

CYNGOR GWYNEDD
GOVERNANCE AND AUDIT COMMITTEE
ANNUAL REPORT
2023-24

FOREWORD BY THE CHAIR

The purpose of this report is to present a summary of the work the Governance and Audit Committee has been involved in over the year 2023-24 and to present possible evidence on the effect of the work of the committee.

I am delighted to present to you the Chair's second formal report, based on the Welsh Government's statutory requirements and hope that it will give you a taste of how the Committee has gone about considering the governance arrangements within the Council, the difficult factors that have faced the Council over the period and the Committee's comments on how the Council has responded to risks and the wise use of its resources.

The Committee has a prominent role in considering financial factors and treasury management but has also been assuring itself on other factors, such as the economy and social and welfare issues.

I would firstly like to thank all the officers who have thoroughly and professionally supported the work of the Committee, preparing detailed reports and information. Committee members can enquire and question in detail to be assured that robust arrangements are in place, on a risk basis, to promote sound governance and control. I would also like to thank the Finance Lead who has been with us in an observing capacity, contributing and guiding our comments back to the Cabinet.

There had been a considerable change in the composition of the Committee in the previous year following statutory requirements with the aim of ensure one-third are lay members with the Chair also a lay member. It's probably important to say that there was a high number of members without experience of the work of the Governance and Audit Committee at the start of my term as Chair.

I would like to thank the Elected and Lay Members for the wise contribution over the last year and the open and supportive way in which they have acted. Thank you for your support.

Looking ahead to 2024/25, a scenario with less challenge is not anticipated into the future. As a Council we will continue to see great pressure on the budget and therefore in turn on services.

It will be important for everyone to be considering alternative service delivery and making the most of available budgets. The Governance and Audit Committee is up to the challenge to help the Council in its task and to offer innovative suggestions where possible.

Mrs Sharon Warnes

Chair of the Governance and Audit Committee 2022 - 2024

INTRODUCTION

1. The Committee has a continuous role in the process of providing good governance. The core purpose of a governance and audit committee is to provide independent assurance on the adequacy of the risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects its exposure to risk and weakens the control environment, and to oversee the financial reporting process.
2. In carrying out its work, the Committee has regard to the guidelines of various external bodies and organisations including CIPFA.
3. According to the CIPFA Position Statement to Audit Committees in Local Authorities and the Police (2022), the purpose of the Governance and Audit Committee is:
To provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

REPORT PERIOD

4. This report covers the work of the Committee for the period between the Council's annual meeting on 4 May 2023 and the annual meeting on 9 May 2024. In the period under review, there were 6 meetings:

[25 May 2023](#)

[7 September 2023](#)

[12 October 2023](#)

[14 December 2023](#)

[18 January 2024](#)

[8 February 2024](#)

COMMITTEE MEMBERSHIP

5. The Governance and Audit Committee consists of 12 members based on political balance, along with six 'lay members', namely a person who is not a local authority member.
6. The attendance of members at the meeting was as follows:

Chair (Lay Member)

	25/05/2023	07/09/2023	12/10/2023	14/12/2023	18/01/2024	08/02/2024
Sharon Warnes	✓	✓	✓	✓	✓	✓

Vice-Chair (Lay Member)

	25/05/2023	07/09/2023	12/10/2023	14/12/2023	18/01/2024	08/02/2024
Hywel Eifion Jones	✓	✓	✓	✓	✓	✓

Councillors

	25/05/2023	07/09/2023	12/10/2023	14/12/2023	18/01/2024	08/02/2024
Cllr. Elfed Wyn ap Elwyn	✓	✓	✓	✓	x	✓
Cllr. Menna Baines	✓	✓	x	✓	x	✓
Cllr. Jina Gwyrfai	✓	✓	x	✓	✓	✓
Cllr. Elwyn Jones	✓	✓	✓	✓	✓	✓
Cllr. Edgar Owen ¹		✓	✓	✓	✓	✓
Cllr. Alwyn Herald Roberts ²		✓	✓	x	x	✓
Cllr. Meryl Roberts	✓	✓	✓	✓	✓	✓
Cllr. Richard Glyn Roberts	✓	✓	✓	✓	✓	x
Cllr. Huw Rowlands	✓	✓	✓	✓	✓	✓
Cllr. Paul Rowlinson	✓	✓	✓	✓	✓	✓
Cllr. Angela Russell	x	✓	✓	x	✓	✓
Cllr. Rob Triggs	✓	✓	✓	✓	x	✓

