



# **Governance and Audit Committee Annual Report 2021/22**

**City & County of Swansea**

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

- 1.1 The Council has continued to face significant challenges during 2021/22 with the ongoing impact of the COVID virus. Once again I pay tribute to all staff and officers of the Council in dealing admirably with the challenges brought about by the COVID pandemic. Throughout this year officers of the Council as well as the Council's Partners were fully committed to meeting their responsibilities. I also acknowledge that the Council continued its efforts to maintain continuity of governance.
- 1.2 I am pleased to present this report prepared by the Chief Auditor and Democratic Services that reflects on the work of the Governance & Audit Committee.
- 1.3 This report provides an overview of the Governance & Audit Committee's work in the municipal year 2021/22. On 9th June 2021 the Governance & Audit Committee considered the election of Chair for 2021/22 Municipal Year where it was resolved that I be re-elected as Chair. At the meeting on 13th July 2021 Councillor P R Hood-Williams was elected Vice-Chair for the 2021/22 Municipal Year. In addition, at the September 2021 meeting the Committee considered the requirements of the Local Government and Election (Wales) Act 2021 (the Act) that states that the Governance & Audit Committee shall consist of one third Lay Members. The Committee was asked to consider its new size and the implication that one third would be Lay Members. The recommendation made by Members to Council was to opt for 15 members consisting of 10 Councillors and 5 Lay Members. The Council approved this and in March 2022 progress was made in recruiting for three Lay Members.
- 1.4 As a result of the Act the Governance & Audit Committee Terms of Reference was amended to reflect the new membership plus the additional roles of the Committee. The new Act requires careful coordination between the Governance & Audit Committee and the Scrutiny Committee as both embark on the new co-ordinated responsibilities. It is a benefit at this time that the Scrutiny Committee Chair is also a Member of the Governance & Audit Committee. I have also ensured that the Work Programme of the Scrutiny Committee is appended to every meeting of the Governance & Audit Committee. With regard to the Governance & Audit Committee's responsibility to review the annual Self-Assessment Report and also the Panel Performance Assessment Report, I have liaised with the Chair of the Performance Committee who has agreed to attend the Governance & Audit Committee when these reports are presented.
- 1.5 The Committee's terms of reference form part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying its role. I have continually reviewed Committee Agendas in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference. In addition, I have liaised with the Deputy Chief Executive to establish a formal Training Programme for Members to include the new areas of responsibility plus a clear understanding of the roles of the

Performance Committee and Scrutiny Committees that also consider these subject matters.

- 1.6 Part 5 of the Local Governance and Elections (Wales) Act 2021 provided for the establishment through regulations of Corporate Joint Committees (CJCs). This resulted in the establishment of the South West Wales Corporate Joint Committee. At the September 2021 Governance & Audit Committee further insight was given to Members as to the current status and progress of the CJC and then in December 2021 the Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. The status and progress of the work of the CJC will be brought back to the Governance & Audit Committee during the early part of 2022 where consideration will be given to any further changes to the Terms of Reference of the Governance & Audit Committee.
- 1.7 Changes were taking place with the Management Structure in February 2021 and these changes remained under consideration and consultation during 2021/22. The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resource throughout 2021/22. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy had been developed for the financial year April 2022-2025. It was also confirmed that the Strategy took into consideration the Council's Corporate Plan "Delivery of a Successful and Sustainable Swansea" as well as the provisions of the Well-Being of Future Generations (Wales) Act 2015. Subject to any final changes the Strategy was to be launched in March 2022.
- 1.8 The Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements. However, I have ensured that the Service Directors have attended the Governance & Audit Committee during the year to provide assurance to the Committee that individual functions are exercised effectively and there is economic, efficient and effective use of resources and effective governance.
- 1.9 The development and roll out of the new electronic risk management system continued into early 2021 and improvement had been made in the reporting format of the Risk Register. However, during the majority of 2021 the content of the Risk Report still required improvement. A Risk Report was presented to the Committee in September 2021, November 2021 and February 2022. It should be noted that additional Training had been undertaken along with Video Training access and towards the end of 2021/22 some improvement was recognised in the February 2022 report.
- 1.10 The new Act has placed responsibility on the Governance & Audit Committee to review the Council's draft response to the Panel Performance Assessment report, any Audit Wales recommendations arising from the Council's performance as well as the Council's draft annual Self-Assessment report. The Governance & Audit Committee Work Programme has been updated to reflect the presentation of these reports in 2022.

