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

3.4.8.2.5 The committee will meet at least four times a year and must meet if the full council so decides, or if at least a third of the committee's members requisition in writing to the Chair that a meeting be held. The council will publish the committee dates annually but additional meetings can be arranged at the discretion of the Chair if the required number of days' notice is provided and that the agenda is published prior to the meeting, in accordance with regulations.

3.4.8.2.6 The Director of Function (Resources) and Section 151 Officer, as the officer with responsibility for financial administration, will advise the committee. The Committee will provide effective support to the Director of Function (Resources) and Section 151 Officer, who consequently, will have direct and unfettered access to the committee.

3.4.8.2.7 The committee may commission work from the external and internal auditors and both will advise the Committee. The Committee may additionally, seek independent advice from outside the Council, within an approved budget.

3.4.8.2.8 The external and internal auditors of the Council have the right to request the chair of the committee to consider any matter that the auditors believe should be brought to the attention of the Council.

3.4.8.2.9 All new members will receive a full induction to the committee. Members will have role descriptions and will review their knowledge and skills through a self-assessment process. They will receive appropriate ongoing training in their role in accordance with an annual training programme and will receive regular briefings on new legislation, professional guidance and research.

### **3.4.8.3 Accountability arrangements**

3.4.8.3.1 The committee will report to full council (*'those charged with governance'*) on an annual basis the Governance and Audit committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; financial reporting arrangements, complaints handling and internal and external audit functions.

3.4.8.3.2 The committee will report to full council (*'those charged with governance'*) on an annual basis the effectiveness of the committee in meeting its purpose and its agreed terms of reference. A regular self-assessment will be used to support the planning of the Governance and Audit committee work programme and training plans and will inform the committee's annual report.

3.4.8.3.3 The committee is subject to normal arrangements of openness. Meetings will be held in public, agendas and reports are published and available for inspection. The exception to this is where 'exempt items' are being considered, which are chiefly matters

which involve discussions concerning named individuals or refer to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.

#### **3.4.8.4 Governance**

3.4.8.4.1 The committee will review and assess the Council's corporate governance arrangements against the good governance framework<sup>4</sup>, including the ethical framework, and will consider the local code of governance.

3.4.8.4.2 The committee will review the Annual Governance Statement (AGS) prior to full council approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

3.4.8.4.3 The committee will review the council and executive draft response to the panel performance assessment and if appropriate make recommendations for changes to the draft response. The procedure for this review is outlined in paragraph 3.4.8.16

3.4.8.4.4 The committee will review the council annual self-assessment report and if appropriate, make recommendations for changes to the report. The procedure for this review is outlined in paragraph 3.4.8.15

3.4.8.4.35 The committee will help the council to implement the values of ethical governance. It will promote measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community. As part of its review of governance arrangements, it will ensure there are adequate arrangements in place to enforce a strong commitment to ethical values and legal compliance at all levels.

3.4.8.4.46 The committee will review the governance and assurance arrangements available for significant partnerships or collaborations.

#### **3.4.8.5 Treasury management**

3.4.8.5.1 Full council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4.8.5.2 The committee will undertake a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full council. Where it is undertaking this scrutiny role, it will endeavour to develop greater awareness and understanding of treasury matters among the members.

3.4.8.5.3 The committee will review the treasury management policy and procedures to be satisfied that controls are satisfactory. It will receive six-monthly reports on activities, issues and trends to support the committee's understanding of treasury management activities.

3.4.8.5.4 The committee will review the treasury risk profile and processes, and will review assurances on treasury management.

### **3.4.8.6 Value for money**

3.4.8.6.1 The committee will support the development of robust arrangements to ensure that the council makes best use of its resources and taxpayers and service users receive excellent value for money.

3.4.8.6.2 The committee will review the council's overall approach to value for money and assess whether it is in line with governance objectives and the assurances on this to underpin the Annual Governance Statement.

3.4.8.6.3 The committee will consider assurances and assessments on the effectiveness of these arrangements, in particular, the Wales Audit Office's annual improvement reports.