Lay Members

	25/05/2023	07/09/2023	12/10/2023	14/12/2023	18/01/2024	08/02/2024
Carys Edwards	✓	✓	✓	✓	✓	✓
Clare Hitchcock	✓	✓	✓	✓	✓	✓
Rhys Parry	✓	✓	✓	✓	✓	✓

¹ Joined during the summer of 2023

² Joined during the summer of 2023

FUNCTIONS OF THE COMMITTEE

7. In accordance with the Local Government (Wales) Measure 2011 Part 6, Chapter 2 Cyngor Gwynedd must establish a Governance and Audit Committee with some mandatory functions, and also has the right to perform any other suitable functions.
8. Cyngor Gwynedd's Constitution determines the following as the functions of the Governance and Audit Committee:

Functions that cannot be the responsibility of the Executive

The duty to approve an authority's statement of its accounts, income, expenditure and balance sheet or its record of its proceeds and payments (as it happens) in accordance with the Accounts and Audit Regulations (Wales) 2014.

Mandatory Functions under the Local Government Measure (Wales) 2011

The committee is responsible for fulfilling the following statutory functions under Section 81 of the Local Government Measure (Wales) 2011 (as amended):

- (a) review and scrutinise the authority's financial matters,
- (b) make reports and recommendations in relation to the authority's financial matters
- (c) review and assess the authority's risk management, internal control performance assessment and corporate governance arrangements,
- (d) make reports and recommendations to the authority regarding the adequacy and effectiveness of those arrangements,
- (e) review and assess the authority's ability to handle complaints effectively,
- (f) make reports and recommendations in relation to the authority's ability to handle complaints effectively;
- (g) inspect the authority's internal and external audit arrangements, and
- (h) review the financial statements prepared by the authority.
- (i) Undertake the further functions of the Governance and Audit Committee under Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)

Other Functions

The committee will also be responsible for fulfilling the following functions:-

(i) to promote internal audit, establishing a timetable to conduct review control, develop an anti-fraud culture and review financial operations;

(ii) to focus the Council's audit resources by agreeing on audit plans and monitoring the provision of audit;

(iii) to monitor audit performance by ensuring that officers' work is on schedule, that audit reports are produced on time and that they are responded to in the same way, monitoring the completion of the accounts and ensuring action on audit recommendations;

(iv) to consider observations and concerns on individual services at a county level, on the basis of reports by Council officers, the Audit Commission or the District Auditor and monitor the response and actions on the recommendations and findings.

THE COMMITTEE'S WORK DURING 2023/24

Review and approve the financial statements prepared by the authority

9. At its meeting on 25 May 2023, the Committee approved the final accounts of Gwynedd Harbours for the year ending 31 March 2023, including the Income and Revenue Expenditure Account 2022/23 in addition to the Annual Return for the Year ending 31 March 2023 (subject to audit by Audit Wales).
10. At the same meeting, the Final Accounts of the Joint Planning Policy Committee for the year ending 31 March 2023 were approved. In previous years these accounts were submitted to the Joint Committee itself, but as the joint agreement between Gwynedd and Anglesey had ended on 31 March 2023, and the Joint Planning Policy Committee had not subsequently met, the final accounts were submitted to the Governance and Audit Committee.
11. Cyngor Gwynedd's draft Statement of Accounts (subject to audit) for 2022/23 was submitted to the Committee at its meeting on 7 September 2023. There is no statutory requirement for elected members to approve the draft version of the Statement of Accounts. Nevertheless, it is considered that submitting the draft statement to the Governance and Audit Committee is good practice and is an opportunity for members to ask the financial officers about the content and equip themselves with relevant information in order to consider the relevant risks and other matters that will be subject to audit, within their context. During the discussions, the Committee challenged Finance on various aspects of the accounts, in particular the Council's arrangements for maintaining its reserves.
12. The Final Accounts for the Year ending 31 March 2023 and the relevant audit were submitted to the Committee meeting held on 18 January 2024. After considering the Audit Wales report on the accounts (the "ISA 260" report), the Committee resolved:
 - To accept and approve the 'ISA260' Report by Audit Wales in respect of Cyngor Gwynedd
 - To accept and approve the Statement of Accounts for 2022/23 (post-audit) - the Chair of the Committee to certify the Statement of Responsibilities regarding the Statement of Accounts
 - The Chair of the Committee and the Head of Finance Department to certify the Letter of Representation electronically
 - To congratulate the officers for their work of securing an unqualified statement.

