

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee / County Council
Date:	27 June 2024 / 26 September 2024
Subject:	Annual Report of the Governance & Audit Committee 2023-24 – Chair’s Report
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<p>Nature and Reason for Reporting: The Governance and Audit Committee’s terms of reference require the Committee to report to full council (‘those charged with governance’) on an annual basis the 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. (3.4.8.3.1)</p> <p>The Committee is also required to report the effectiveness of the Committee in meeting its purpose and its agreed terms of reference, including a conclusion on the compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement¹. (3.4.8.3.2)</p> <p>This report fulfils these requirements and is a key output of the Committee.</p>	

1. Introduction

- 1.1. A dedicated, effective Governance and Audit Committee is a key component of the Council’s governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management and to provide ‘those charged with governance’ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. It is also key to supporting effective internal and external audit.
- 1.2. The CIPFA guidance supporting its Position Statement states that the Committee should prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact. The report should be publicly available, supporting the authority’s accountability to wider stakeholders, including the public.

2. Recommendation

- 2.1. That the Governance and Audit Committee endorses the Annual Report of the Governance and Audit Committee for 2023-24 prior to its submission to the meeting of the County Council on 26 September 2024.

¹ The Chartered Institute of Public Finance and Accountancy’s [Position Statement: Audit Committees in Local Authorities and Police \(2022\)](#) sets out CIPFA’s view of the role and functions of an audit committee.

Annual Report of the Governance and Audit Committee 2023-24

June 2024

Chair's Report

Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit and Risk



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Introduction

1. The Governance and Audit Committee is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management (3.4.8.1.1).
2. Its purpose is to provide full Council ('those charged with governance') independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes (3.4.8.1.2).
3. To discharge their responsibilities effectively, the Chartered Institute of Finance and Accountancy's (CIPFA) guidance¹ states that the audit committee should report annually on its work to 'those charged with governance', to provide assurance that it fulfils its purpose, has discharged its responsibilities and can demonstrate its impact.
4. This report meets that requirement by assessing the Committee's activities during 2023-24 against its terms of reference, incorporated within the Council's [Constitution](#)², version 2.85 updated on 1 February 2024.

¹ CIPFA's [Position Statement: Audit Committees in Local Authorities and Police \(2022\)](#) and associated guidance sets out CIPFA's view of the role and functions of an audit committee.

² The relevant sections of the Constitution are referenced in brackets.

Composition and arrangements

5. In accordance with its terms of reference, during the year the Committee consisted of eight elected members and four lay members. Councillor Dafydd Roberts left the Committee to join the Executive in June 2023 and was replaced by Councillor Ieuan Williams. Also in June 2023, Councillor Trefor Lloyd Hughes joined the Committee to fill a previously vacant seat (3.4.8.2.2).
6. The Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee (3.4.8.2.2) and attended six out of the seven meetings of the Committee during 2023-24 (Appendix A).
7. As required by the Local Government and Elections (Wales) Act 2021, the Chair of the Governance and Audit Committee was a lay member and, therefore, not an elected Councillor or a member of a group that formed part of the Council's Executive (3.4.8.2.3).
8. Throughout the year, the Committee conducted its business non-politically and abided by the rules of political balance (3.4.8.2.1). All members declared interests where appropriate (3.4.8.2.2).
9. During the year, where officers were called to attend a committee meeting at the request of the Governance and Audit Committee members, they all did so (3.4.8.2.4).
10. The Committee is required to meet a minimum of four times per year (3.4.8.2.5). The Committee met formally (hybrid meetings) on seven occasions, which included two special meetings to elect the Chair and Deputy Chair and to consider only the draft Statement of Accounts 2022-23, the draft Annual Governance Statement 2022-23 and the report of External Audit on its detailed audit plan for 2022-23. The attendance at meetings during 2023-24 has been good (Appendix A).
11. Where necessary, the Director of Function (Resources) and Section 151 Officer has provided advice to the Committee and has had direct and unfettered access to the Committee (3.4.8.2.6).
12. Neither the external nor the internal auditors requested the Chair to consider any matter that the auditors believed should be brought to the attention of the Council (3.4.8.2.8).
13. Existing members received ongoing training (Appendix B), and where necessary briefings on new legislation, professional guidance, and research (3.4.8.2.9).
14. The Committee's terms of reference include all the core functions of the Committee. However, a CIPFA review of the Committee's terms of reference against the suggested terms of reference in its guidance highlighted that there were explicit references to the majority of the expected areas and implied references to most of the remaining areas. A few details were missing (in relation to the accounts) and in a few other cases extra details around risk activities may restrict the scope of the committee's work if applied literally. Some clauses overlapped each other, which could result in confusion. CIPFA also noted six annual reports that came to the Committee that were not explicitly included on the terms of reference. Accordingly, revised terms of reference were developed for the Committee's consideration in June 2024.