### **3.4.8.7 Assurance framework**

3.4.8.7.1 The committee will consider the council's assurance framework and ensure that it adequately addresses the risks and priorities of the council. This will support the committee's approval of the internal audit risk-based plan by identifying the extent to which it will rely on internal audit for its assurance requirements.

3.4.8.7.2 The committee will ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided.

### **3.4.8.8 Risk management**

3.4.8.8.1 Assurance over risk management will be a key element underpinning the Annual Governance Statement. To this end, the committee will review and assess the effective development and operation of risk management in the council. In particular, it will:

- Oversee the authority's risk management policy and strategy, and their implementation in practice
- Oversee the integration of risk management into the governance and decision-making processes of the organisation
- Review the arrangements to co-ordinate and lead risk management, including the process and reporting lines
- Review the risk profile, keep up to date with significant areas of strategic risks and major operational and project risks
- Review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership
- Review the corporate risk register and seek assurance that management appropriately own and manage risks effectively
- Seek assurance that adequate risk assessments support strategies and policies and risks are actively being managed and monitored.
- Follow up and monitor risks identified by auditors and inspectors to ensure that they are integrated into the risk management process
- Support the development and embedding of good practice in the field of risk management practice.

### **3.4.8.9 Countering fraud and corruption**

3.4.8.9.1 The committee will review the effectiveness of the council's whistleblowing arrangements, including the policy.

3.4.8.9.2 The committee will monitor the counter-fraud and corruption strategy, actions and resources, to ensure that it meets with recommended practice, governance standards and legislation.

3.4.8.9.3 The committee will review the assessment of fraud risks and potential harm to the council from fraud and corruption. It will review the fraud risk profile to understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

3.4.8.9.4 It will oversee any major areas of fraud, identified in an annual report from the Director of Function (Resources) and Section 151 Officer, and monitor action plans to address control weaknesses.

### **3.4.8.10 Internal audit**

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit committee to oversee the council's internal audit arrangements.

3.4.8.10.2 The role of the Governance and Audit committee in relation to internal audit will be to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

3.4.8.10.3 The committee will review and approve the internal audit charter, which defines the internal audit's activity purpose, authority and responsibility.

3.4.8.10.4 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.5 The committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The committee will approve significant interim changes to the strategy.

3.4.8.10.6 The committee will make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

3.4.8.10.7 The committee will consider an annual report from the head of internal audit on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.8 The committee will consider the head of internal audit's annual report and 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.

3.4.8.10.9 The committee will consider the statement contained in the annual report of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.10 The committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.11 The committee will receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.12 The committee will consider reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.13 The committee will consider, approve and periodically review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit.

3.4.8.10.14 The committee will contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will oversee the qualifications and independence of the assessor.

3.4.8.10.15 The committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.16 The committee will support the development of effective communication with the head of internal audit. The engagement between the head of internal audit and the Governance and Audit Committee is a crucial component of delivering an effective internal audit service.

3.4.8.10.17 The committee will provide free and unfettered access to the Governance and Audit Committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

### **3.4.8.11 External audit**

3.4.8.11.1 The committee will support the independence and objectivity of external audit through consideration of the external auditor's annual assessment of its independence.

3.4.8.11.2 The committee will consider the external auditor's annual letter and the report to *'those charged with governance'*. It will contribute to the council's response to the annual audit letter.

3.4.8.11.3 The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.

3.4.8.11.4 The committee will advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

3.4.8.11.5 There will be an opportunity for the Governance and Audit committee to meet privately and separately with the external auditor, independent of those officers with whom the auditor must retain a working relationship.

### **3.4.8.12 Financial reporting**

3.4.8.12.1 The committee will review and scrutinise the council's financial affairs, making reports and recommendations in relation to them.

3.4.8.12.2 The committee will review, prior to approval by full council, the authority's annual financial statements, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas.

3.4.8.12.3 The committee will consider the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts and whether they need to be brought to the attention of the council.

### **3.4.8.13 Other regulators and inspectors**

3.4.8.13.1 The committee will receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance. In respect of these, the authority will ensure there is no unnecessary duplication between the Governance and Audit committee and any overview and scrutiny committee in considering such reports.

