

# Blaenau Gwent County Borough Council

## Annual Report of the Governance and Audit Committee 2022/2023

### 1. Foreword by Joanne Absalom, Chair of the Governance and Audit Committee

On behalf of all members of the Governance and Audit Committee, I am pleased to introduce the Committee's Annual Report for 2022/23. The report has been produced by Officers of the Authority and details work undertaken by the Committee during 2022/23.

The Governance and Audit Committee is a key component of the Council's governance framework and provides independent assurance on the effectiveness of its governance, risk, financial management, and internal control arrangements.

Throughout 2022/23 the Committee has been well supported by senior officers of the Authority, including the Chief Officer Resources, Head of Democratic Services, Governance and Partnerships, Chief Officer Commercial and Customer, Audit and Risk Manager, Professional Lead – Internal Audit and the Data Protection and Governance Officer. At various times throughout the year, where appropriate, the Committee has been able to discuss the findings of Internal Audit reports with a wide range of the Authority's officers. On each occasion the Committee has been reassured by the responses and follow up action outlined by Officers.

In September 2022 the Committee adopted its Terms of Reference which are set out as an Appendix to this report. As a Committee we are broadly satisfied that we have been able to fulfil our range of responsibilities, subject to a few exceptions:

- The draft Statement of Accounts for 2021/22 was presented to the Committee in November 2022. We were unable to formally adopt the Accounts during 2022/23 due to delays in the final external audit of the accounts. The delay with the external audit occurred as a result of the need to undertake an asset revaluation exercise following the implementation of a new Asset Register and the subsequent changes that needed to be made to the draft accounts. The 2021/22 accounts are now complete and work has continued into 2023/24 to finalise the Audit Statement.
- The Committee's work programme for 2022/23 included the regular review of updates of the Corporate Risk Register. These were delayed due to ongoing development of the Register and redevelopment of the Finance and Performance Report within the Authority. The Committee did receive training in Risk Management and its Work Programme for 2023/24 includes regular updates against the Authority's Corporate Risk Register (the first update being considered in September 2023).

- The Committee's responsibility to approve the Council's formal policies for combating fraud and anti-corruption will be discharged as part of its Work Programme for 2023/24. The Action Plan arising from the External Quality Assessment of Blaenau Gwent Internal Audit Services states that a Fraud Risk Register will be developed as part of the ongoing development of the Fraud Strategy (March 2024).

As Chair I would like to thank all Committee members for the productive and constructive way in which all discussions have been held over the last year, and for their valued contributions, thus ensuring that the Committee fulfils its role in an effective way.

**Joanne Absalom**

**Chair Governance and Audit Committee**

## 2. Introduction

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) define an Audit Committee as a 'Key component of an authority's governance framework. Its function is to provide an independent and high level of resource to support good governance and strong public financial management.'
- 2.2. CIPFA state that an "audit committee should be able to provide an overall view on the adequacy of assurance arrangements and the outcome of assurances received. If the committee is not effective councillors, leaders and senior officers cannot place reliance on its work."
- 2.3. The Blaenau Gwent County Borough Council Governance and Audit Committee is a key part in the Council's Governance Framework. It provides independent governance assurance over the adequacy of the Council's governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, the Committee makes an important contribution by ensuring effective assurance arrangements are in place.
- 2.4. The Audit Committee's role is also to increase public confidence in the objectivity and fairness of financial affairs and other matters of the Authority. The Governance and Audit Committee has a responsibility for ensuring there are adequate mechanisms in place to provide the Authority as a whole with independent assurance over the governance, risk management and internal control processes.
- 2.5. The Local Government (Wales) Measure 2011 (as amended by the Local Government and Elections (Wales) Act 2021) states that a Local Authority must appoint an Audit Committee to fulfil specific functions set out in the legislation. These are detailed in the Governance and Audit Committee's Terms of Reference outlined in the Council's Constitution (Sept 2022). It states the Committee's role and functions will be to:
  - 2.5.1. Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs;
  - 2.5.2. Provide independent assurance of the adequacy of the risk management framework and the associated control environment;

- 2.5.3. Provide independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment;
  - 2.5.4. Oversee the financial reporting process.
  - 2.5.5. Oversee the effectiveness of the Council's complaints process (service complaints).
- 2.6. The full details of the Committee's Terms of Reference are held in Appendix A.
- 2.7. In supporting the Governance and Audit Committee deliver its terms of reference, there is a strong contribution from the independent members, the external advisors and regulators and the Internal Audit Team.

### 3. Work of the Governance & Audit Committee

Through the course of the year the Committee received a range of reports. These are detailed as follows:

#### Internal Audit Assurance

3.1.1 The Internal Audit Plan 2022-2027 detailing the 5 year strategic Audit Plan for the Council was presented to the Committee in July 2022. This was accepted by the Committee deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an Annual Audit Opinion and enable the Governance and Audit Committee to fulfil its assurance role.