Accountability arrangements

15. The Governance and Audit Committee reports to full Council (*those charged with governance*) and there is clear separation between its role and that of scrutiny committees. The Governance and Audit Committee role seeks assurance that internal control systems of the Council are working, and risks are effectively managed, rather than the actual scrutiny of activities (3.4.8.1.3).
16. This report fulfils the requirement to report to full Council (*those charged with governance*) annually 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, and internal and external audit functions (3.4.8.3.1). It also fulfils the requirement to report on the effectiveness of the Committee in meeting its purpose and agreed terms of reference.
17. The Chartered Institute of Public Finance and Accountancy (CIPFA) was commissioned to facilitate a self-assessment review of the Committee during 2023-24. This fulfilled the requirements of CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 which recommends that audit committees evaluate their impact and identify areas for improvement.
18. The review obtained feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management, to evaluate whether and how the Committee is adding value to the organisation.
19. The outcome of this review was reported to the Committee at its meeting in April 2024, and the proposed actions to address the 10 recommendations made were approved by the Committee. Progress with addressing the recommendations will be monitored by the Committee at each meeting going forward. (3.4.8.3.2).
20. The Committee considered its business in public, with the exception of, where appropriate, when it met in private to consider items under Section 100 (A) (4) of the Local Government Act 1972³.
21. During 2023-24, the Committee considered one item in private:
 - Annual Cyber Security Report 2023-24 (February and April 2024)
22. The appropriate Public Interest Tests were presented to, and accepted by, the Committee.
23. Agendas and reports were published in accordance with statutory timeframes and were available for inspection (3.4.8.3.3).
24. During the year, the Committee where appropriate, escalated key issues to the leadership team, such as a request for it to review the customer services training provision for public facing staff, in response to the Annual Concerns, Complaints and Whistleblowing report 2022-23, in September 2023.
25. No issues were escalated to any other committee during the year.

³ Items under Schedule 12A, Paragraph 14: Information relating to the financial or business affairs of any particular person (including the authority holding that information) and Paragraph 18: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Governance

26. The Committee reviewed and assessed the Council's corporate governance arrangements during its review of the draft Annual Governance Statement (AGS), which it discussed at its meeting in July 2023 (3.4.8.4.2). The discussion covered several factors including assessment definitions and what these mean in terms of the Council's ability to fulfil its statutory duties, potential enhancements to the corporate scorecard framework and oversight and scrutiny of delivery of the Council's Capital projects. The Committee resolved to approve the draft AGS that would form part of the 2022-23 Statement of Accounts.
27. The Committee received the final version of the AGS in December 2023 and resolved to endorse it for the financial year 2022-23 and to refer the Statement to the full Council for approval and to the Leader of the Council and the Chief Executive for their signatures (3.4.8.6.2).
28. The Governance and Audit Committee's Terms of Reference require it to review the governance and assurance arrangements available for significant partnerships or collaborations (3.4.8.4.6) and review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership (3.4.8.8.1).
29. A report about significant partnerships was not available during 2023-24. In the absence of an annual report being available from the Partnership and Regeneration Scrutiny Committee, Internal Audit agreed to undertake a piece of work to provide the Committee with this assurance during 2023-24. At the time of writing, this audit is in progress.

Treasury management

30. Full Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies (3.4.8.5.1). Accordingly, the Committee undertakes a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full Council (3.4.8.5.2).
31. The Committee reviewed the Annual Treasury Management Report 2022-23 at its meeting in September 2023, which provided an overview of the Council's borrowing and investment activities during the year and highlighted performance against the Prudential Indicators set by the Council.
32. In considering the report, the Committee raised points including capital expenditure and the underspend on the capital budget, reporting on progress of capital projects and complexity of financial reporting requirements and the impact this has on the public's understanding of how the Council spends its money. The Committee resolved to accept the report and to forward to the next meeting of the Executive without further comment (3.4.8.5.1/2/3/4).
33. The Committee considered the mid-year review of treasury management activities and position at its meeting in February 2024. Following discussions around changes to the Council's investment strategy in respect of lending and borrowing between local authorities and debt re-scheduling, the Committee resolved to note and accept the mid-year review without further comment. (3.4.8.5.1/2/3/4).
34. The Committee considered the Treasury Management Strategy Statement for 2024-25 during the same meeting. The document incorporated the Annual Investment Strategy, the Annual Minimum Revenue Provision Policy Statement and the Treasury Management Policy Statement (3.8.4.5.1/4).

35. Following discussions around the impact on the Council's finances of unforeseen events such as the Reinforced Autoclaved Aerated Concrete (RAAC) issues in schools, the reduction in the total balance of investment by £10m between September and December 2023 and the impact of increased capital borrowing on the Council's revenue budget, the Committee resolved to accept and note the Treasury Management Strategy for 2024-25 and to forward to the Executive without further comment.

Value for money

36. The Committee supports 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 (3.4.8.6.1).
37. It reviewed the Council's overall approach to value for money when reviewing the Council's draft Annual Governance Statement (3.4.8.6.2) at its meeting in July 2023.
38. The Committee considered Audit Wales's Annual Audit Summary 2023, and assurances and assessments on the effectiveness of the Council's arrangements for securing value for money (3.4.8.6.3) at its meeting in April 2024. The report informed the Committee that Audit Wales had completed work during 2022-23 to meet the Auditor General's duty to examine whether the Council had put in place arrangements to get value for money for the resources it uses. To meet this duty, Audit Wales had completed specific projects, and they relied on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate).
39. In assessing whether the Council had put in place arrangements to secure value for money, Audit Wales cited its work on the 2022-23 financial statements, in which the Auditor General had been able to give an unqualified true and fair opinion on the Council's financial statements.
40. The Auditor General also certified that the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority, and with the Auditor's knowledge of the Authority.