### **3.4.8.14 Complaints Handling**

3.4.8.14.1 The committee will review and assesses the authority's ability to handle complaints effectively.

3.4.8.14.2 The committee will make reports and recommendations in relation to the authority's ability to handle complaints effectively.

### **3.4.8.15 ~~Panel Performance~~ Self-assessment Report**

3.4.8.15.1 Each financial year, the committee will receive from council a draft of its self-assessment report [to be drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)]

3.4.8.15.2 The committee will receive the draft report from the council before the end of four weeks of the council making the report.

3.4.8.15.3 The committee will review the draft report and may make recommendations for changes to the conclusions, or to anything included by the council by way of actions it intends taking, or it has already taken, so as to increase the extent to which it will meet the performance requirement in the financial year following the financial year to which the report relates.

3.4.8.15.4 Any recommendation made by the committee, but not adopted by council before publication, must be included in the report with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

### **3.4.8.165.5 Performance Panel Assessment**

3.4.8.165.61 At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021).

3.4.8.165.72 The council must publish a panel performance assessment report at least six months before the date of the next ordinary election

3.4.8.165.83 The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

3.4.8.165.94 If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

### **3.4.8.17. Auditor General Special Inspection**

3.4.8.17.5111 If the Auditor General carries out a special inspection (as it considers the council is not, or may not, be meeting its performance requirements, and a report is sent to council, as soon as reasonably practicable after receiving such report, the council must make it available to the Governance and Audit Committee.

3.4.8.175.6-12 Should a response be required by council to a report published in accordance with paragraph 3.4.8.165.5 above, council must make a draft of the response available to the Governance and Audit Committee. The committee must review the draft response and may make recommendations for changes to the statement made in response to what action, if any, the council intends to take in response to the recommendations made by the Auditor General.

3.4.8.175.713 Any recommendation made by the committee, but not adopted by council before publication, must be included in the response with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

### ~~3.4.8.15.8 Appendix A – Reports, Regulations and Policies Considered~~

- ~~- Audit Committees: Practical Guidance for Local Authorities and Police, CIPFA, 2018, available from [www.cipfa.org.uk/publications](http://www.cipfa.org.uk/publications)~~
- ~~- Position Statement: Audit Committees in Local Authorities and Police, CIPFA, 2018, available from [www.cipfa.org.uk/publications](http://www.cipfa.org.uk/publications)~~
- ~~- Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN)~~
- ~~- IoACC Internal Audit Charter (February 2021)~~
- ~~- Local Government (Wales) Measure 2011, in particular, Section 85~~
- ~~- Statutory Guidance from the Local Government (Wales) Measure 2011, Welsh Government, 2012~~
- ~~- Accounts and Audit Regulations (Wales) 2014~~
- ~~- Accounts and Audit (Wales) (Amendment) Regulations 2018~~
- ~~- Statement on the Role of the Head of Internal Audit in Public Service Organisations, CIPFA, 2019~~
- ~~- Statement on the Role of the Chief Financial Officer in Local Government, CIPFA, 2016~~
- ~~- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, CIPFA, 2017 Edition~~
- ~~- Code of Practice on Managing the Risk of Fraud and Corruption, CIPFA, 2014~~
- ~~- Isle of Anglesey County Council's Constitution~~
- ~~- Local Government and Elections (Wales) Act 2021~~

## **Appendix 1**

### **3.4.8 Governance & Audit Committee – Terms of Reference**

#### **3.4.8.1 Statement of purpose**

3.4.8.1.1. The Governance and Audit Committee is a key component of 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.

3.4.8.1.2. The purpose of the Governance and Audit committee is to provide to members of full Council (*those charged with governance*) independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. It oversees internal and external audit and other regulators, helping to ensure effective assurance arrangements are in place. It also reviews and assesses the authority's ability to handle complaints effectively and makes reports and recommendations in relation to the authority's ability to handle complaints effectively.

3.4.8.1.3. There is clear separation between the role of the Governance and Audit committee and that of scrutiny committees. The Governance and Audit committee role seeks assurance that internal control systems of the council are working and risks effectively managed, rather than the actual scrutiny of activities.

