



## Report of the Chair of the Governance and Audit Committee

Council – 1 July 2021

### **Governance and Audit Committee Annual Report 2020/21**

<b>Purpose:</b>	This report provides the Governance and Audit Committee Annual Report for the 2020/21 municipal year.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation:</b>	It is recommended that Council note the contents of the Governance and Audit Committee Annual Report 2020/21.
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<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Catherine Window



# **Governance and Audit Committee Annual Report 2020/21**

**City & County of Swansea**

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## **1. Foreword by Mrs Paula O'Connor, Chair of the Audit Committee**

- 1.1 First and foremost the Chair pays tribute to all staff and officers of the Council in dealing admirably with the unprecedented challenges brought about by the COVID pandemic. Throughout this difficult year officers of the Council as well as the Council Partners' were fully committed to meeting their responsibilities. The Chair also acknowledges that the Council endeavoured to maintain continuity of governance.
- 1.2 This report provides an overview of the Audit Committee's work in the municipal year 2020/21. On 20th October 2020 the Audit Committee considered the election of Chair for 2020/21 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2020/21 Municipal Year. In addition, in June 2020 the Committee approved the proposal to appoint an additional Lay Member to support the changes that were to be introduced with the Local Government and Elections (Wales) Act 2021.
- 1.3 I am pleased to present this report prepared by the Chief Auditor and Democratic Services that reflects on the work of the Audit Committee.
- 1.4 The Committee's terms of reference forms part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying it's role. The Chair has continually reviewed Committee Agenda's in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference.
- 1.5 It is pleasing to report that the Committee has received in June 2020 an oversight of the Council's Performance Management Framework and also an overview of the Partnerships and Collaboration arrangements. The Committee has requested periodic reports for both of these significant areas to be brought to future meetings. Also in March 2021 the Committee received an update from the Deputy Chief Executive on Value for Money & Benchmarking. The presentation of the three reports addressed the shortfall in previous meetings of the Committee and the Chair extends her gratitude to officers for meeting the Committee's needs.
- 1.6 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements, and although some progress has been made the shortfall remains.
- 1.7 The Chair reflects on the presentation on the Assurance Framework and the reporting on the Council's Risks which was a significant step forward in 2018/19 in improving the Committee's ability to reflect on the effectiveness of governance, risk management and control that supports and informs the Council's Annual Governance Statement. However, as reported in 2019/20 and well into 2020/21 the development and roll out of a new electronic risk management system was delayed during the year and the Chair and Audit

Committee members have expressed concern that in the absence of a robust system that this will need to be highlighted in the Council's Annual Governance Statement at the year end. During 2020/21 the ongoing delay was mainly attributable to the pressures associated with the pandemic. In November 2020 the Committee received a mid-year position of Risk and then in February 2021 an updated position in an improved format. The Chair noted that the detail contained in the improved format Risk Register still required improvement before the Committee were able to take assurance.

- 1.8 The Committee has reviewed the work programme at each meeting, taking account of risk and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 1.9 The Chair and Chief Internal Auditor attended a further meeting of the All Wales Audit Committee Chairs network in October 2020 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. CIPFA facilitated the meeting and the areas covered included, Making an impact as an Audit Committee, Role of the Lay Member and Knowledge and Skills.
- 1.10 The Audit Committee terms of reference states that the Committee “oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.”
- 1.11 The Committee received the 2020/21 Internal Audit Plan and Charter on 1st June 2020 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in progressing with the plan alongside the pressures of the pandemic and also for responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2020/21 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified. During the year the Chief Internal Auditor updated the Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The Audit Committee discussed the impact and the possibility that a limitations opinion would be called. The Chair, Chief Finance and 151 Officer and the Chief Internal Auditor discussed the opinion which reflects the limitations around the risk management arrangements but not the deferred audits. The final Chief Internal Auditor opinion is due to be presented to the Audit Committee in May 2021.
- 1.12 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Chair commented that the Committee were able to support approval of the Plan to Council with the caveat that assurances had been obtained from the Chief Internal Auditor that the Plan was risk based and complied with the Public Sector Internal Audit Standards. The Committee would seek to gain further understanding of the scope of the reviews during 2021/22.