- 1.11 The Annual Complaints report was presented to the Governance & Audit Committee in December 2021. The Committee welcomed the report but noted that it was important not to overlap the work of Scrutiny Committee. The Chair of Scrutiny Committee confirmed that the Complaints report was due to be considered by Scrutiny in March 2022 but this meeting was cancelled.
- 1.12 The Committee has reviewed the work programme at each meeting, taking account of risks and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 1.13 I attended a further meeting of the All Wales Audit Committee Chairs network in September 2021 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. The event was dedicated to understanding Governance and Audit Committee 'performance' responsibilities resulting from the Local Government Elections (Wales) Act 2021, to support us to discharge our new responsibilities effectively. Presentations were given by the Welsh Local Government Association and also the Public Service Ombudsman for Wales. An interactive section was also facilitated by Audit Wales to consolidate some of the learning from the Act.
- 1.14 The Governance & 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”.
- 1.15 The Committee received the 2021/22 Internal Audit Plan and Charter on 20th April 2021 and has received reports regularly during the year from the Chief Internal Auditor. I expressed my 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 2021/22 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Governance & 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 Governance & Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The final Chief Internal Auditor opinion was presented to the Audit Committee in May 2021.
- 1.16 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Committee was 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.

- 1.17 Audit Wales presented their 2021 Audit Plan to the Governance & Audit Committee on 20th April 2021, and has provided the Committee with regular updates to their work. The most recent update to the Quarter ending 31 December 2021 was presented on 8th March 2022. In 2017/18 and continuing to date the committee 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 I acknowledge the attempts being made to develop an electronic system to track action against recommendations. However in the interim the Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Governance & Audit Committee.
- 1.18 I have met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. When necessary during the year I have been in communication with the Chief Executive.
- 1.19 On 20th April 2021 the Committee received the 2021/22 Fraud Function Annual Plan. The 2020/21 Anti-Fraud Annual Report was received at the meeting in July 2021.
- 1.20 An additional report was presented to provide the Governance & Audit Committee with an update against progress being made against recommendations in the Audit Wales report 'Raising our Game - Tackling Fraud in Wales', in March 2021 with an update on progress in November 2021. The Committee noted that some further work was required to address all those recommendations.
- 1.21 Cllr Lesley Walton is the Governance & Audit Committee Representative on the Council's Governance Group. The Governance Group was established to review the production of the Annual Governance Statement (AGS) during the year. The Group met in March 2022 to discuss the draft AGS for 2021/22. The draft AGS was presented to Corporate Management Team before being presented to the Governance & Audit Committee on the 31<sup>st</sup> May 2022.
- 1.22 I attended the Scrutiny Panel Conference 12<sup>th</sup> October 2021. The Governance & Audit Committee also received the Scrutiny Committee's Annual Report and Work Programme.

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

- 2.1 The Local Government & Elections (Wales) Act became law in January 2021. The Act has amended the Local Government (Wales) Measure 2011. The Act also extended the remit of the Governance and Audit committee, with Members now having additional responsibility to review and assess the Council's performance management and complaints handling procedures.
- 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.
  - Review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
  - 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.
- 2.3 The Local Government & Elections (Wales) Act 2021 also stipulates that at least one third of the Governance and Audit Committee must be Lay Members. The current Chair of the Committee is a Lay Member and a second Lay Member was appointed to the Committee in November 2020. The Council is currently in the process of recruiting additional Lay Members to ensure the requirements of the Act are met for the new Municipal Year.
- 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 2021. The Terms of Reference of the Committee can be found in Appendix 1.
- 2.5 This draft report describes the assurance that has been gained by the Governance and Audit Committee from various sources during 2021/22 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 2021/22 was presented to the Governance and Audit Committee in May 2022 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 2021/22**

- 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 2021/22 as required by the Public Sector Internal Audit Standards.
- 3.3 The Committee also approved the Internal Audit Annual Plan 2022/23 and has received quarterly monitoring reports from the Chief Auditor showing progress against the 2021/22 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 2020/21 was reported to the Committee in May 2021. The report included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Report for 2020/21 also included the Chief Auditor's opinion on the internal control environment which 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 2020/21 was presented to the Governance and Audit Committee in July 2021. This report summarised the findings of the thematic audits and a small number of school



audits undertaken during the year and identified some common themes across the schools that had been included in the audits undertaken.

Annual Governance Statement 2020/21 and 2021/22

- 3.10 The draft Annual Governance Statement for 2020/21 was presented to the Committee in May 2021 and the draft Annual Governance Statement for 2021/22 was presented to the Committee in May 2022, prior to the statements 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, the Director of Finance & 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 is also a member of the Group. The Group is tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective across the Council.
- 3.12 The presentation of the draft Annual Governance Statements gave the Committee the opportunity to review and comment upon the Statements to ensure they properly reflected the assurances provided to the Committee.