41. In terms how the Council uses performance information, the Auditor General highlighted weaknesses in the process for providing this to senior leaders to enable them to understand the service user perspective and the outcomes of the Council's activities.
42. The Committee resolved to note the Auditor General's Annual Audit Summary 2023 and assessment of whether the Council had put in place arrangements to secure value for money.

Assurance framework

43. Having an overview of the Council's assurance framework supports the Committee in its approval of the internal audit risk-based strategy. It also helps to ensure clarity of what assurance is provided, and that there is a clear allocation of responsibility for providing assurance and duplication is avoided (3.4.8.7.1/2).
44. In addition to assurances about risk management, internal and external audit, and the Annual Governance Statement, the Committee received reports from first- and second-line assurance providers, as follows. (3.4.8.7.1).
45. The Committee received an update from the Climate Change Manager and the Programme, Business Planning and Performance Manager at its meeting in June 2023, outlining progress towards achieving the Council's net zero target, following earlier reports from both Audit Wales and Zurich Risk Engineering on climate change approach in the public sector and within the Council.
46. Discussion ensued around meaningful use of carbon emissions data relating to buildings such as schools, the impact of energy efficient measures e.g. solar panels on energy consumption and how to measure the effectiveness of new 'net-zero' buildings.
47. On noting the assurance provided, the Committee requested that it receive an annual update on progress towards net-zero so that members can be shown the positive effects of the investments and developments made in that time.
48. The Committee considered the Annual Insurance Report 2022-23, which outlined the Council's insurance arrangements and recent loss histories for the principal areas of insured risk, also in June 2023. Following discussions around claim trends and complexity as well as contract arrangements with the Council's insurer, Zurich Municipal, the Committee resolved to note the contents of the report.

49. The Committee received the Schools' Data Protection Officer's report regarding the key information governance issues in relation to Anglesey's schools for the period February 2023 to November 2023, at its meeting in December 2023. Discussion centred on the arrangements in place to monitor adoption and evidence compliance with key data protection policies of all schools.
50. Members of the Committee queried their roles as school governors in asking questions of schools to ensure they are complying with data protection legislation and evidencing this, as well as whether some of the key dates for schools to action tasks in the Schools Data Protection Strategy were attainable. Following assurances on the matters discussed, the Committee resolved to accept the report and to endorse the Schools' Data Protection Officer's proposed next steps to enable schools to fully operate in accordance with data protection requirements.
51. The Annual Report of the Senior Information Risk Owner (SIRO) 2022-23 was considered by the Committee in February 2024 and provided the SIRO's statement and overview of the Council's compliance with legal requirements and relevant codes of practice in handling corporate information. Following discussions on Freedom of Information (FOI) response performance, arrangements for responding to CCTV footage requests and the emerging use of drone technology, the Committee resolved to accept the report.
52. The Committee considered the report of the Director of Education, Skills and Young People on the outcome of the Information Commissioner's Office (ICO) Investigation into the Cyber Incident in 2021 at the Council's Secondary Schools, at the same meeting.
53. The Committee engaged in discussions on a range of issues including data protection training in schools, security updates for school-based IT systems, timescales between reporting the incident to the ICO and receiving the outcome of their work, as well as audit coverage of IT vulnerability and patch management. It resolved to accept the report and note the actions identified and completed following the incident to address the technical and information governance weaknesses identified (3.4.8.13.1).
54. The Committee also received the Principal Health and Safety Officer's Annual Corporate Health and Safety Report 2022-23. Discussion centred on issues such as emerging trends in reported incidents to date in 2023-24, comparisons with pre-Covid data for reported and reportable incidents, availability of data of slips and trip incidents within Authority-run residential care homes and any correlations between an increase in health and safety incidents and insurance claims against the Council. The Committee resolved to accept the report and endorsed the recommendation that the Council should follow the strategic plan for the management of Health and Safety and implement the Corporate Health and Safety Action Plan.
55. The Committee received the Annual ICT Cyber Security report 2023-24, in February and again in April 2024 (as a result of issues experienced by some members in accessing the report in February). The report set out the common cyber threats facing the Council and outlined the mitigating and operational controls that were in place to detect and prevent malicious activity.
56. The Committee discussed future enhancements to the current report e.g. inclusion of any instances of successful penetrations against the Council's cyber defences and how these were dealt with, the role of software owners in providing cyber alert mechanisms and the implications of the growth of Artificial Intelligence. The Committee resolved to accept the report and to note its contents.

Risk management

57. The Governance and Audit Committee has overseen the development and operation of risk management in the Council (3.4.8.8.1) during the year.
58. The Committee received an update on the Council's Strategic Risk Register, which had been reviewed by the Leadership Team to ensure it reflected the Council's risk environment taking account of the new Council Plan 2023-28 and its strategic objectives, at its meeting in December 2023.
59. Discussions focussed on specific key red/critical residual risks as well as existing and potential mitigation measures, including IT failure and greater use of Cloud services and the retention of financial reserves to strengthen financial resilience. The Committee also considered the number of risks where the residual risk after mitigation remained red or critical and the Council's approach to managing this.
60. The Committee resolved to note the amendments made to the Strategic Risk Register and took assurance that the Leadership Team has recognised and is managing the risks to the achievement of the Council's priorities.
61. The Committee considered a report presenting the outcome of the Risk Management Health Check, undertaken by Zurich Resilience Solutions, at its meeting in February 2024. The Committee discussed the Council's current risk maturity rating and ways in which to improve this, including evidencing a consistent approach to risk across all service areas and greater consideration of risk appetite in decision making and project management. The Committee resolved to take assurance from the report that risk management is being effectively developed and operated within the Council and support the actions proposed to address the recommendations made.