3.1.2 The Internal Audit Outturn Report 2021-2022 in July 2022 was presented detailing the Council's overall achievement against the Audit Plan for the 2021-22 period. This was accepted by the Committee.

3.1.3 In July 2022 the Committee received the Annual Report of the Audit and Risk Manager. This report was accepted and the annual opinion of the Audit and Risk Manager was noted as 'Based on the findings of the audit work undertaken during 2021/22, in my opinion, Blaenau Gwent County Borough Council's system of internal control during the financial year 2021/22 operates to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.'

3.1.4 Also in July 2022 the Committee received the report of the Governance and Audit Committee Forward Work Programme 2022-2023. This report detailed the intended topics of consideration by the Committee for the 2022-2023 period. This was accepted by the Committee. Updates to this Forward Work Plan were also received during the period and accepted by the Committee.

3.1.5 The Public Sector Internal Audit Standards (PSIAS) require the Authority to have an Internal Audit Charter that sets out the service's purpose, authority and responsibility. A report detailing this titled "Internal Audit Charter" was presented by the Audit and Risk Manager in July 2022 and approved by the Committee.

3.1.6 Throughout the course of the 2022-2023 period a number of Internal Audit Progress Reports have been presented to the Committee. These reports highlight the work undertaken by the Internal Audit Service and how they comply with the Public Sector Internal Audit Standards (PSIAS). These reports were all accepted by the Committee and the finding noted.

3.1.7 A report on the Quality Assurance Improvement Programme was presented and accepted by the Committee in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).

## Annual/Routine Reports

3.2.1 The Chief Officer Resources and Section 151 Officer along with the Senior Business Partner presented the Statement of Accounts 2016/2017 through to 2020/2021 for the Council in April 2022. For each year the Statement of Accounts had previously been submitted but due to ongoing work had been unable to be completed. However this issue had now been overcome and the Auditor General been able to certify the audit for each year as complete. These reports were accepted by the Committee under the delegated authority of the Council.

The Statement of Accounts for the 2021/2022 were unable to be accepted at this time but are expected to be signed off in the near future.

3.2.2 In addition to the Statement of Accounts the Audit of Accounts Reports for the years 2016/2017 to 2020/2021 was also presented to the Committee in April 2022. These were presented alongside the Statement of Accounts for the same years (see 3.2.1) and accepted by the Committee.

Officers answered a number of queries raised by members of the Committee. The draft Statement of Accounts 2022/2023 is due to be presented to the Committee in due course.

As above, the Statement of Accounts for 2021/2022 remained outstanding but are expected to be progressed in the near future.

3.2.3 In September 2022 the Committee received a report from the Data Protection and Governance officer for the Governance and Audit Committee Terms of Reference. Following a review of the Committee's Terms of Reference the new terms were put forward to the Committee and accepted for use.

3.2.4 The Annual Governance Statement was received by the Committee in September 2022. This report assessed the effectiveness of the Authority's governance arrangements and was accepted by the Committee.

3.2.5 The Council's Self Assessment 2021-2022 report was received in October 2022 and accepted by the Committee who were assured that the report was an accurate account of the effectiveness and performance arrangements at the Council.

3.2.6 In November 2022 the Committee received a report presented by the Data Protection and Governance Officer on behalf of the Head of Legal and Corporate Compliance regarding the Use of Powers Under the Regulation of Investigatory Powers Act (RIPA) 2000. The report detailed how these powers had been utilised by the Council during the period and was accepted by the Committee with comments.

3.2.7 The Committee also received a report from the Head of Legal and Corporate Compliance detailing the corporate complaints received by the Council during the relevant quarters. Consideration was given to the report and it was accepted whilst seeking clarification on some areas and highlighting areas that they would like to consider for future monitoring.

3.2.8 In March 2023 the Committee received a report from the Chief Officer Commercial and Customer detailing a position statement against the objectives set out in the Business Case on the Shared Resource Service (SRS) Wales provision of ICT services for Blaenau Gwent. The report was accepted by the Committee.

## External Audit Assurance and External Bodies

3.3.1 In July 2022 the Committee received a report from the Head of Democratic Services titled “Blaenau Gwent County Borough Council – Annual Audit Summary”. This report presented the Audit Wales Annual Audit Summary for the Council and showed the work completed since the last Audit Summary presented in April 2021. This report was accepted by the Committee and its findings noted.

3.3.2 The Committee also received in July 2022 the Audit Wales 2022 Audit Plan for Blaenau Gwent which detailed the work planned relating to the Council by the Auditor General for Wales when discharging his statutory responsibilities for the 2022-2023 period. This report was also accepted and noted by the Committee.

