

Report



Governance and Audit Committee

Part 1

Date: 23rd November 2023

Subject **Draft Governance and Audit Committee Annual Report 2022/23**

Purpose To provide members of the Governance and Audit Committee an opportunity to comment on the Governance and Audit Committee Annual Report 2022/23

Author Head of Finance

Ward All Wards

Summary This report provides an opportunity for members of the Governance and Audit Committee to consider and comment on the Draft Governance and Audit Committee Annual Report 2022/23. The report demonstrates how the Committee has met its Terms of Reference under the Council's Constitution as set out by the Local Government Measure 2011 and the Local Government and Elections (Wales) Act 2021.

The Committee has achieved this by concentrating on its core responsibilities during the year.

The Governance and Audit Committee is to present its Annual Report 2022/23 to full Council.

Proposal **To agree the Committee's annual report for submission to the Council in order to meet the requirements.**

Action by Chair of Governance and Audit Committee

Timetable Final report to be presented to Council in January 2024.

This report was prepared after consultation with:

- Strategic Director for Transformation and Corporate
- Head of Law and Standards
- Head of People, Policy and Transformation

Signed

Background

The Council's Governance and Audit Committee has responsibility for ensuring that there are procedures in place within the Council to guarantee the adequacy and effectiveness of financial control and corporate governance arrangements.

A key component of good governance for all organisations is to have in place a Governance and Audit Committee.

Newport City Council complies with this requirement; the Terms and Reference, as included within the Council's Constitution, is set in line with the Local Government Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of Governance and Audit Committee, as required by the above legislation, are included in full under Appendix 1 of the Annual Report.

The Local Government and Elections (Wales) Act 2021 determined that a number of changes must be brought into effect:

- former Audit Committees would be re-named Governance and Audit Committees
- from May 2022 the Chair of the Governance and Audit Committee was required to be a lay member
- one third of its membership had to be lay members.

Newport City Council's Governance and Audit Committee comprised three lay members and five elected members during 2022/23. The Committee held six meetings during the municipal year. All meetings were held on a hybrid basis in accordance with Part 4, Appendix 2 of the Constitution setting out arrangements for multi-location meetings. All meetings in 2022/23 were quorate.

Summary

Regular reports were received by the Governance and Audit Committee throughout the year. All Members contributed to the challenge process where officers were held to account for improving identified systems weakness. Members contributed positively to the process and took the responsibility of being on the Governance and Audit Committee seriously.

As in previous years, the Committee's main responsibilities concerned having robust and proportionate oversight of the Council's governance, internal control and risk management arrangements including:

- Approving the internal audit plan and monitoring performance against the plan
- Reviewing internal audit reports and seek assurances of change where required
- Considering the reports of external audit and inspection agencies
- Reviewing the draft financial statements
- Reviewing the Council's Treasury Management Strategies and compliance with Prudential Indicators in this respect.
- Considering the effectiveness of the Authority's risk management arrangements
- Maintaining an overview of the Council's Constitution in respect of contract procedure rules and financial regulations
- Making recommendations, as appropriate, to Cabinet and Council on any matters reported through the Governance and Audit Committee
- Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints

- Scrutinising and being satisfied with the Council's Annual Governance Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements; and
- Supporting the ongoing development and effectiveness of Governance and Audit Committee.

A standard agenda item for the Governance and Audit Committee introduced in 2022/23 is a Recommendation Table, where named officers are responsible for updating the Committee on previous matters discussed or questions raised. This ensures appropriate responses are received and accepted by the Committee on issues they felt were important enough to challenge and hold officers to account.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance identifies 'Core Functions' of a Governance and Audit Committee along with what it refers to as possible 'wider functions' of a Governance and Audit Committee. The Committee fulfilled its role during 2022/23 by receiving a comprehensive suite of reports in line with its work programme for the year, as shown at Appendix 2 of the full report.

The Committee were satisfied that the Council's assurance statements, including the annual governance statement (AGS), properly reflected the risk environment and any actions required to improve it, and demonstrated how governance supports the achievement of the Council's objectives.

Financial Summary

The co-opted members of the Governance and Audit Committee are entitled to a special responsibility allowance in accordance with the prescribed members' allowances scheme. There are no specific costs associated with the running of this committee other than those involved in the cost of administration of this and other council functions within the democratic process.