To review and scrutinise the authority's financial matters, produce reports and make recommendations.

Revenue Expenditure

13. The Committee has received regular reports on the authority's financial situation during the year. The Revenue Out-turn report on the Final Accounts 2022/23 was submitted to the meeting on 25 May 2023 for the Committee to receive information, to consider any risks arising from the actual expenditure and income against the 2022/23 budget and scrutinise the Cabinet's decision in the context of managing the budgets of the Council and its departments. The report detailed the Council's expenditure in 2022/23, the out-turn position of the underspend or overspend of individual departments, and the reasons for this. Concern was expressed in the meeting that overspending was a regular occurrence in some departments, and members were eager to see activity to bring the spending under control.
14. In addition to considering the out-turn situation at the end of the financial year, formal reviews of the revenue budget position are held during the year, at the end of August and November. Reports on the end of August 2023 review were submitted to the Committee on 12 October and the reports on the end of November 2023 review were submitted to the meeting on 18 January 2024. On those occasions, the Committee resolved to accept the reports and note the situation and relevant risks in the context of the Council and departmental budgets, and the Committee agreed with the Cabinet's recommendations to deal with the situation of the anticipated overspend by the end of the financial year.
15. Among the issues raised during these discussions were the need for Cabinet to look at the Education Department's specific action plan to address transport issues, that recycling problems need to be resolved, the need to consider a fee-charging approach to the Airbnb service to raise income for the Council and to consider the risk that there is a reduction in pupil numbers in Gwynedd schools and this therefore leads to a reduction in future funding. It was noted that there were several references in the reports to conducting reviews, but there was concern of a lack of timetable to report back on the results of these reviews and the Committee was keen for Cabinet to press for a timetable where appropriate.

Capital Programme

16. On 25 May 2023 the Capital Programme 2022/23 - End of Year Review (Position as at 31 March 2023) was submitted. The main purpose of the report was to present the amended capital programme at the end of the financial year (situation as at 31 March 2023), and to approve the relevant funding sources. The Committee resolved to accept the report and note the situation and risks in the context of the Council's capital programme.

17. Reports on the end of August 2023 review of the capital programme were submitted to the Committee on 12 October 2023, and the reports on the end of November 2023 review were submitted to the meeting on 18 January 2024 in order to receive the information, to consider the risks relating to the Capital Programme, and scrutinise the Cabinet's decisions.

Savings Programme

18. Also in relation to the revenue budget position, the Committee has received separate reports during the year on the Council's ability to realise its savings plans. Progress reports on the delivery of the savings plans were submitted to the Committee at its meetings on 12 October 2023 and 18 January 2024 for the Committee to consider the general risks deriving from the slippages, and to scrutinise the Cabinet's decisions in the context of the Savings Overview.
19. The Committee made a recommendation to the Cabinet that detailed challenge was required on unrealised plans and that there was a need to ensure regular review of those plans.
20. Due to the financial deficit faced by the Council over the coming years, it had to develop new detailed savings plans for the 2023/24 financial year onwards, and to do so urgently. The Council Leader submitted a report to the Committee meeting held on 8 February 2024, presenting a series of further savings for 2024/25. The Committee was requested to consider the propriety of the process of identifying the savings and submit observations to the Cabinet to consider before reaching a decision at its meeting on 20 February. The Committee was clear that it was not its role to express an opinion on what the size of the savings should be or the features of individual proposals being recommended as savings, but rather to ensure that the Cabinet was clear of the facts that were presented to them, so that the decision taken was based on robust information. The Committee resolved:
 - That reasonable steps, under challenging circumstances, had been taken to draw up the Savings Plan
 - That the savings proposed were reasonable and achievable
 - That the risks and implications of the decision were clear
 - That the report was adequate to enable the Cabinet to decide on the Savings Plan
 - To submit observations from the discussion on the report to the Cabinet for its consideration when discussing the 2024/25 Savings Plan at its meeting on 20/2/24
21. In addition to this, the Cabinet was requested to ensure that a clear communication plan was in place when the cuts were introduced.