3.4.8.1.4 It also receives and comments upon the council annual assessment report and the report of the performance assessment panel.

#### **3.4.8.2 Composition and arrangements**

3.4.8.2.1 The Governance and Audit Committee is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011 and is a fully constituted committee of the Council operating at a strategic level. The committee will conduct its business non-politically and must abide by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989.

3.4.8.2.2 The committee will consist of one third of lay members; four lay members - and eight elected members. Elected members will be politically balanced and will not be members of the executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee. The Chair will be a lay member and the Deputy Chair will not be a member of the executive or an assistant to its executive. The lay members will serve for a fixed term to coincide with the length of the Council, i.e. five years, and will serve a maximum of two terms. All members, including the lay members, are subject to the Council's Code of Conduct and will declare any interests. The lay members will have equal status to that of the elected members in terms of access to staff and information, for the purposes of the Governance and Audit committee.

3.4.8.2.3 The chair of the Governance and Audit committee must be a lay member. The committee members will decide upon the Chair and deputy -chair of the committee. All committee members, including the lay members, shall have a vote.

3.4.8.2.4 Any officer or member called to attend a Governance and Audit committee meeting must do so. They must answer any questions asked of them except ones that they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

3.4.8.2.5 The committee will meet at least four times a year and must meet if the full council so decides, or if at least a third of the committee's members requisition in writing to the Chair that a meeting be held. The council will publish the committee dates annually but additional meetings can be arranged at the discretion of the Chair if the required number of days' notice is provided and that the agenda is published prior to the meeting, in accordance with regulations.

3.4.8.2.6 The Director of Function (Resources) and Section 151 Officer, as the officer with responsibility for financial administration, will advise the committee. The Committee will provide effective support to the Director of Function (Resources) and Section 151 Officer, who consequently, will have direct and unfettered access to the committee.

3.4.8.2.7 The committee may commission work from the external and internal auditors and both will advise the Committee. The Committee may additionally, seek independent advice from outside the Council, within an approved budget.

3.4.8.2.8 The external and internal auditors of the Council have the right to request the chair of the committee to consider any matter that the auditors believe should be brought to the attention of the Council.

3.4.8.2.9 All new members will receive a full induction to the committee. Members will have role descriptions and will review their knowledge and skills through a self-assessment process. They will receive appropriate ongoing training in their role in accordance with an annual training programme and will receive regular briefings on new legislation, professional guidance and research.

### **3.4.8.3 Accountability arrangements**

3.4.8.3.1 The committee will report to full council (*'those charged with governance'*) on an annual basis the Governance and Audit committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; financial reporting arrangements, complaints handling and internal and external audit functions.

3.4.8.3.2 The committee will report to full council (*'those charged with governance'*) on an annual basis the effectiveness of the committee in meeting its purpose and its agreed terms of reference. A regular self-assessment will be used to support the planning of the Governance and Audit committee work programme and training plans and will inform the committee's annual report.

3.4.8.3.3 The committee is subject to normal arrangements of openness. Meetings will be held in public, agendas and reports are published and available for inspection. The exception to this is where 'exempt items' are being considered, which are chiefly matters which involve discussions concerning named individuals or refer to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.

#### **3.4.8.4 Governance**

3.4.8.4.1 The committee will review and assess the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and will consider the local code of governance.

3.4.8.4.2 The committee will review the Annual Governance Statement (AGS) prior to full council approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

3.4.8.4.3 The committee will review the council and executive draft response to the panel performance assessment and if appropriate make recommendations for changes to the draft response. The procedure for this review is outlined in paragraph 3.4.8.16

3.4.8.4.4 The committee will review the council annual self-assessment report and if appropriate, make recommendations for changes to the report. The procedure for this review is outlined in paragraph 3.4.8.15

3.4.8. The committee will help the council to implement the values of ethical governance. It will promote measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community. As part of its review of governance arrangements, it will ensure there are adequate arrangements in place to enforce a strong commitment to ethical values and legal compliance at all levels.

3.4.8.6 The committee will review the governance and assurance arrangements available for significant partnerships or collaborations.