Annual Statement of Accounts 2020/21

- 3.13 The Director of Finance & Section 151 Officer presented the draft Statement of Accounts 2020/21 for the Council in August 2021. Officers answered a number of queries raised by members of the Committee.
- 3.14 Following completion of the audit of the Statement of Accounts 2020/21, 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 - ISA 260 Report - City and County of Swansea.
  - Audit Wales - Financial Sustainability Assessment - City and County of Swansea Council.
  - Audit Wales Work Programme and Timetable – City and County of Swansea Council – December 2021.
  - Audit Wales Work Programme and Timetable – City & County of Swansea Council – March 2022.

- Audit Wales Report – City & County of Swansea Annual Audit Summary 2021.

3.17 The Audit Wales Annual Audit Summary 2021 Report (ISA 260) was presented to the Governance and Audit Committee in August 2021. The report summarised the work undertaken by Audit Wales as part of their annual audit of the financial statements for 2020/21, which also highlighted the high quality of the draft statement of accounts. The auditors gave a qualified opinion on the Council's financial statements on 2<sup>nd</sup> September 2021, in line with the statutory deadline.

3.18 The report also outlined the findings of the additional financial sustainability assessment that Audit Wales completed in 2020/21. The review examined the financial sustainability of each Council in Wales, and concluded that the Council was well placed to maintain its financial sustainability and had a plan in place to strengthen some aspects of its financial management.

#### 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 2020/21, the results of the tracker exercise showed that 76% of agreed recommendations had been implemented by September 2021.

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 & Elections (Wales) Act 2021 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 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 has continued in year 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. Whilst progress has been made in this area in year, further improvements would be welcomed. This remains one of the key areas of focus for the Governance and Audit Committee in 2022/23.

#### 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 October 2021. The 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 and provided an update on the work of the Committee in October 2021. The Chair will also 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 2021/22 was presented to the Committee in April 2021. The Corporate Fraud Function Annual Report 2020/21 was presented to the Governance and Audit Committee in July 2021. The Fraud Function Annual Report for 2021/22 is due to be presented later in the 2022/23 Municipal Year. The Governance and Audit Committee also received a new Mid-Year Fraud Function Update Report in November 2021.

#### Governance and Audit Committee Briefings

3.30 The Governance and Audit Committee received a number of briefings during 2021/22 as noted below:

- Fraud Function Annual Report 2020/21
- Draft Governance and Audit Committee Training Programme

- Follow Up Review of Corporate Safeguarding Arrangements - Children in Swansea Council
- Corporate Risk Overview 2021/22 – Quarter 1
- Education Directorate: Internal Control Environment 2021/2022.
- Update Report South West Wales Corporate Joint Committee.
- Absence Management Audit Report 20/21.
- Service Centre – Accounts Receivable Update.
- Lay Members on the Governance & Audit Committee.
- Employment of Agency Staff Audit Report 2019/20 - 2021 Update.
- Scrutiny Annual Report 2020-21 & Scrutiny Work Programme.
- Auditor General for Wales Review of Town Centre Regeneration.
- Corporate Risk Overview 2021/22 – Quarter 2.
- (Directorate): Internal Social Services Department Control Environment 2021/22.
- Annual Report Corporate Safeguarding 2020-21.
- Update on Swansea Achieving Better Together.
- Impact of the Corporate Insolvency and Governance Act 2020.
- Annual Complaints Report 2020-21.
- City and County of Swansea Administered Trust Funds.
- Update Report South West Wales Corporate Joint Committee – January 2022.
- Service Centre – Accounts Receivable Update.
- Corporate Risk Overview – Quarter 3 2021/22.
- Place: Internal Control Environment 2021/22.
- Workforce Strategy.
- Draft Internal Audit Annual Plan 2022/23.
- Internal Audit Annual Plan Methodology.
- Absence Management Audit Report 20/21.
- Draft Internal Audit Charter 2022/23.
- Internal Audit Strategy & Annual Plan 2022/23.
- Corporate Risk Overview – Quarter 4 2021/22.
- Achieving Better Together – Recovery Plan.
- Governance and Audit Committee Training Programme.

#### 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. The Governance & Audit Committee Training Plan 2022/23 was approved by the Committee on 12 April 2022.

## **4. Looking Forward**

- 4.1 Looking ahead to 2022/23 the Governance & Audit Committee's membership and responsibilities will need to have careful consideration and support. The Deputy Chief Executive has confirmed that following the May 2022 local elections it will be his intention to enact the Training Programme to support the work of the Committee in all new areas of responsibility. Also, this programme will reflect the needs of all new Councillor and Lay Members.