Treasury Management

22. In accordance with good governance arrangements and statutory requirements, the Committee has received regular reports on the Council's Treasury Management activities during the year. A report was submitted to the meeting held on 7 September 2023 on the actual results of the Council's treasury management during 2022/23 against the strategy approved by the Full Council on 3 March 2022. Subsequently, a quarterly Treasury Management update was submitted to the meeting on 12 October 2023, and a Treasury Management mid-year review 2023-24 was submitted to the meeting on 14 December 2023. The purpose of these reports was to update the Committee on the Council's actual Treasury Management activity during the current financial year.

Budget Setting

23. When nearing the end of the financial year, the committee considered a report on the 2023/24 Budget on 8 February 2024 to scrutinise the information prior to the Cabinet recommending the 2024/25 budget to the Full Council. In this context the Committee's role was to scrutinise the information and ensure that the Cabinet and Council were clear of the facts presented to them so that the decision was based on robust information. To assist with this work, elected and lay members of the Committee had an opportunity to attend a Briefing Session on the Financial Situation provided by the Chief Executive and the Head of Finance on 16 January.
24. After considering the report and appendices, the Committee's decision was to accept the report, noting its content, accept the financial propriety of relevant risks and proposals and present observations from the discussion on the options to the Cabinet for consideration when discussing the 2024/25 Budget at its meeting on 20 February 2024.
25. There were no specific points that the Committee felt needed to be brought to the attention of the Cabinet or Full Council. However, the following observations were made during the discussion:
- That treasury management was in good hands
 - The objectives had been considered in a realistic manner
 - Proper consideration had been given to the bids system
 - Gwynedd compared very well with other councils
 - The Committee was satisfied with the Council's arrangements in setting the budget.
26. Also, in the meeting held on 8 February 2024 the Committee considered the Capital Strategy 2024/25 (including the Investment and Borrowing Strategies), to consider any risks arising from the strategy before submission for approval by the Full Council. The presentation received by Committee members on 7 February by Arlingclose, the Council's treasury management advisers, was extremely useful in relation to this task. The report was accepted, noting the relevant information and risks, and support was given to the Cabinet Member for Finance's intention to submit the Strategy to the Full Council for approval on 7 March 2024.

Promotion of internal management; Review and assess the authority’s risk management, internal control, corporate performance assessment and governance arrangements, produce reports and make recommendations

Internal Audit Reports

- 27. The purpose of the Council's Internal Audit Service is to "Give confidence to the citizen and the Council on the Council’s control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee”.
- 28. Internal audit reports are therefore an important tool in enabling the Committee to deliver its function to review and assess the authority’s risk management and internal control.
- 29. The majority of Internal Audit reports will be placed into one of four general assurance categories, as shown in the table below:

ASSURANCE LEVEL	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	ADEQUATE	There are controls in place to achieve objectives but there are aspects of the arrangements that could be tightened to further mitigate risks.
	LIMITED	There are controls in place, however, improved compliance with the controls and/or introducing new controls is necessary to reduce the risks the service is vulnerable to.
	NO ASSURANCE	The controls in place are considered inadequate and failing to achieve objectives.

- 30. The Head of Internal Audit Annual Report 2022/23 was submitted to the Committee meeting on 25 May 2023. Based on Internal Audit work completed during 2022/2023, the Audit Manager was of the opinion that Cyngor Gwynedd's internal control framework during the financial year operated at a reasonable level of assurance on the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework.
- 31. The Committee has received regular reports on the work of internal audit during the year. A report for the period 25 January 2023 to 31 March 2023 was submitted to the Committee meeting on 25 May 2023. It was noted that 12 of the plan's audits had been completed. Of these, three had received a "high assurance" level, six had received "adequate assurance" and three "limited assurance".
- 32. On 12 October 2023 a report was submitted to the Committee, providing an update on the internal audit work for the period from 1 April 2023 to 30 September 2023. It was highlighted that eight of the 2023/24 audits had been completed with five showing a "high assurance" level and three showing an "adequate assurance" level.