Countering fraud and corruption

62. The Committee considered the Head of Audit and Risk's Annual Counter Fraud, Bribery and Corruption report for 2022-23 (3.4.8.9.4) at its meeting in December 2023, detailing Internal Audit's efforts to mitigate fraud risks within the Council. The report highlighted activities to combat fraud, including 28 days spent on counter-fraud work, such as the National Fraud Initiative and various fraud investigations. The report emphasised the importance of minimising fraud risks, especially under financial pressures.
63. As part of this report, the Head of Audit and Risk confirmed to the Committee current compliance rates (95%) for staff knowledge and understanding of the Whistleblowing Policy and Guidance (3.4.8.9.1).
64. Discussion ensued around raising awareness of fraud through robust policies, existing internal controls to prevent fraud occurring as well as specific fraud risk areas such Disabled Facilities Grants and avoidance of second homes Council Tax premium. The Committee resolved to accept the report and to note its contents.
65. The Head of Audit and Risk reported progress in implementing the 2022-25 Counter Fraud Strategy, with an ongoing Action Plan ensuring continued success. A forthcoming Council-wide fraud risk assessment aims to better identify potential fraud and target resources effectively.

66. During discussions, the Committee raised concerns about everyday fraud prevention, such as mandate fraud, second homes premium payment avoidance, and Disabled Facilities Grants fraud. Controls include due diligence checks, verifying contact details, and incorporating identity authentication in software. Specific fraud prevention measures include verifying lifestyle information for second homes and ensuring proper use of Disabled Facilities Grants.
67. The Committee was assured that Internal Audit's reviews, and the Counter Fraud Working Group would enhance fraud awareness and preventive measures across the Council.
68. At the same meeting, the Committee considered the National Fraud Initiative (NFI) Outcomes Report 2022-23. In considering the report, the Committee discussed apparent distortions in NFI outcomes for 'income lost by the Council' in respect of Blue Badge fraud/errors, service level challenges associated with the Council not being informed of deaths that occur outside its boundary and the implications of Council Tax relief fraud and non-collection on Council finances. The Committee resolved to accept and note the assurances provided by the report. (3.4.8.9.3)

Internal Audit

69. The Governance and Audit Committee has overseen the Council's internal audit arrangements (3.4.8.10.1). By reviewing the Internal Audit Strategy, the Internal Audit Annual Report and the Internal Audit Charter, and regular updates from the Head of Audit and Risk, the Committee has overseen internal audit's independence, objectivity, performance and professionalism, supported the effectiveness of the internal audit process and promoted the effective use of internal audit within the Council's assurance framework (3.4.8.10.2).
70. The Committee considered the Annual Internal Audit Report 2022-23, including the Head of Audit and Risk's 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, at its meeting in June 2023 (3.4.8.10.6/7/8/9/12/14/15). The Head of Audit and Risk confirmed that it was her opinion as the 'chief audit executive' for the Isle of Anglesey County Council, that, for the 12 months ended 31 March 2023, the organisation had an adequate and effective framework for risk management, governance and internal control.
71. Following discussion on a range of areas, including resourcing of internal audit, a long-standing outstanding issue/risk, risk based internal audit strategy and the Council's corporate self-assessment process, the Committee noted the report.
72. The Committee received a report presenting the outcome of an External Quality Assessment of Conformance with the Public Sector Internal Audit Standards (PSIAS) undertaken via peer review by Flintshire County Council, also at its meeting in June 2023 (3.4.8.10.14). The Committee noted the 'generally conforms' assessment which reflects the highest level of conformance following an external PSIAS assessment and accepted the report.

73. The Committee reviewed and approved the Internal Audit Charter, which defines the internal audit's activity, purpose, authority, and responsibility, in April 2024 (3.4.8.10.3).
74. The Committee resolved to approve the continued appropriateness of the Internal Audit Charter and noted the 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 Audit and Risk (3.4.8.10.13).
75. At the same meeting, the Committee received the Internal Audit Strategy 2024-25 (3.4.8.10.1/2/5/6). Following discussion around capacity, recruitment arrangements and succession planning within the Internal Audit Service, the balance between in-house and third-party resources and the role of Internal Audit in service transformation projects, the Committee resolved to approve the Internal Audit Strategy for 2024-25 and to endorse the approach and priorities outlined as fulfilling the Council's assurance needs.
76. Throughout the year, the Committee received 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 (June, September, December 2023 and February and April 2024). The Committee considered summaries of specific internal audit reports as requested, including full copies of Limited Assurance reports, along with the action plan agreed with management (3.4.8.10.10).
77. The Committee monitored the implementation of agreed actions through the receipt of two reports, in September 2023 and April 2024 respectively (3.4.8.10.10/11). The Committee considered the Council's performance and the status of all outstanding actions raised by internal audit, including detailed summaries of progress with addressing 'major/amber' rated issues/risks.
78. The Committee and the Head of Audit and Risk engage effectively (3.4.8.10.16). In particular, the Chair of the Governance and Audit Committee made himself available for the Head of Audit and Risk at all times, including providing the opportunity for a private meeting with the Committee, if requested (3.4.8.10.17).