#### **3.4.8.5 Treasury management**

3.4.8.5.1 Full council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4.8.5.2 The committee will undertake a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full council. Where it is undertaking this scrutiny role, it will endeavour to develop greater awareness and understanding of treasury matters among the members.

3.4.8.5.3 The committee will review the treasury management policy and procedures to be satisfied that controls are satisfactory. It will receive six-monthly reports on activities, issues and trends to support the committee's understanding of treasury management activities.

3.4.8.5.4 The committee will review the treasury risk profile and processes, and will review assurances on treasury management.

#### **3.4.8.6 Value for money**

3.4.8.6.1 The committee will support the development of robust arrangements to ensure that the council makes best use of its resources and taxpayers and service users receive excellent value for money.

3.4.8.6.2 The committee will review the council's overall approach to value for money and assess whether it is in line with governance objectives and the assurances on this to underpin the Annual Governance Statement.

3.4.8.6.3 The committee will consider assurances and assessments on the effectiveness of these arrangements, in particular, the Wales Audit Office's annual improvement reports.

### **3.4.8.7 Assurance framework**

3.4.8.7.1 The committee will consider the council's assurance framework and ensure that it adequately addresses the risks and priorities of the council. This will support the committee's approval of the internal audit risk-based plan by identifying the extent to which it will rely on internal audit for its assurance requirements.

3.4.8.7.2 The committee will ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided.

### **3.4.8.8 Risk management**

3.4.8.8.1 Assurance over risk management will be a key element underpinning the Annual Governance Statement. To this end, the committee will review and assess the effective development and operation of risk management in the council. In particular, it will:

- Oversee the authority's risk management policy and strategy, and their implementation in practice
- Oversee the integration of risk management into the governance and decision-making processes of the organisation
- Review the arrangements to co-ordinate and lead risk management, including the process and reporting lines
- Review the risk profile, keep up to date with significant areas of strategic risks and major operational and project risks
- Review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership
- Review the corporate risk register and seek assurance that management appropriately own and manage risks effectively
- Seek assurance that adequate risk assessments support strategies and policies and risks are actively being managed and monitored.
- Follow up and monitor risks identified by auditors and inspectors to ensure that they are integrated into the risk management process
- Support the development and embedding of good practice in the field of risk management practice.

### **3.4.8.9 Countering fraud and corruption**

3.4.8.9.1 The committee will review the effectiveness of the council's whistleblowing arrangements, including the policy.

3.4.8.9.2 The committee will monitor the counter-fraud and corruption strategy, actions and resources, to ensure that it meets with recommended practice, governance standards and legislation.

3.4.8.9.3 The committee will review the assessment of fraud risks and potential harm to the council from fraud and corruption. It will review the fraud risk profile to understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

3.4.8.9.4 It will oversee any major areas of fraud, identified in an annual report from the Director of Function (Resources) and Section 151 Officer, and monitor action plans to address control weaknesses.

### **3.4.8.10 Internal audit**

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit committee to oversee the council's internal audit arrangements.

3.4.8.10.2 The role of the Governance and Audit committee in relation to internal audit will be to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

3.4.8.10.3 The committee will review and approve the internal audit charter, which defines the internal audit's activity purpose, authority and responsibility.

3.4.8.10.4 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.5 The committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The committee will approve significant interim changes to the strategy.

3.4.8.10.6 The committee will make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

3.4.8.10.7 The committee will consider an annual report from the head of internal audit on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.8 The committee will consider the head of internal audit's annual report and 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.

3.4.8.10.9 The committee will consider the statement contained in the annual report of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.10 The committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.11 The committee will receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.12 The committee will consider reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.13 The committee will consider, approve and periodically review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit.

3.4.8.10.14 The committee will contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will oversee the qualifications and independence of the assessor.

3.4.8.10.15 The committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.16 The committee will support the development of effective communication with the head of internal audit. The engagement between the head of internal audit and the Governance and Audit Committee is a crucial component of delivering an effective internal audit service.

3.4.8.10.17 The committee will provide free and unfettered access to the Governance and Audit Committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

### **3.4.8.11 External audit**

3.4.8.11.1 The committee will support the independence and objectivity of external audit through consideration of the external auditor's annual assessment of its independence.