33. A further report was submitted to the Committee on 14 December 2023 providing an update on the internal audit work for the period from 1 October 2023 to 30 November 2023. It was highlighted that six of the 2023/24 Action Plan audits had been completed with five showing an "adequate assurance" level and one showing a "high assurance" level.
34. Attention was given by the Committee to all these in turn. Where the assurance level was limited, a request was made for follow-up information to allow the Committee to fulfil its duties.

External Auditors Reports

35. On 25 May 2023 Audit Wales published the *Cyngor Gwynedd Annual Audit Summary 2022* from the Auditor General. This paper summarised the audit work carried out at Cyngor Gwynedd by Audit Wales since the publication of the previous report in January 2022. Publishing the audit summary is part of the Auditor General for Wales' duties. It was highlighted that the work that had been delivered included duties such as continuous improvement, auditing of accounts, ensuring value for money and assessing to what extent public bodies complied with the sustainable development duty.
36. On 7 September 2023 the Audit Wales report '*A Missed Opportunity*' – *Social Enterprises* was submitted to the Committee. Also submitted was the response of managers, outlining what the Council intended to do to respond to the recommendations within the report, and the Committee was satisfied with the content of the response.
37. The Audit Wales report *Review of the effectiveness of scrutiny – Cyngor Gwynedd* was submitted to the Committee on 12 October 2023, in addition to the Council's response to the recommendations. It was highlighted that the report was encouraging. The findings were discussed, and reference was made to the six recommendations proposed by Audit Wales. In response by the Council, although it was accepted that the service was progressing in the right direction, it was acknowledged that there was scope for improvement and to refine the current arrangements. It was resolved to accept the report, but as part of the discussion it was expressed that there was a need to consider arrangements for the work of the Governance and Audit Committee to inform the Scrutiny system.
38. On 14 December 2023 the Audit Wales report *Digital Strategy Review – Cyngor Gwynedd* was submitted to the Committee, attended by the Cabinet Member for Finance and the Corporate Director (Chair of the Council's Digital Transformation Board) to elaborate on the contents of the report. The Council resolved to accept the recommendations and note the information, and to approve Cyngor Gwynedd's response to the recommendations of Audit Wales
39. On 18 January 2024 the Audit Wales report *Use of performance information: service user perspective and outcomes – Cyngor Gwynedd* was submitted to the Committee, together with the Council's response to the recommendations. The Audit Wales officer noted that each Council used performance information, but that there was a need to consider whether the information delivered the objectives and ensured value for

money. He reiterated that Cyngor Gwynedd shared many good examples - provided much information about performance to senior leaders to help them understand service users' perspective and used customer feedback on service improvements that reflected on recent performance arrangements. However, it was reported that there was less evidence regarding data verification arrangements and that information about results was limited. In response to the report, the Council managers noted that the report appeared to be negative in its nature, but after further discussions with Audit Wales' officers, the concerns had been alleviated and the majority of the steps proposed were either already being worked upon by Council or had now been delivered. It was resolved to accept the report for information and the Managers' response was welcomed.

Annual Governance Statement

40. One of the Governance and Audit Committee's annual duties is to accept and approve the draft Annual Governance Statement. This statement, although not part of the accounts, is a statutory document which needs to be published with the accounts. In accordance with the Accounts and Audit (Wales) Regulations and the CIPFA Code of Practice, all Local Authorities must ensure that a statement of internal management is in place. The Chief Executive and the Council Leader are required to sign the statement, although the Governance and Audit Committee's approval is needed, and the Committee has a key role in checking and challenging its content.
41. Cyngor Gwynedd's Annual Governance Statement for 2022/23 was submitted to the Council on 12 October 2023. The committee challenged the contents of the statement and made observations on some of the risk scores, in particular the need to increase the financial risk score. It was resolved to approve the statement and recommend that the Council Leader and the Chief Executive signed it.
42. Furthermore, and in accordance with the Committee's wish, a Mid-Year Update on Cyngor Gwynedd's Governance Risks was submitted to the Committee meeting on 8 February 2024.