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Non-compliance with the requirements of the Local Government Measure	M	L	This report suggests the content of an annual report in line with the requirements of the Measure.	Head of Finance
Inadequate resources to discharge the statutory requirements of the Measure	M	L	The Annual Report confirms the adequacy of existing resources.	Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2022-27

Annual Governance Statement

The Governance & Audit Committee have an integral role in contributing to the Council governance arrangements and processes across a wide range of issues and in doing so; helps the Council in meeting its objectives and priorities.

Options Available and considered

Option 1: To consider the annual report and to present an agreed version of the report to the Council.

Option 2: To take no action

Preferred Option and Why

Option 1 is the recommended option in order to meet the requirements of the Local Government Measure.

Comments of Chief Financial Officer

This report and the accompanying annual assessment of the Governance & Audit Committee provides a self-evaluation of the work of the committee over the 2022/23 financial year. There are no direct financial impacts.

Comments of Monitoring Officer

According to the Local Government and Elections (Wales) Act 2021, the Council must keep under review the extent to which it is exercising its functions effectively and using its resources economically, efficiently and effectively. The Council must also ensure that it has effective governance arrangements in place to ensure that those matters are kept under review. The aforementioned requirements are known as the Council's "*performance requirements*". The Council must also consult with local people, other people carrying on business in its area, its staff and any trade unions recognised by the Council at least once in each financial year about the extent to which the Council is meeting its performance requirements.

S.91 of the Act requires the Council to produce a report in each financial year, known as a "*self-assessment report*", setting out its conclusions as to the extent to which it has met its performance requirements during that financial year. The annual assessment document appended to this report is intended to fill that purpose. The report must:

- set out any actions the council intends to take, and any actions it has already taken, with a view to increasing the extent to which it will meet the performance requirements in the financial year following the financial year to which the report relates;
- include the council's conclusions as to the extent to which any actions included by virtue of the above point in the council's preceding report increased the extent to which the council met the performance requirements in the financial year to which the self-assessment report relates; and
- take into account the views of the consultees referred to above.

The Council is required to make a draft of the self-assessment report available to its Governance and Audit Committee and this report to Committee fulfils that purpose. The Committee must review the draft report and may make recommendations for changes to the conclusions and/or proposed actions set out in the document.

Accordingly, the Committee should consider the draft report and ensure that it complies with all of the above points; where the Committee does not feel that the report does so, it should recommend amendments to the draft report in order to address such concerns.

Comments of Head of People, Policy and Transformation

The report provides members of the Committee the opportunity to consider and comment on the draft Governance and Audit Committee Annual Report 2022/23 before submission to Council. The Annual Report outlines how the Committee has discharged its responsibilities in terms of the democratic services function in accordance with the Local Government (Wales) Measure 2011.

Through ensuring the effectiveness of the Council's corporate governance and decision-making processes, the Council will ensure that requirements of the Well-being of Future Generations (Wales) Act 2015 are met, and the Five Ways of Working are properly embedded within the Council's governance and decision-making structures. The Committees work also supports the development of A More Equal Wales and doesn't adversely affect any of the other Well-being Goals for Wales.

There is no specific consultation required, with no direct HR implications associated with this report.

Scrutiny Committees

Not applicable.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The Governance and Audit Committee Annual Report outlines how the Committee has discharged its responsibilities in terms of the democratic services function in accordance with the Local Government (Wales) Measure 2011. Part of its role is to review and monitor the effectiveness of the Council's corporate governance and decision-making processes and the terms of the Council's Constitution.

Through ensuring the effectiveness of the Council's corporate governance and decision-making processes, the Council will ensure that requirements of the Wellbeing of Future Generations (Wales) Act 2015 are met and the following principles of the Act are able to be properly embedded within the Council's governance and decision making structures:

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long-term needs.
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives.
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives, or those of other public bodies.
- Collaboration: have you considered how acting in collaboration with any other person, or any other part of our organisation could help meet our wellbeing objective.
- Involvement: The importance of involving people with an interest in achieving the wellbeing goals and ensuring that those people reflect the diversity of the City.

The Committee's work in developing and publishing the Council's Participation Strategy supports the development of A More Equal Wales; achieving more diversity in decision-makers and the voices that are heard in decision-making will help to reduce inequalities. The Strategy does not adversely affect any of the other Well-being Goals for Wales. The Strategy underpins the Involvement principle of the Wellbeing of Future Generations (Wales) Act 2015 by supporting residents to be involved in making the decisions that affect them, considering diverse needs when developing services, and helping people to feel connected to the place that they live.

Consultation

Not applicable.

Background Papers

Minutes of previous meetings of Governance and Audit Committee

Constitution

Cabinet Papers

Dated: 23rd November 2023