- 1.13 Audit Wales presented their 2020 Audit Plan to the Audit Committee on 30th June 2020, and has provided the Committee with regular updates to their work. In 2017/18 and continuing to date the Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations. This work is yet to be completed but the Chair acknowledges that Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Audit Committee.
- 1.14 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. A meeting is being arranged with the Chief Executive to communicate Audit Committee concerns in a number of key risk areas that include, robustness of Directorates saving plans, workforce pressures, risk management arrangements and reporting of risk to Audit Committee, production of annual governance statement and the role of the Governance Group.
- 1.15 The Committee received the 19/20 Anti-Fraud Annual Report at the meeting in September 2020 and the update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021. The Committee noted that further work was required to address all those recommendations.
- 1.16 The Deputy Chief Executive presented the Annual Governance Statement 2019/20 Action Plan Update to the Committee in December 2020. Cllr Lesley Walton is the Audit Committee Representative on the Governance Group. The Governance Group was established to review the production of the AGS during the year. At the March 2021 meeting of the Governance Group a number of key points were raised with regard to the 2020/21 AGS but Cllr Walton has advised the Chair that the timeline target for the draft AGS to be presented to the May Audit Committee will be met. In preparation for receipt of this important document the Chair requested that Democratic Services circulate to Members the CIPFA guidance paper on Application of the Good Governance Framework 2020/21.
- 1.17 The Chair attended the Scrutiny Panel Conference 13th October 2020 and is also due to attend the Scrutiny Committee shortly.
- 1.18 The Committee discussed the concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk. Also, it was noted that a recovery plan should be developed on how the Council plans to deal with overspends and that the Audit Committee should be provided with regular budget variation reports. The Chief Finance and Section 151 Officer agreed to provide this information to future meetings. The update against Achieving Better Together and from Recovery to Transformation was received in February 2021.

## **2. Role of the Governance and Audit Committee**

- 2.1 The Council is required, under the Local Government (Wales) Measure 2011 to have a Governance and Audit Committee which among other things must include at least one lay member.
- 2.2 The Measure requires the Governance and Audit Committee to:
- Review and scrutinise the Council's financial affairs.
  - Make reports and recommendations in relation to the Authority's financial affairs.
  - Review and assess the risk management, internal control and corporate governance arrangements of the Authority.
  - Make reports and recommendations to the Authority on the adequacy and effectiveness of those arrangements.
  - Oversee the Council's internal and external audit arrangements and review the financial statements prepared by the Authority.
- 2.3 The Measure also requires Councils to have a Lay Member in their Governance and Audit Committee. The Chair of the Committee is a Lay Member and a second Lay Member was appointed to the Committee in the year. It should be noted that the Members are currently in the process of discussing proposals to revise the structure of the Committee and to further increase the number of Lay Members in order to accommodate the new legislative requirements set out in the Local Government and Elections (Wales) Act which became law in January 2021.
- 2.4 The work of the Governance and Audit Committee is structured so that the Committee can gain assurance over the areas identified above and to comply with its terms of reference as amended to reflect the changes introduced by the Local Government and Elections (Wales) Act as shown in Appendix 1.
- 2.5 This report describes the assurance that has been gained by the Governance and Audit Committee from various sources during 2020/21 and also outlines a number of other areas where briefings have been provided to the Committee.
- 2.6 The draft Governance and Audit Committee Annual Report 2020/21 was presented to the Governance and Audit Committee in May 2021 to provide Members with the opportunity to give their views on the assurances received and to identify the key messages arising from the work of the Committee during the year which should be reported to full Council.

## **3 Work of the Governance and Audit Committee in 2020/21**

- 3.1 The Governance and Audit Committee has received regular reports in relation to standard agenda themes and received reports of interest based on risk, governance and internal control. Each aspect is reported on below.