3.3.3 The Annual Letter of the The Public Services Ombudsman for Wales 2021/2022 was received in September 2022 and presented by the Head of Legal and Corporate Compliance. Consideration was given to the report and resolved that it be accepted with the Committee assured that the process for monitoring complaints was robust and that the performance information reflected these practices.

3.3.4 A report was received by the Committee in January 2023 detailing the External Quality Assessment of Blaenau Gwent’s Internal Audit Services. This report was accepted and the Committee agreed that it reflected their understanding of the Internal Audit Service and that the proposed action plan be agreed.

3.3.5 In January and March 2023 the Committee also received a number of reports from Audit Wales as follows:

- Corporate Safeguarding Follow Up
- “A missed opportunity” – Social Enterprises
- Learning from Cyber Attacks
- Assurance and Risk Assessment Review
- Springing Forward – Blaenau Gwent County Borough Council
- “Time for Change” – Poverty in Wales
- “Together we can” Community Resilience and Self-Reliance

These reports were all given consideration by the Committee, accepted and approved.

3.3.6 In March 2023 the Committee received the report from the Corporate Director of Education detailing the Blaenau Gwent Estyn Local Government Education Services (LGES) Inspection Outcome. This report detailed the outcome of the recent inspection of the authority’s Education Service and was accepted by the Committee with a request that further assurances around the process for measuring success be provided to the Committee in future monitoring and reporting.

## 4. Committee Membership

4.1 The Council is required by Section 81 of the Local Government (Wales) Measure 2011 (as amended by the Local Government and Elections (Wales) Act 2021) to have a Governance and Audit Committee with its roles and terms of reference set out.

4.2 There is no provision in the Local Government (Wales) Measure 2011 to allow the Governance and Audit Committee to form a sub-committee.

4.3 The rules of the membership of the Governance and Audit Committee state that it shall be appointed by Full Council subject to the following rules:

- a) At least two thirds of the members of the Governance and Audit Committee shall be elected members of the Council
- b) At least one third of the members of the Governance and Audit Committee shall be a voting lay member
- c) No more than one of the members of the Governance and Audit Committee shall be a member of the Council's executive
- d) The Senior Member of the Council's executive is not a member of the Governance and Audit Committee

4.4 The Governance and Audit Committee must also appoint a member as its Chair and Vice Chair. The member appointed as the Chair must be a lay person. The member appointed as the Vice Chair must not be a member of the executive or an assistant to the executive.

4.5 The Committee is serviced by Council Officers, principally the Chief Officer Resources, Head of Internal Audit, Senior Auditor, Data Protection and Governance Officer and Democratic Services. Representatives from Audit Wales also attend Committee meetings.

4.6 During 2022/2023 a structured workplan has been followed by the Committee which covered all areas of the relevant responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee has received reports covering these responsibilities during this time with the exception of the Statement of Accounts for 2021/2022 which has unfortunately been delayed and expected to be progressed shortly.

The Committee includes space for 3 lay members although 1 of these is currently a vacancy.

4.7 Following the resignation of a lay member in late 2022 an unsuccessful recruitment exercise was run in early 2023. This has been repeated more recently and some dates for interview are currently being proposed with the expectation of filling the vacancy.

4.8 The Governance and Audit Committee met on 8 occasions during the period of 2022/2023 on the following dates:

- 14<sup>th</sup> April 2022
- 11<sup>th</sup> July 2022
- 27<sup>th</sup> July 2022
- 21<sup>st</sup> September 2022
- 20<sup>th</sup> October 2022
- 16<sup>th</sup> November 2022
- 30<sup>th</sup> January 2023
- 9<sup>th</sup> March 2023

4.9 Committee Membership in 2022/2023 consisted as follows:

- Mrs Joanne Absalom (Lay Member) (Chair)
- Cllr Sonia Behr (Vice Chair)
- Mr Martin Veale (Lay Member)
- Mr Terry Edwards (Lay Member) (resigned from post November 2022)
- Cllr Jules Gardner
- Cllr Wayne Hodgins
- Cllr Chris Smith
- Cllr Tommy Smith
- Cllr Joanna Wilkins

## 5. Forward Plans

5.1 In order to support the Committee in performing effectively and ensure it fulfils its purpose, CIPFAs view on the role and functions of an Audit Committee as detailed in their Practical Guidance for Local Authorities and Police 2022 edition identifies that a regular self-assessment and the development of a knowledge and skills training program can be used to support the planning of the work programme and training plans. The intention is now to follow recommended practices to help to achieve a good standard of performance in developing an effective Governance and Audit Committee and questionnaires will be distributed to Committee members in due course.

5.2 The Governance and Audit Committee's Annual Report will be produced each year to ensure the programme of work continues to be aligned with the Committee's Terms of Reference and that the contribution made is beneficial in demonstrating the effectiveness of the Committee.

## Appendix A – Terms of Reference of the Blaenau Gwent County Borough Council Governance and Audit Committee



The Governance and  
Audit Committee 2022