Review of the Constitution

43. On 7 September 2023 a report was presented by the Monitoring Officer highlighting elements of the Constitution that needed to be updated either in response to the requirements of the Local Government and Elections (Wales) Act 2021, legal amendments or arrangements that justified a change. It was reported that it had been a period that had seen several changes to the Constitution as the Act came into force and that further changes were a matter of bringing the house to order.
44. These issues were subject to the Full Council's approval; however, the Committee was asked to consider and support the proposed amendments and recommend to the Full Council that they adopted them. The Committee resolved to support the proposed changes to the Constitution and recommend to the Full Council that they were adopted.

Reviewing Scrutiny Arrangements.

45. On 18 January 2024, the Governance and Audit Committee was asked to consider the detailed review work to the Council's Scrutiny arrangements, in order to make a recommendation to present to the Full Council on 7 March 2024.
46. A report was presented that highlighted the work made to review the current scrutiny arrangements following Audit Wales' report. The information submitted to the Committee for consideration included all the discussions held in workshops for Councillors, discussions with the Leadership Team and Heads of Department. The joint meeting's perspective was to present option 1, to retain the current arrangements.
47. The Committee resolved to accept the report, welcoming the review of the current scrutiny arrangements carried out following Audit Wales's report, and recommended that the Full Council approved Option 1. However, following consideration of the observations made during the meeting, the recommendation was subject to work being carried out to improve the effectiveness and operations of the Scrutiny Committees.

Estyn Inspection of Cyngor Gwynedd Education Services

48. On 8 February 2024 the Estyn Inspection of Cyngor Gwynedd Education Services was submitted to the Committee. In accordance with the Committee's responsibilities to review and assess the Council's risk management arrangements, internal control, performance management and corporate governance arrangements, it is expected to consider Estyn reports. The Head of the Education Department highlighted that Audit Wales had contributed to the conclusion of the inspection and that the report had already been submitted to the Education and Economy Scrutiny Committee in November 2023.
49. The Committee was pleased to note that the report was extremely positive and welcomed the fact that there had been a full discussion on the action plan in the Education and Economy Scrutiny Committee with a recommendation to call it back for a further update in nine months' time. The Committee therefore decided to accept the contents of the Estyn report on education services in Cyngor Gwynedd, and to accept and note the arrangements to scrutinise the Education Department's arrangements to respond to the report's recommendations in a timely manner.

To review and assess the authority's ability to deal with complaints in an effective manner, to produce reports and make recommendations

50. The Complaints and Service Improvement Annual Report 2022/23 was submitted to the Committee on 7 September 2023, with a request to accept the report and provide any observations or recommendations regarding the complaints procedure that derive from the Ombudsman for Wales' Annual Letter for the year 2022/2023.
51. The report set out the observations of the Ombudsman for Wales on the Council's arrangements and performance in relation to dealing with complaints and service improvements during 2022/23, highlighting successes, challenges and developments. Members were reminded that the Committee had a statutory requirement to ensure that the Council had effective arrangements in place to deal with complaints. It was added that there had been no change in the Concerns and Complaints Policy and procedure during 2022/23 and, therefore, the content of the Ombudsman's letter was based on the Policy adopted by the Council in 2021.
52. Following a discussion on its contents, the Committee resolved to accept the report.

Inspect and monitor the authority's internal and external audit arrangements

Internal Audit's Work programme

53. An amended version of the Internal Audit Charter was submitted to the Committee meeting on 25 May 2023. In accordance with the Public Sector Internal Audit Standards 2013 (revised 2017) an Internal Audit Charter needs to be produced and the contents of the Charter must address the Local Government Application Note (2019) published by CIPFA. It is the Committee's responsibility to approve the charter annually.
54. Having considered the Charter, the Committee suggested an amendment to the charter in future, to include an explanation on the arrangements to avoid a conflict of interest when delivering work apart from assurance work. The service already tries to ensure, if an auditor has been part of the consultation work, that another auditor is responsible for the audit work in order to avoid conflict. The Committee felt that this should be stated more explicitly in the future, although it was resolved to accept the report and approve the Internal Audit Charter.
55. At the same meeting, the Committee approved the Internal Audit Strategy and the Annual Audit Plan for 2023/24. In doing so, the Committee accepted that the plan was sufficiently flexible to give attention to any matters which became apparent, and that any adaptations / amendments must be approved by the Committee.
56. The Committee accepted the update on the progress on the work of the audit plan at a meeting on 14 December. Reference was made to the status of the work and the time spent on each audit. Significant amendments to the scheme were approved to reflect the resources that had been available to the service during the year.