## **Standard Items**

### Internal Audit Assurance

- 3.2 The Governance and Audit Committee approved the Internal Audit Charter 2020/21 and 2021/22 as required by the Public Sector Internal Audit Standards.
- 3.3 The Committee also approved the Internal Audit Annual Plan 2021/22 and has received quarterly monitoring reports from the Chief Auditor showing progress against the 2020/21 Audit Plan.
- 3.4 The quarterly monitoring reports identified any audits that received a moderate or limited level of assurance along with an outline of the issues which led to the audit receiving the negative assurance level. A second quarterly report has also been presented to the Committee to allow members to review and monitor the implementation of the recommendations made in the internal audit reports that had been issued.
- 3.5 From April 2018 the relevant Head of Service and Service Manager (or Headteacher and Chair of Governors) have been required to attend the Governance and Audit Committee following a moderate or limited audit report being issued in order to provide an update to members as to what action is being taken to address the issues that have been highlighted by the audit.
- 3.6 The Internal Audit Annual Report for 2019/20 was reported to the Committee in June 2020 and the Internal Audit Annual Report for 2020/21 was reported to the Committee in May 2021. Both reports included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Reports for both 2019/20 and 2020/21 also included the Chief Auditor's opinion on the internal control environment which in both cases, stated that based on the audit testing carried out reasonable assurance could be given that the systems of internal control were operating effectively and that no significant weaknesses were identified which would have a material impact on the Council's financial affairs.
- 3.8 However, it should be noted that the Committee has continued to raise concerns in relation to risk management arrangements across the Council. In addition, the Committee has also commented upon the weaknesses in internal control that are continuing to emerge as a result of staff resource pressures and reductions.
- 3.9 The Internal Audit Annual Report of School Audits 2019/20 was presented to the Governance and Audit Committee in September 2020. This report summarised the school audits undertaken during the year and summarised some common themes identified across the school audits that had been completed.



#### Annual Governance Statement 2019/20 & 2020/21

- 3.10 The draft Annual Governance Statement for 2019/20 was presented to the Governance and Audit Committee in June 2020. The draft Annual Governance Statement for 2020/21 was presented to the Committee in May 2021, prior to being reported to Council for approval.
- 3.11 A Governance Group was established by the Council in 2018/19 comprising of the Deputy Chief Executive, Chief Finance and Section 151 Officer, Monitoring Officer, Strategic Delivery and Performance Manager and the Chief Auditor (in an advisory capacity). A member of the Governance and Audit Committee was also appointed to the Group in 2019/20. The Group is tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective across the Council. However, it should be noted that the meetings of the Governance Group were suspended during 2020/21 as a result of the Covid-19 pandemic. However, meetings resumed towards the end of the financial year.
- 3.12 The presentation of the draft Annual Governance Statements gave the Committee the opportunity to review and comment upon the Statements to ensure that they properly reflected the assurances provided to the Committee.

#### Annual Statement of Accounts 2019/20 & 2020/21

- 3.13 The Chief Finance and Section 151 Officer presented the draft Statement of Accounts 2019/20 for the Council in September 2020. Officers answered a number of queries raised by members of the Committee. The draft Statement of Accounts for 2020/21 are due to be presented to the Committee in June 2021.
- 3.14 Following completion of the audit of the Statement of Accounts 2019/20, Audit Wales presented its ISA 260 reports on the audit of financial statements of the Council to the Governance and Audit Committee prior to the report going to full Council. The report presented the detailed findings of the audit and stated that Audit Wales's view was that the accounts gave a true and fair view of the financial position of the Council.

#### External Audit Assurance

- 3.15 As well as the Audit of the Statement of Accounts (ISA 260) reports mentioned above, Audit Wales also provided an update report at a number of the scheduled meetings. The reports outlined the progress being made in financial and performance audit work to the Committee.
- 3.16 Audit Wales also provided assurance to the Governance and Audit Committee by presenting the following reports:
- Audit Wales - Press Release on the Financial Sustainability of Local Government
  - Audit Wales Report – City & County of Swansea Annual Audit Summary 2020
  - Audit Wales Report – City & County of Swansea Audit Plan 2020-2021.

- 3.17 The Audit Wales Annual Audit Summary 2020 Report was presented to the Governance and Audit Committee in March 2021. The report summarised with work undertaken by Audit Wales as part of their annual audit of the financial statements for 2019/20, which also highlighted the high quality of the draft statement of accounts. The auditors gave an unqualified opinion on the Council's financial statements on 15<sup>th</sup> September 2020, in line with the statutory deadline.
- 3.18 The report also outlined the findings of the financial sustainability review that Audit Wales completed in 2019/20. The review examined the financial sustainability of each Council in Wales, and concluded that the City and County of Swansea continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets.