3.4.8.11.2 The committee will consider the external auditor's annual letter and the report to *'those charged with governance'*. It will contribute to the council's response to the annual audit letter.

3.4.8.11.3 The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.

3.4.8.11.4 The committee will advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

3.4.8.11.5 There will be an opportunity for the Governance and Audit committee to meet privately and separately with the external auditor, independent of those officers with whom the auditor must retain a working relationship.

### **3.4.8.12 Financial reporting**

3.4.8.12.1 The committee will review and scrutinise the council's financial affairs, making reports and recommendations in relation to them.

3.4.8.12.2 The committee will review, prior to approval by full council, the authority's annual financial statements, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas.

3.4.8.12.3 The committee will consider the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts and whether they need to be brought to the attention of the council.

### **3.4.8.13 Other regulators and inspectors**

3.4.8.13.1 The committee will receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance. In respect of these, the authority will ensure there is no unnecessary duplication between the Governance and Audit committee and any overview and scrutiny committee in considering such reports.

### **3.4.8.14 Complaints Handling**

3.4.8.14.1 The committee will review and assesses the authority's ability to handle complaints effectively.

3.4.8.14.2 The committee will make reports and recommendations in relation to the authority's ability to handle complaints effectively.

### **3.4.8.15 Self-assessment Report**

3.4.8.15.1 Each financial year, the committee will receive from council a draft of its self-assessment report [to be drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)]

3.4.8.15.2 The committee will receive the draft report from the council before the end of four weeks of the council making the report.

3.4.8.15.3 The committee will review the draft report and may make recommendations for changes to the conclusions, or to anything included by the council by way of actions it intends taking, or it has already taken, so as to increase the extent to which it will meet the performance requirement in the financial year following the financial year to which the report relates.

3.4.8.15.4 Any recommendation made by the committee, but not adopted by council before publication, must be included in the report with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

### **3.4.8.16 Performance Panel Assessment**

3.4.8.16.1 At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021).

3.4.8.16.2 The council must publish a panel performance assessment report at least six months before the date of the next ordinary election

3.4.8.16.3 The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

3.4.8.16.4 If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

### **3.4.8.17. Auditor General Special Inspection**

3.4.8.17.1 If the Auditor General carries out a special inspection (as it considers the council is not, or may not, be meeting its performance requirements, and a report is sent to council, as soon as reasonably practicable after receiving such report, the council must make it available to the Governance and Audit Committee.

3.4.8.17.2 Should a response be required by council to a report published in accordance with paragraph 3.4.8.16 above, council must make a draft of the response available to the Governance and Audit Committee. The committee must review the draft response and may make recommendations for changes to the statement made in response to what action, if any, the council intends to take in response to the recommendations made by the Auditor General.

3.4.8.17.3 Any recommendation made by the committee, but not adopted by council before publication, must be included in the response with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

## **Appendix 2**

### **2.9.1 Standards Committee**

The Council will establish a Standards Committee.

### **2.9.2 Composition**

#### **2.9.2.1 Membership**

The Standards Committee will, in accordance with the provisions of the Local Government Act 2000, be composed of:

2 County Councillors

5 independent members

2 community council members (who are not deemed to be independent members for the purposes of this Constitution).

#### **2.9.2.2 Term of office**

2.9.2.2.1 The independent members are automatically appointed for a period of two consecutive ~~four~~ five year terms.

2.9.2.2.2 Unless re-selected the community council members are appointed until the next election or until they cease to be community council members within the area of Isle of Anglesey County Council, whichever is the shorter. A community council member may be re-appointed for one further consecutive term, provided that the Isle of Anglesey Town and Community Councils have collectively agreed to select a current community council member(s) as a nominee for the appointment.

2.9.2.2.3 County Councillors who are members of the Standards Committee will have a term of office of no more than ~~four~~ five years or until the next ordinary local government election following their appointment whichever is the shorter.

#### **2.9.2.3 Quorum**

A meeting of the Standards Committee shall only be quorate when:

2.9.2.3.1 at least three members, including the chairperson, are present, and

2.9.2.3.2 at least half the members present (including the chairperson) are independent members.