Audit Wales Work Programme

57. An Outline Audit Plan 2023 was submitted by Audit Wales to the meeting on 25 May 2023, noting the work they intended to undertake during 2023 as a means of achieving their statutory responsibilities as an external auditor for the Council and in accordance with their role under the Audit Code of Practice. It was noted that the plan included an audit timeline and drew attention to the fact that the Detailed Audit Plan 2023 would be completed by September 2023, due to the introduction of amendments to the Auditor requirement arrangements that included further work in assessing risks prior to submitting statements.
58. The Detailed Audit Plan was submitted to the Committee at its meeting on 14 December 2023. It was explained that the Plan outlined the work the auditors undertook to deliver their statutory duty, that included keeping an eye on the significant risks to Cyngor Gwynedd financial statements, ensuring that value for money arrangements were in the pipeline and compliance with the sustainable development principle when setting and taking steps to realise the well-being objectives.
59. The Detailed Plan refers to substantial risks to the financial statements (i.e. un-doing by the Managers) which were relevant to every Local Authority as well as three generic risks, which again were included in every audit plan and weren't specific risks to Gwynedd. Attention was drawn to the proposed performance audit work and that there were no amendments to the information submitted in the outline plan. The proposed work in the field of performance included:
 - Assessing assurance and risk
 - Thematic review – local government financial sustainability
 - Thematic review – commissioning and managing contractors
 - Waste and recycling
60. During the year, the following quarterly updates were submitted to the Committee on the work of the review bodies:
 - Quarter 4 2022/23 at the meeting on 25 May 2023
 - Quarter 1 2023/24 at the meeting on 7 September 2023.
 - Quarter 2 2023/24 at the meeting on 14 December 2023.

Functions under the 2021 Act - the Council's Performance

61. It is a new statutory requirement in accordance with the requirements of the Local Government and Elections (Wales) Act 2021 for the Council to produce a "self-assessment" report noting its conclusion regarding the extent to which the Council satisfied the performance requirements that were set out in the Act during the relevant financial year. The same legislation noted that the Council must ensure that a draft version of its self-assessment report is available to the governance and audit committee (Section 91(6)).
62. The draft self-assessment report for 2022/23 was submitted to the Committee on 7 September 2023. Having discussed the contents, the Committee resolved to accept the draft self-assessment, but several suggestions were made to strengthen the report either for 2022/23 or in future years.
63. Among the observations made was a suggestion to include a brief explanation of the evidence before the conclusions in the report, as members felt that it was unlikely that some would open every link in the report and/or ensure that the summary was brief and effective that would summarise the evidence and make it easier for the public to understand. It was accepted that this was not practical for this version of the report, but it was agreed to consider this for the next version.
64. The Committee was also of the view that there was a need to ensure that documents / evidence sources were up-to-date (some of the links were for 2021/22 reports - the Committee felt that this was a weakness). It was noted that this document was prepared before some of the documents / other sources of evidence for the year in question were adopted. Consequently, it was not possible to include links although there was collaboration between the authors when the report was produced.

Monitoring the response and implementation of the recommendations made by external auditors and regulators

65. The Committee accepted the update on the Recommendations and Proposals for Improvement from External Audit Reports at its meeting on 7 September 2023 and 8 February 2024. In accordance with its statutory role, the Committee must satisfy itself that appropriate arrangements are in place in order to ensure that improvement proposals which arise from external audit reports are implemented.
66. Based on the reports submitted to the Committee, and the work of challenging delivered during both meetings, the Committee was satisfied that the Council's arrangements for responding to the recommendations and proposals for improvement from external audit reports were robust.
67. However, at the meeting on 8 February 2024 the Committee was of the view that the report's format should be amended in future so that the content of the recommendations was consistent.