#### Implementation of Audit Recommendations

- 3.19 An important role undertaken by the Governance and Audit Committee is monitoring the implementation of agreed audit recommendations arising from both internal and external audit.
- 3.20 The implementation of any Internal Audit recommendations arising from fundamental audits is reported to the Governance and Audit Committee in the Recommendations Tracker Report. For 2019/20, the results of the tracker exercise showed that 83% of agreed recommendations had been implemented by December 2020.
- 3.21 The implementation of any high or medium risk recommendations arising from non-fundamental audits that received a moderate or limited level of assurance are subject to follow up visits by Internal Audit to confirm they have been implemented. The results of the follow up audits are reported to the Governance and Audit Committee in the Quarterly Internal Audit Monitoring Reports.
- 3.22 The Internal Controls Report presented to the Governance and Audit Committee by the external auditors includes any recommendations made as a result of their work and the action taken by management to implement the recommendations.

#### Governance and Risk Management

- 3.23 The Local Government (Wales) Measure 2011 makes the overview of risk management a function of the Governance and Audit Committee
- 3.24 The Strategic Delivery & Performance Manager provided regular updates to the Committee in relation to Risk Management throughout the year via the Quarterly Overall Status of Risk Reports.
- 3.25 A new Risk Management System was introduced in December 2019. Following the introduction of the new system, work was undertaken to embed in the new risk management processes across the Council. The Strategic Delivery and Performance Manager began presenting reports

outlining the contents of the new Risk Management System from February 2021 and work is continuing to enhance the reporting functionality of the system. Members have also highlighted concerns in relation to the lack of assurance that could be taken from some of the control measures that were recorded against the risks on the new system. This remains one of the key areas of focus for the Governance and Audit Committee in 2021/22.

#### Relationship with Scrutiny Function

3.26 The Governance and Audit Committee has continued to develop a relationship with the Scrutiny function. The relationship is intended to ensure the following:

- Mutual awareness and understanding of the work of Scrutiny and the Governance and Audit Committee.
- Respective workplans are coordinated to avoid duplication / gaps.
- Clear mechanism for referral of issues if necessary.

3.27 The Chair of the Scrutiny Programme Committee last attended the Governance and Audit Committee to provide an update on the work of Scrutiny in February 2020. The new Chair of the Scrutiny Committee, Cllr. Peter Black, is also a member of the Governance and Audit Committee and it is proposed that Cllr. Black will update the Committee on the work of Scrutiny in the new Municipal year.

3.28 The Chair of the Governance and Audit Committee has also attended the Scrutiny Programme Committee previously to provide an update on the work of the Committee but this did not take place in 2020/21. The Chair will attend one of the Scrutiny Committee meetings in the new Municipal Year.

#### Anti-Fraud

3.29 A Corporate Fraud Function was established during 2015/16 within the Internal Audit Section. The Corporate Fraud Annual Plan 2020/21 was presented to the Committee in May 2020. The Corporate Fraud Function Annual Report 2019/20 was presented to the Governance and Audit Committee in September 2020. The Fraud Function Annual Report for 2020/21 is due to be presented later in the 2021/22 Municipal Year.

#### Governance and Audit Committee Briefings

3.30 The Governance and Audit Committee received a number of briefings during 2020/21 as noted below:

- Revenue and Capital Budget Monitoring - 1st Quarter
- Revenue Outturn and Savings Tracker 2019/20
- Treasury Management Annual Report 2019/20
- Mid-Year 2020/21 Overview of Risk
- Annual Governance Statement 2019/20 Action Plan Update
- An Update on a Review of Partnerships
- Employment of Agency Staff Update
- Revenue and Capital Budget Monitoring - 2nd Quarter

- Service Centre: Accounts Receivable – Update
- Service Centre – Disclosure & Barring Service (DBS) Follow Up Report
- Internal Audit Annual Plan Methodology 2020/21
- Draft Internal Audit Annual Plan 2021/22
- Value for Money and Benchmarking
- Counter Fraud
- Local Government and Elections (Wales) Act 2021
- Revenue and Capital Budget Monitoring - 3rd Quarter.
- Fraud Function Annual Plan 2021/22
- Internal Audit Charter 2021/22
- Internal Audit Strategy & Annual Plan 2021/22

#### Governance and Audit Committee Training

- 3.31 Following discussions with Democratic Services, it was agreed that repeated annual training in core areas was no longer necessary. Instead, Members agreed that specific training should be arranged based on training needs.