#### **2.9.2.4 Voting**

County Council members, independent members and the community council members will be entitled to vote at meetings.

### **2.9.2.5 Community Council Members**

2.9.2.5.1 The community council members shall not take part in the proceedings of the Standards Committee when any matter relating to their Community Council is being considered.

2.9.2.5.2 The community council members shall only participate in hearings/applications before the Standards Committee when it is discharging those functions in relation to community councils and community council members.

### **2.9.2.6 Chairing the Committee**

2.9.2.6.1 Only an independent member of the Standards Committee may be the chairperson.

2.9.2.6.2 The chairperson will be elected by the members of the Standards Committee for a period not exceeding, ~~four~~ five years or the period he/she remains a member of the Committee, whichever is the shorter period, but will be eligible for re-election as chairperson.

### **2.9.3 Role and Function**

The Standards Committee will have the following roles and functions:

2.9.3.1 promoting and maintaining high standards of conduct by Councillors, co-opted members and church and parent governor representatives;

2.9.3.2 assisting the Councillors, co-opted members and church and parent governor representatives to observe the Members' Code of Conduct (5.1);

2.9.3.3 advising the Council on the adoption or revision of the Members' Code of Conduct (5.1);

2.9.3.4 monitoring the operation of the Members' Code of Conduct (5.1);

2.9.3.5 advising, training or arranging to train Councillors, co-opted members and church and parent governor representatives on matters relating to the Members' Code of Conduct (5.1);

2.9.3.6 granting dispensations to Councillors, co-opted members and church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct (5.1);

2.9.3.7 dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter referred to that officer by the Public Services Ombudsman for Wales.

2.9.3.8 the exercise of 2.9.3.1 to 2.9.3.7 above in relation to the community councils in its area and the members of those community councils.

2.9.3.9 As soon as reasonably practicable after the end of each financial year, to submit an annual report to the Council. The report must describe how the committee functions have been exercised during the financial year.

The report must include a summary of what has been done to discharge the general and specific functions of the committee in relation to:

2.9.3.9.1 monitoring, compliance by the group leaders of their duty to promote and maintain high standards of conduct by councilors.

2.9.3.9.2 providing training to group leaders to enable them to fulfil their duty under paragraph 2.9.3.9.1.

2.9.3.9.3 reports and recommendations made or referred to the committee in relation to:

- Guidance issued by the Public Services Ombudsman for Wales (PSOW).
- Investigations by the PSOW
- Matters referred to the Monitoring Officer by the PSOW and action taken
- Decisions taken by the Adjudication Panel for Wales
- Decisions taken by the 1<sup>st</sup> tier tribunal
- Decisions by the Welsh case tribunal
- action taken by the committee following its consideration of such reports and recommendations.

2.9.3.9.4 The annual report of the standards committee may include recommendations to the authority about any matter in respect of which the committee has functions.

2.9.3.9.5 The council must consider each annual report made by its standards committee before the end of 3 months beginning with the day on which the council receives the report.

Formatted: Font: (Default) Arial, Font color: Black

Formatted: Indent: Left: 1.27 cm

Formatted: Font: (Default) Arial, Font color: Black

Formatted: Font: (Default) Arial, Font color: Black

Formatted: Indent: Left: 1.27 cm

Formatted: List Paragraph, Line spacing: single, No bullets or numbering, Pattern: Clear

Formatted: Indent: Left: 1.27 cm

Formatted: List Paragraph, Line spacing: single, No bullets or numbering, Pattern: Clear

Formatted: Bulleted + Level: 1 + Aligned at: 2.66 cm + Indent at: 3.3 cm

Formatted: Superscript

Formatted: Indent: Left: 1.27 cm

Formatted: Font: (Default) Arial, Font color: Black

Formatted: legclearfix, Left, Line spacing: At least 18 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers, Pattern: Clear

~~NB A copy of the full Constitution of the Standards Committee is available from the Monitoring Officer.~~

## **Appendix 2**

### **9.1 Standards Committee**

The Council will establish a Standards Committee.