External Audit

79. The Committee oversees the external audit arrangements and considers the scope and depth of external audit work. The Committee received Audit Wales's Outline Audit Plan for 2023, which set out the Auditor's statutory responsibilities, details of the audit team and the audit timeline as well as a summary of the key changes to the ISA315 and potential impact of this on the Council, in June 2023 (3.4.8.11.3).
80. The Committee then considered Audit Wales's detailed Audit Plan 2023, which outlined the work proposed to be undertaken in relation to the financial audit, the performance audit programme for the year, along with the programme of grant certification work and audit reporting timetable, at its meeting in July 2023 (3.4.8.11.1/3).
81. The Committee considered the external auditor's annual letter and ISA 260 report to 'those charged with governance' (3.4.8.11.1/2), at its meeting in December 2023. Following discussions around a note to the accounts relating to RAAC issues in two of the Council's schools; the auditors work to identify potential fraud in financial statements, including clarification that no evidence of fraud was found during the audit; as well as minor adjustments to the draft accounts and the challenging financial landscape for 2024-25 and beyond, it was resolved to note the external auditor's report for its audit of the 2022-23 Financial Statements.
82. The Committee resolved to note Audit Wales's Annual Audit Summary report for 2023, which showed a summary of the outcome of each piece of work completed, at its meeting in April 2024.
83. The Committee received quarterly updates during the year (in June, September, December 2023 and April 2024) and external audit reports, including the audit of Development Control and Planning Enforcement (September 2023); the Council's Digital Strategy (February 2024); and an assessment of its Use of Performance Information (February 2024).
84. The Committee monitored the implementation of external audit recommendations and received a report from the Head of Profession (HR) and Transformation in April 2024, setting out how the Council had responded to external audit reports regarding the Council and national reviews, and their related recommendations (3.4.8.11.3).
85. The Committee was not compelled to make any recommendations on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies during the year (3.4.8.11.4).
86. The Governance and Audit Committee met privately and separately with external and internal audit without officers present, following its meeting in April 2024. (3.4.8.11.5).

Financial reporting

87. The Committee reviews and scrutinises the Council's financial affairs, making reports and recommendations in relation to them (3.4.8.12.1).
88. Prior to approval by full Council, the Committee reviewed the Authority's draft and final annual financial statements for 2022-23 (July and December 2023 respectively), including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas (3.4.8.12.2).
89. In considering the draft financial statements in July 2023, the Committee discussed several factors, including significant changes or trends when compared with previous years accounts, increases in asset valuations and the basis for the increase, the impact of interest rate rises on both borrowing and investment returns, as well as inflationary cost increases being a challenge and the impact of this on services going forward.
90. Following further discussion on the pension liability and its impact on the accounts, as well as the accounting treatment of capital expenditure for non-Council owned assets e.g. Disabled Facilities Grants, the Committee resolved to note the draft unaudited main financial statements for 2022-23.
91. The Committee considered the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts, and whether they needed to be brought to the attention of the Council (3.4.8.12.3) at its meeting in December 2023. Following discussion (see External Audit above), the Committee resolved to note External Audit's Report on the Financial Statements for 2022-23.

Complaints handling

92. The Committee has responsibility for reviewing and assessing the Authority's ability to handle complaints effectively (3.4.8.14.1).
93. The Committee considered the Director of Function (Council Business)/Monitoring Officer's Annual Concerns and Complaints report for 2022-23 which set out issues arising under the Council's Concerns and Complaints Policy for the period 1 April 2022 to 31 March 2023, at its meeting in September 2023.
94. Discussion ensued around the Council's performance in complaints handling and the Director of Function (Council Business)/Monitoring Officer advised that following analysis of complaints data, customer service training would be undertaken across the organisation focussing initially on services subject to higher levels of complaints/concerns. Following further discussions with the Head of Housing Services and the Head of Regulation and Economic Development whose specific service areas had experienced an increase in complaints during the period; the Committee resolved to accept the report.
95. The Committee received the Public Services Ombudsman for Wales (PSOW) Annual Letter 2022-23. The document outlined the complaints standards work undertaken by the PSOW over a 12-month period as well as a summary of the Council's performance in this area (3.4.8.13.1).
96. Following discussion, the Committee resolved to note and accept the Annual Letter 2022-23 and authorised the Director of Function (Council Business)/Monitoring Officer to confirm to the PSOW that the Committee has given formal consideration to the Annual Letter and to provide reassurance that the Council will continue to monitor complaints and, thereby, provide Members with the information required to scrutinise the Council's performance (3.4.8.14.2).

Self-assessment report

97. Each financial year, the Committee receives from Council a draft of its self-assessment report [drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)] (3.4.8.15.1).
98. The Committee considered the draft Annual Self-Assessment Report 2022-23, which provided an evidence-based assessment of how the Council performed in 2022-23 using its available resources whilst managing and mitigating associated risks, at its meeting in June 2023. (3.4.8.1.4).
99. In reviewing the report, the Committee made several comments and suggestions, including providing examples to support assertions about performance, including annual comparative information to highlight trends in performance, as well as quantitative information to aid understanding, and ensuring correlation between areas assessed as 'adequate' and proposed improvement actions. (3.4.8.4.4).
100. The Committee resolved to agree the contents of the self-assessment report for 2022-23 and recommend its consideration by full Council, subject to consideration of the above points (3.4.8.15.1/2/3/4).