### **4. Looking Forward**

- 4.1 Looking forward to 2021/22, the unprecedented challenges that are continuing with the Covid-19 pandemic will continue to have an impact on the Council's governance and finance arrangements during the early to mid-part of the year.
- 4.2 Within this context, the importance of an effective Governance and Audit Committee remains critical and in March 2021 the Chief Legal Officer presented amendments to the Committee's Terms of Reference to take into account the requirements of the Local Government & Elections (Wales) Act 2021. In recognition of the additional responsibilities of the newly named Governance & Audit Committee the Chair met with the Chief Executive and the Chief Finance and 151 Officer who has agreed to develop, with support from external sources, a formal training programme that would develop the knowledge and skills of members in respect of the Act's new requirements.
- 4.3 The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the requirements of the Governance & Audit Committees new responsibilities and also the critical challenges and risks that the Council faces. The Committee will also keep under review the progress and reporting of risk management.

### **5. Committee Membership & Attendance**

- 5.1 The membership of the Governance & Audit Committee at the start of the 2020/21 consisted of one Lay Member and 12 Non Executive and 1 Executive Councillors elected by Council. An additional Lay Member was appointed by Council in December 2020. Independent Members are appointed for no more than two administrative terms with Council Members reappointed annually.

- 5.2 The Committee is serviced by Council Officers, principally the Chief Finance Officer/Section 151 Officer, Chief Legal Officer, Strategic Delivery & Performance Officer, Chief Auditor and Democratic Services. Representatives from the Audit Wales also attend Committee meetings.
- 5.3 During 2020/21 the Committee has followed a structured workplan which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes 2 Lay Members and will have to amend its membership in 2022 as required by the Local Government and Elections (Wales) Act 2021. One Lay Member is also the Chair of the Committee.
- 5.4 The Governance and Audit Committee met on 7 occasions throughout the Municipal period 2020/21 on the following dates: 20<sup>th</sup> October, 10<sup>th</sup> November, 8<sup>th</sup> December, 19<sup>th</sup> January, 9<sup>th</sup> February, 9<sup>th</sup> March and 20<sup>th</sup> April. The meeting agendas, minutes and recordings can be located at: -

<http://democracy.swansea.gov.uk/ieListMeetings.aspx?CId=123&Year=0&LLL=0>

- 5.5 Committee Member attendance in 2020/21 is shown in the following table:

<b>Attendance 2020/21</b>	<b>Possible</b>	<b>Actual</b>
<b>Independent Lay Members</b>		
Mrs Paula O'Connor (Chair)	7	6
Julie Davies (appointed December 2020)	5	5
<b>Non-Executive Councillors</b>		
Councillor Paxton Hood-Williams (Vice Chair)	7	7
Councillor Cyril Anderson	7	7
Councillor Terry Hennegan	7	4
Councillor Erika Kirchner	7	1
Councillor Jeff Jones	7	7
Councillor Peter K Jones	7	5
Councillor Mike Lewis	7	7
Councillor Lesley Walton	7	6
Councillor Mike White	7	7
Councillor Sam Pritchard	7	7
Councillor Peter Black	7	7

Councillor David Helliwell	7	6
<b>Executive Councillors</b>		
Councillor Andrew Stevens	7	2

## 6. Future Governance and Audit Committee Meetings

- 6.1 As agreed by the Head of Democratic Services, the Council Diary for the current municipal year includes Governance and Audit Committee meetings on a monthly basis.
- 6.2 Additional/special meetings may need to be held at certain times of the year to ensure the smooth delivery of the Committee's work programme. The Committee also has the ability to call further additional meetings when required.