The Council's response to the Local Government and Elections (Wales) Act 2021

68. One report on the Council's response to the Local Government and Elections (Wales) Act 2021 was submitted to the Committee during the year, namely an update from the Monitoring Officer on the work programme for the implementation of the Local Government and Elections (Wales) Act 2021 at a meeting on 25 May 2023. Members were reminded that there were several actions deriving from the provisions of the Act that came into force in 2022 following Royal Assent. It was noted that the Act had been included within the Council's Corporate Risk Register, with the Governance and Audit Committee keeping an overview and assurance in relation to the required actions to implement the provisions.
69. The report showed that there was progress in relation to the work programme, and the Committee decided to accept the report and the progress of the work programme.

The Committee's Effectiveness

70. The Committee received an update on the steps taken to implement the decisions made at each of its meetings during 2023/24. The Committee is of the view that this is a significant step to ensure that it continues to operate effectively.
71. In the past, the Governance and Audit Committee has undertaken a periodic self-assessment, and at its meeting on 14 December 2023 the Committee resolved to undertake a further assessment as soon as possible as almost two years had elapsed since the Council elections in 2022.
72. A workshop was held in the Council Offices, Caernarfon on 3 April 2024. An external facilitator was used to support the workshop who had extensive experience in the field of audit. There was a feeling that the workshop had been extremely valuable, it followed CIPFA guidelines, and the good practice questions were used as shown in the CIPFA publication *"Audit Committees: Practical Guidance for Local Authorities"* to uphold a high-level review that incorporates the key principles as noted in the CIPFA Position Statement. The results of the self-assessment appear on the following pages.

Self-assessment of good practice undertaken on 3 April 2024

Good practice questions		Does not comply	Partially complies and extent of improvement needed			Fully complies	Agreed Actions
		Major Improvement	Significant improvement	Moderate improvement	Minor Improvement	No further improvement	
<i>Weighting of answers</i>		0	1	2	3	5	
Audit committee purpose and governance							
1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
2	Does the audit committee report directly to the governing body (Full Council)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Committee terms of reference to be updated to reflect the requirements of the CIPFA Position Statement.
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Communication arrangement requires improvement.
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Good practice questions		Does not comply	Partially complies and extent of improvement needed			Fully complies	Agreed Actions
		Major Improvement	Significant improvement	Moderate improvement	Minor Improvement	No further improvement	
<i>Weighting of answers</i>		0	1	2	3	5	
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Develop an annual report from the Audit Committee to the Council which sets out compliance with the CIPFA Position Statement 2022; results of the annual evaluation; development work undertaken and planned improvements; and how the Committee has fulfilled its terms of reference and key issues escalated in the year.
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:						
	<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Functions of the committee							
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?						
	Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Good practice questions		Does not comply	Partially complies and extent of improvement needed			Fully complies	Agreed Actions
		Major Improvement	Significant improvement	Moderate improvement	Minor Improvement	No further improvement	
<i>Weighting of answers</i>		0	1	2	3	5	
	Internal control arrangements, including: <ul style="list-style-type: none"> • financial management • value for money • ethics and standards • counter fraud and corruption 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Terms of reference to incorporate the internal arrangements in respect of value for money.
	Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10	Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Improvement required in reviewing and assessing risk management arrangements.
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A Work Programme for the Committee to be established – this has already been implemented.
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Committee timetable to facilitate a private meeting of the Audit Committee with Head of Internal Audit and Audit Wales.

Membership and support							
13	Has the committee been established in accordance with the 2022 guidance as follows?						
	• Separation from executive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	• A size that is not unwieldy and avoids use of substitutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Regular evaluation of knowledge, skills and training needs of the Chair and committee members and a programme of training put in place taking account of areas identified within the 2022 guidance.
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above.
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above.
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above.
18	Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Effectiveness of the committee							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	An annual report to be produced to Full Council – see question 7.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
22	Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Better engagement from the committee will support better outcomes.
23	Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Better arrangements are required in respect of reports by external regulators.
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Committee should escalate any areas of concern and make recommendations for the overall improvement of governance, risk and control arrangements.
26	Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See above.
27	Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	To be developed as appropriate.
28	Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
29	Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	