Panel performance assessment

101. 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).
102. 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.
103. A panel performance assessment was not conducted during 2023-24 (3.4.8.4.3 / 3.4.8.16).

Auditor General inspection

104. The Auditor General may carry out a special inspection of the Council (if it considers the Council is not, or may not be, meeting its performance requirements).
105. Following the report being sent to the Council, as soon as reasonably practicable after receiving such report, the Council is required to make it available to the Governance and Audit Committee. The Council's draft response must be made available to, and be reviewed by, the Governance and Audit Committee. The Committee may recommend changes to the response, including the action proposed by the Council. If the Committee's recommendations are not adopted by the Council before publication, the recommendations must be included in the response along with the reasons why the Council has not made the changes recommended by the Committee (3.4.8.17.1/2/3).
106. The Auditor General did not carry out any special inspections of the Council during 2023-24.

Appendix A – Frequency of meetings and attendance

Members	23/05/23	29/06/23	27/07/23	21/09/23	07/12/23	08/02/24	18/04/24	Meetings attended (%)
Mr Dilwyn Evans (Lay Member) (Chair)	✓	✓	✓	✓	✓	✓	✓	100
Cllr Euryrn Morris (Deputy Chair)	✓	✓	✓	✓	Apologies	✓	✓	86
Cllr Geraint Bebb	✓	✓	✓	✓	✓	✓	✓	100
Cllr Dyfed Wyn Jones	✓	Apologies	Apologies	✓	✓	✓	✓	71
Mr William Parry (Lay Member)	✓	No	✓	✓	✓	✓	✓	86
Cllr Keith Roberts	✓	✓	✓	✓	✓	✓	✓	100
Cllr Dafydd Roberts ⁴	✓	-	-	-	-	-	-	100
Cllr Margaret M. Roberts	✓	✓	✓	Apologies	✓	✓	✓	86
Ms Sharon Warnes (Lay Member)	✓	✓	✓	No	✓	✓	✓	86
Mr Michael Wilson (Lay Member)	✓	✓	✓	✓	✓	✓	✓	100
Cllr Liz Wood	✓	No	No	✓	Apologies	Apologies	Apologies	29
Cllr Trefor Lloyd Hughes ⁵	-	✓	✓	Apologies	Apologies	✓	Apologies	50
Cllr Ieuan Williams ⁵	-	Apologies	✓	Apologies	✓	Apologies	✓	50
Cllr Robin Williams (Finance Portfolio Holder)	-	✓	✓	✓	✓	✓	✓	100
Total for Committee⁶	11	9	11	9	10	11	11	

⁴ In June 2023, Councillor Dafydd Roberts left the Governance and Audit Committee to join the Executive.

⁵ In June 2023, Councillors Trefor Lloyd Hughes and Ieuan Williams joined the Committee.

⁶ In accordance with the Committee's Terms of Reference, the Committee consists of eight elected Members and four lay members. Elected Members 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.

Appendix B – Member Training 2022-24

	Committee Specific										Mandatory				Total Attendance Completion
	Induction	Financial Statements	Complaints	Treasury Management	Understanding Local Authority Accounts for Councillors	Effective Chairing Skills	Countering Fraud and Corruption	Risk Management	General Data Protection Regulations (GDPR)	Cyber Awareness ⁷	Basic Safeguarding Awareness	Violence Against Women, Domestic Abuse Prevent**	Modern Slavery**		
Mr Dilwyn Evans (LM)* (Chair)	23/06/22	13/07/22	09/09/22	14/09/22 15/09/23	22/06/23	17/10/23	04/12/23	13/03/24	05/09/22	12/05/22	-	Optional	12/09/19	Optional	92%
Cllr Euryn Morris (Deputy Chair)	23/06/22	13/07/22	09/09/22	14/09/22 15/09/23	-	11/10/23	-	-	07/09/22	18/05/22	20/09/22	12/06/22	12/06/22	07/09/23	79%
Cllr Geraint Bebb	23/06/22	13/07/22	09/09/22	Apologies	24/08/23	-	04/12/23	-	16/11/23	12/05/22	27/11/23	29/09/22	19/05/24	19/05/24	79%
Cllr Neville Evans	23/06/22	Apologies	09/09/22	14/09/22	-	-	-	-	06/09/22	11/05/22	20/09/22	Not started	Not started	Not started	43%
Cllr Dyfed Wyn Jones	23/06/22	13/07/22	Apologies	Absent	-	-	-	-	06/09/22	11/05/22	26/09/22	Not started	Not started	Not started	36%
Mr William Parry (LM)*	Apologies	Absent	09/09/22	Absent	-	17/10/23	-	-	-	-	-	Optional	Optional	Optional	18%

⁷ Cyber awareness formed part of introductory training for new Council cohort in May 2022

*Lay Members.