## 7. Governance and Audit Committee Contact Details

<b>Paula O'Connor</b> Chair of Governance and Audit Committee	<a href="mailto:Chair.Audit@swansea.gov.uk">Chair.Audit@swansea.gov.uk</a>
<b>Councillor Paxton Hood-Williams</b> Vice Chair of Governance and Audit Committee	<a href="mailto:Cllr.Paxton.Hood-Williams@swansea.gov.uk">Cllr.Paxton.Hood-Williams@swansea.gov.uk</a> 01792 872038
<b>Ben Smith</b> Chief Finance and Section 151 Officer	<a href="mailto:Ben.Smith@swansea.gov.uk">Ben.Smith@swansea.gov.uk</a> 01792 636409
<b>Jeff Dong</b> Deputy Chief Finance and Section 151 Officer	<a href="mailto:Jeffrey.Dong@swansea.gov.uk">Jeffrey.Dong@swansea.gov.uk</a> 07810438119/ 07811847582
<b>Simon Cockings</b> Chief Auditor	<a href="mailto:Simon.Cockings@swansea.gov.uk">Simon.Cockings@swansea.gov.uk</a> 01792 636479
<b>Jason Garcia</b> Audit Wales	<a href="mailto:Jason.Garcia@audit.wales">Jason.Garcia@audit.wales</a>
<b>Tracey Meredith</b> Monitoring Officer & Chief Legal Officer	<a href="mailto:Tracey.Meredith@swansea.gov.uk">Tracey.Meredith@swansea.gov.uk</a> 01792 637521
<b>Richard Rowlands</b> Strategic Delivery & Performance Manager	<a href="mailto:Richard.Rowlands@swansea.gov.uk">Richard.Rowlands@swansea.gov.uk</a> 01792 637570

## 8 Integrated Assessment Implications

- 8.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

Our Integrated Impact Assessment process ensures that we have paid due regard to the above.

- 8.2 The completion of the Integrated Impact Assessment Screening revealed that:
- The Governance and Audit Committee Annual Report has a low positive impact across all groups.
  - It has been subject to consultation with Legal, Access to Services and the Chair of the Governance and Audit Committee.
  - All Well-being of Future Generations Act considerations are positive and any risks identified are low.
  - The overall impact of the Governance and Audit Committee Annual Report is positive as it will support the Authority in its requirement to protect public funds.

## **9. Financial Implications**

- 9.1 There are no financial implications associated with this report.

## **10. Legal Implications**

- 10.1 Part of the role of the Governance and Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to the authority’s financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

**Background Papers:** None

**Appendices:** Appendix 1 - Governance and Audit Committee Amended Terms of Reference

## **Amended Governance and Audit Committee Terms of Reference**

### **Governance and Audit Committee**

#### **Statement of Purpose**

The Governance and Audit Committee is a key component of the City and County of Swansea'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.

The purpose of the Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council. It provides an independent review of the governance, performance assessment, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

#### **Governance, Performance, Risk and Control**

- a) To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- b) To review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes to the conclusions or actions the Council intends to make.
- c) To review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
- d) To review the Council's draft response to any Auditor General's recommendations arising from a special inspection in respect of the Council's performance requirements and to make any appropriate recommendations for changes.
- e) To review and assess the authority's ability to handle complaints effectively and to make any associated reports and recommendations in relation to the authority's ability to handle complaints effectively.
- f) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
- g) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- h) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.



- i) To monitor the effective development and operation of risk management in the Council.
- j) To monitor progress in addressing risk related issues reported to the Committee.
- k) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- l) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- m) To monitor the counter fraud strategy, actions and resources.

### **Internal Audit and External Audit**

- n) To approve the internal audit charter and resources.
- o) To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- p) To consider summaries of specific internal audit reports as requested.
- q) To consider reports dealing with the management and performance of the providers of internal audit services.
- r) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- s) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- t) To consider specific reports as agreed with the external auditor.
- u) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- v) To commission work from internal and external audit.

### **Financial Reporting**

- w) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- x) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **Accountability Arrangements**

- y) To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

*(Note: Governance and Audit Committee Terms of Reference are pending further amendments to reflect the requirements of the Local Government and Elections (Wales) Act).*