#### **2.9.2 Composition**

##### **2.9.2.1 Membership**

The Standards Committee will, in accordance with the provisions of the Local Government Act 2000, be composed of:

2 County Councillors

5 independent members

2 community council members (who are not deemed to be independent members for the purposes of this Constitution).

##### **2.9.2.2 Term of office**

2.9.2.2.1 The independent members are automatically appointed for a period of two consecutive five year terms.

2.9.2.2.2 Unless re-selected the community council members are appointed until the next election or until they cease to be community council members within the area of Isle of Anglesey County Council, whichever is the shorter. A community council member may be re-appointed for one further consecutive term, provided that the Isle of Anglesey Town and Community Councils have collectively agreed to select a current community council member(s) as a nominee for the appointment.

2.9.2.2.3 County Councillors who are members of the Standards Committee will have a term of office of no more than five years or until the next ordinary local government election following their appointment whichever is the shorter.

##### **2.9.2.3 Quorum**

A meeting of the Standards Committee shall only be quorate when:

2.9.2.3.1 at least three members, including the chairperson, are present, and

2.9.2.3.2 at least half the members present (including the chairperson) are independent members.

##### **2.9.2.4 Voting**

County Council members, independent members and the community council members will be entitled to vote at meetings.

### **2.9.2.5 Community Council Members**

2.9.2.5.1 The community council members shall not take part in the proceedings of the Standards Committee when any matter relating to their Community Council is being considered.

2.9.2.5.2 The community council members shall only participate in hearings/applications before the Standards Committee when it is discharging those functions in relation to community councils and community council members.

### **2.9.2.6 Chairing the Committee**

2.9.2.6.1 Only an independent member of the Standards Committee may be the chairperson.

2.9.2.6.2 The chairperson will be elected by the members of the Standards Committee for a period not exceeding, five years or the period he/she remains a member of the Committee, whichever is the shorter period, but will be eligible for re-election as chairperson.

### **2.9.3 Role and Function**

The Standards Committee will have the following roles and functions:

2.9.3.1 promoting and maintaining high standards of conduct by Councillors, co-opted members and church and parent governor representatives;

2.9.3.2 assisting the councillors, co-opted members and church and parent governor representatives to observe the Members' Code of Conduct (5.1);

2.9.3.3 advising the Council on the adoption or revision of the Members' Code of Conduct (5.1);

2.9.3.4 monitoring the operation of the Members' Code of Conduct (5.1);

2.9.3.5 advising, training or arranging to train councillors, co-opted members and church and parent governor representatives on matters relating to the Members' Code of Conduct (5.1);

2.9.3.6 granting dispensations to councillors, co-opted members and church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct (5.1);

2.9.3.7 dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter referred to that officer by the Public Services Ombudsman for Wales.

2.9.3.8 the exercise of 2.9.3.1 to 2.9.3.7 above in relation to the community councils in its area and the members of those community councils.

2.9.3.9 s soon as reasonably practicable after the end of each financial year, to submit an annual report to the Council. The report must describe how the committee functions have been exercised during the financial year.

The report must include a summary of what has been done to discharge the general and specific functions of the committee in relation to:

2.9.3.9.1 monitoring, compliance by the group leaders of their duty to promote and maintain high standards of conduct by councilors.

2.9.3.9.2 providing training to group leaders to enable them to fulfil their duty under paragraph 2.9.3.9.1.

2.9.3.9.3 reports and recommendations made or referred to the committee in relation to:

- Guidance issued by the Public Services Ombudsman for Wales (PSOW).
- Investigations by the PSOW
- Matters referred to the Monitoring Officer by the PSOW and action taken
- Decisions taken by the Adjudication Panel for Wales
- Decisions taken by the 1<sup>st</sup> tier tribunal
- Decisions by the Welsh case tribunal
- action taken by the committee following its consideration of such reports and recommendations.

2.9.3.9.4 The annual report of the standards committee may include recommendations to the authority about any matter in respect of which the committee has functions.

2.9.3.9.5 The council must consider each annual report made by its standards committee before the end of 3 months beginning with the day on which the council receives the report.