**Optional for lay members.

	Committee Specific										Mandatory				Total Attendance Completion
	Induction	Financial Statements	Complaints	Treasury Management	Understanding Local Authority Accounts for Councillors	Effective Chairing Skills	Countering Fraud and Corruption	Risk Management	General Data Protection Regulations (GDPR)	Cyber Awareness ⁷	Basic Safeguarding Awareness	Violence Against Women, Domestic Abuse	Prevent**	Modern Slavery**	
Cllr Keith Roberts	23/06/22	13/07/22	09/09/22	14/09/22	-	-	04/12/23	-	7/09/22	11/05/22	20/09/22	Not started	Not started	Not started	57%
Cllr Margaret M. Roberts	23/06/22	Apologies	(21/07/21)	15/09/23	-	-	04/12/23	-	15/11/23	11/05/22	20/09/22	Not started	Not started	Not started	50%
Ms Sharon Warnes (LM)*	23/06/22	13/07/22	09/09/22	14/09/22	-	17/10/23	04/12/23	19/03/24	19/10/22	12/05/22	-	Optional	Optional	Optional	82%
Mr Michael Wilson (LM)*	23/06/22	13/07/22	09/09/22	14/09/22 15/09/23	22/06/23	11/10/23	04/12/23	19/03/24	22/02/19	12/05/22	-	21/12/17	Optional	Optional	92%
Cllr Liz Wood	23/06/22	13/07/22	Absent	Absent	-	-	-	19/03/24	16/11/23	11/05/22	27/11/23	Not started	Not started	Not started	43%
Cllr Trefor Lloyd Hughes	11/05/22	-	-	-	-	-	-	-	16/11/23	11/05/22	27/11/23	Not started	Not started	Not started	29% ⁸
Cllr Ieuan Williams	11/05/22	-	-	-	-	-	04/12/23	-	Apologies	11/05/22	20/09/22	Not started	Not started	Not started	29% ⁸
Total	12/13 (92%)	8/13 (62%)	9/13 (69%)	7/13 (54%)	3/13 (23%)	5/13 (39%)	7/13 (54%)	4/13 (31%)	11/13 (85%)	12/13 (92%)	9/13 (69%)	3/13 (23%)	3/13 (23%)	2/13 (15%)	

⁸ Councillors Trefor Lloyd Hughes and Ieuan Williams did not join the Committee until June 2023.

Appendix C – Meeting Outcome Summary

Date	Outcome of meeting
23 May 2023	The Committee elected the Mr Dilwyn Evans as Chairperson and Councillor Euryrn Morris as deputy Chairperson for the Governance and Audit Committee.
29 June 2023	<p>The Committee considered nine substantive items.</p> <p>It received an update on the Council's progress towards achieving its net-zero target, particularly focusing on carbon emissions data and reductions. A carbon emissions dashboard was presented, detailing emissions from various sources such as schools and council facilities. Discussions included the impact of energy-efficient measures and the effectiveness of new Council buildings in achieving net-zero status. The Committee agreed to receive annual updates on progress towards net-zero.</p> <p>The Council's annual self-assessment report for 2022/23 was presented, highlighting the Council's performance and areas for improvement. The Committee requested additional comparative information from previous years and examples to support assertions about performance.</p> <p>The Committee noted Audit Wales's Outline Audit Plan for 2023 and received an update on their work programme. Changes to audit operations were explained due to changes to ISA 315, impacting risk assessment procedures prior to an audit.</p> <p>The Committee considered two items relating to Internal Audit, receiving assurance following an external quality assessment of the Council's conformance with the Public Sector Internal Audit Standards, as well as noting the Internal Audit Annual Report 2022-23 which included the Head of Audit and Risk's annual opinion on the adequacy of the Council's risk management, governance, and control framework.</p> <p>An Annual Insurance Report detailed insurance arrangements and claims trends. The Committee endorsed the Governance and Audit Committee's Annual Report for 2022-23 and discussed arrangements for conducting a self-assessment of its performance to be facilitated by CIPFA.</p> <p>The Committee approved the Forward Work Programme for 2023-24.</p>
27 July 2023	<p>The Committee considered four substantive items.</p> <p>It considered Audit Wales's detailed audit plan for 2023 covering financial and performance audit, grant certification work and audit reporting. In noting the report, the Committee raised concerns regarding the increased audit fee as a result of additional requirements imposed by the auditing standard ISA 315.</p> <p>The Committee considered and following discussions approved the draft Annual Governance Statement 2022-23 that will form part of the Statement of Accounts 2022-23.</p> <p>In scrutinising the draft Statement of Accounts 2022-23, the Committee commented on the complexity of financial reporting and requested that a summary of headline accounts information be included on the Council's website. Discussions also focused on financial trends, asset valuations, debt management, and the impact of interest rates.</p> <p>The Committee accepted the proposed changes to its Forward Work Programme 2023-24.</p>