4.2 The Committee’s concerns expressed during the 2021/22 Municipal year will be appropriately reflected in the Annual Governance Statement and will include the absence of the Workforce Strategy, the further improvements to embedding the risk management arrangements and enhanced reporting and the Moderate or Limited Assurance Internal Audit reports where audit recommendations remain outstanding.

## 5. Committee Membership & Attendance

5.1 The membership of the Governance & Audit Committee at the start of the 2021/22 Municipal Year consisted of two Lay Members and 12 Non Executive and 1 Executive Councillor elected by Council. 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 Director of Finance & Section 151 Officer, Chief Legal Officer, Strategic Delivery & Performance Officer, Chief Auditor and Democratic Services. Representatives from Audit Wales also attend Committee meetings.

5.3 During 2021/22 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 11 occasions throughout the Municipal period 2021/22 on the following dates: 9<sup>th</sup> June 2021, 13<sup>th</sup> July 2021, 24<sup>th</sup> August 2021, 14<sup>th</sup> September 2021, 12<sup>th</sup> October 2021, 9<sup>th</sup> November 2021, 14<sup>th</sup> December 2021, 12<sup>th</sup> January 2022, 8<sup>th</sup> February 2022, 8<sup>th</sup> March 2022 and 12<sup>th</sup> April 2022. The meeting agendas, minutes and recordings can be located at:

<https://democracy.swansea.gov.uk/ieDocHome.aspx?bcr=1&LLL=0>

5.5 Committee Member attendance in 2021/22 is shown in the following table:

<b>Attendance 2021/22</b>	<b>Possible</b>	<b>Actual</b>
<b>Independent Lay Members</b>		
Mrs Paula O’Connor (Chair)	11	11
Julie Davies	11	11
<b>Non-Executive Councillors</b>		

Councillor Paxton Hood-Williams (Vice Chair)	11	9
Councillor Cyril Anderson	11	10
Councillor Peter Black	11	10
Councillor David Helliwell	11	9
Councillor Terry Hennegan	11	4
Councillor Oliver James	10	7
Councillor Jeff Jones	11	8
Councillor Hannah Lawson	1	0
Councillor Mike Lewis	11	10
Councillor Clive Lloyd	11	6
Councillor Sam Pritchard	11	11
Councillor Jen Raynor	11	8
Councillor Lesley Walton	11	10
Councillor Mike White	11	10

## 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 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> Director of Finance & 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 & 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
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<b>Richard Rowlands</b> Strategic Delivery & Performance Manager	<a href="mailto:Richard.Rowlands@swansea.gov.uk">Richard.Rowlands@swansea.gov.uk</a> 01792 637570

**Background Papers:** None

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

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

### **Governance & 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.

#### **Membership**

The Local Government (Wales) Measure 2011 provides that two thirds of the members of the Committee are to be members of the council and one third must be lay members. Only one member of the Cabinet or Assistant to the Cabinet may sit on the Committee, and that person must not be the Leader. The Chair must be a lay member and the vice chair must not be a member of the Cabinet or an Assistant to the Cabinet.

#### **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.
- n) To review any proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- o) To review the governance and assurance arrangements for significant partnerships or collaborations.

### **Internal Audit**

- p) To approve the internal audit charter and resources.
- q) To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- r) To approve significant interim changes to the risk based internal audit plan and resource requirements.
- s) To make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.
- t) To consider the Chief Internal Auditor'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.
- u) To consider the Chief Internal Auditor's annual report.

- v) To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services.
- w) To 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 Regulations.
- x) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. To approve and periodically review safeguards to limit such impairments.
- y) To consider summaries of specific internal audit reports as requested.
- z) To receive reports outlining the action taken where the Chief Internal Auditor 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.
- aa) To consider reports dealing with the management and performance of the providers of internal audit services.
- bb) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- cc) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- dd) To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- ee) To provide free and unfettered access to the Governance and Audit Committee Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the Committee.

### **External Audit**

- ff) To consider the external auditor's annual letter, relevant reports, and to those charged with governance.
- gg) To consider specific reports as agreed with the external auditor.
- hh) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- ii) To commission work from external audit.

- jj) To advise and recommend on the effectiveness of relationships between external audit and other inspector agencies or relevant bodies

### **Financial Reporting**

- kk) 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.
- ll) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

- mm) 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.
- nn) To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- oo) To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- pp) To work in synergy with the Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.
- qq) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the Appendix 1 adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions
- rr) To publish an annual report on the work of the committee.

### **Training and Development**

- ss) To attend relevant training sessions including specialist training tailored for Members of the Governance and Audit Committee.