Date	Outcome of meeting
<p>21 September 2023</p>	<p>The Committee considered eight substantive items.</p> <p>It considered two reports relating to concerns and complaints made about the Council; the Annual Concerns, Complaints and Whistleblowing Report 2022-23 and the Public Services Ombudsman for Wales (PSOW) Annual Letter 2022-23. The Committee noted both reports, supported the implementation of the PSOW's Model Policy and the development of a complaints training needs assessment and strategy, and requested that the Leadership Team review the Council's customer service training provision,</p> <p>The Committee considered two Audit Wales reports, receiving a progress update on financial and performance audit work and noted the findings of the Effectiveness of Local Planning Authorities in Wales audit as well as the Council's responses to recommendations made as a result of this work.</p> <p>The Committee considered the Annual Treasury Management Review 2022-23. In so doing, it reviewed treasury management activities including debt management and investments, received a summary of financial outcomes and prudential indicators and discussed capital expenditure and financial reporting complexities. The Committee noted the contents of the report and forwarded it for Executive approval.</p> <p>The Committee received an update on the work of Internal Audit as well as the service's priorities going forward. It also noted the Council's progress in addressing outstanding issues/risks identified as a result of internal audit's work.</p> <p>The Committee was content to accept the Forward Work Programme as proposed and noted any changes.</p>
<p>7 December 2023</p>	<p>The Committee considered eight substantive items.</p> <p>It considered the progress made by schools in complying with data protection legislation, endorsed the Schools Data Protection Plan and asked for a copy of the Data Protection Guidance document for school governors to be circulated to all elected members.</p> <p>The Committee considered the final Statement of Accounts 2022-23 and external audit's ISA 260 Report. Following discussions around financial challenges for future years, including potential budget increases and implications of RAAC issues, the Committee resolved to accept the Final Statement of the Accounts, approve the Annual Governance Statement, and note Audit Wales's ISA 260 Report on the Financial Statements for 2022-23 in advance of formal acceptance by full Council.</p> <p>The Committee considered the Annual Counter Fraud, Bribery and Corruption Report 2022-23 and noted the activity carried out by the Council during the year to minimise the risk of fraud, bribery and corruption occurring within or against it. It also noted the National Fraud Initiative (NFI) Outcomes report and took assurance that the Council uses data analytics provided by the NFI to strengthen both its prevention and detection of fraud.</p> <p>The Committee received an update on the work of Internal Audit, including its priorities going forward. It also considered a report detailing the changes to the Strategic Risk Register to ensure better alignment with the new Council Plan 2023-28.</p> <p>The Committee noted Audit Wales's quarterly update report as of 30 September 2023, detailing financial and performance audit progress and included work by Estyn and Care Inspectorate Wales.</p> <p>It was content to accept the Forward Work Programme as proposed, discussed progress with the self-assessment exercises facilitated by CIPFA and asked that the Committee's training needs assessment questionnaire be re-circulated to members.</p>

Date	Outcome of meeting
<p>8 February 2024</p>	<p>The Committee considered 11 substantive items.</p> <p>It considered two reports relating to information governance, receiving the Senior Information Risk Owner's (SIRO) annual report for 2022-23 and considering the outcomes of the Information Commissioner's Office's (ICO) investigation into the Cyber incident 2021 in the Council's Secondary Schools. The committee accepted both reports including the SIRO's recommendations for further assessment of data protection risk in partnership working and cyber threats in contract management and procurement.</p> <p>The Committee endorsed the annual Corporate Health and Safety Report 2022-23, supporting the strategic plan for health and safety management and the implementation of the Corporate Health and Safety Action Plan. It requested additional actions for future reports included incorporating pre-COVID incident data in future reports, detailing falls in care homes separately, and providing data on insurance claims and costs.</p> <p>The Committee considered and noted two reports relating to Treasury Management (TM); the mid-year review 2023-24 as well as the TM Strategy Statement 2024-25.</p> <p>It received an update on the outcome of Internal Audit's work as well as a report outlining the results of the Risk Management Health Check undertaken by Zurich Resilience Solutions. The Committee resolved to approve the actions proposed to address Zurich's recommendations.</p> <p>The Committee considered two reports from Audit Wales, a review of the Council's Digital Strategy and its Use of Performance Information. It noted both reports and accepted the Council's response to the recommendations made.</p> <p>The Committee accepted the proposed changes to its Forward Work Programme 2023-24.</p> <p>In a private session, the Chair deferred consideration of the Annual Cyber Security report 2023-24, due to issues experienced by some members with accessing the report in advance of the meeting.</p>
<p>18 April 2024</p>	<p>The Committee considered 10 substantive items.</p> <p>The Committee considered four items relating to Internal Audit. The Internal Audit Update focused on audits completed and ongoing, with discussions on issues including debt recovery and disabled facilities grants administration. Concerns were raised about the lack of contextual information in audit reports and the treatment of debt on the Council's balance sheet. The Committee also received a report on the progress of implementing outstanding Issues and Risks and was content to approve the Strategy for 2024-25 and the accompanying Charter.</p> <p>The Committee considered the outcome of CIPFA's review of its effectiveness and approved the actions proposed to address CIPFA's 10 recommendations. The Committee discussed various points, including producing action logs, translation disparities in reports, and the need for more feedback on the Committee's performance from management.</p> <p>The Committee considered the Corporate Planning, Performance and Programme Manager's report on the progress with implementing recommendations made by Audit Wales during their National Reviews and asked for future reports to be more succinct.</p> <p>Audit Wales provided an update on its work programme and timetable for its financial and performance work, and the outcome of its work carried out during 2023. The Committee asked that future reports be accompanied by a cover report setting out the purpose of each report and the expectations on the Committee considering it.</p>

Date	Outcome of meeting
	<p>The Committee was content to accept the Forward Work Programme as proposed.</p> <p>The meeting concluded with the exclusion of the press and public for a discussion on the annual cyber security report, which highlighted challenges faced and mitigation measures in place. The Committee asked that future reports include instances where the Council's defences had been penetrated, along with the remedial actions taken.</p> <p>Following the meeting, the Committee members met privately with internal and external audit, without officers being present. A useful discussion was had, and the Committee asked for this to be an annual occurrence going forward.</p>