
GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

UPDATE ON THE ROLES OF THE GOVERNANCE AND AUDIT COMMITTEE AND SCRUTINY COMMITTEES

AGENDA ITEM: 6.2

REPORT OF THE DIRECTOR OF GOVERNANCE AND LEGAL SERVICES

Reason for this Report

1. This report has been prepared in relation to the Governance and Audit Committee's responsibility to:
 - Work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.
 - 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.
 - Review the Council's draft annual Self-Assessment Report in respect of the financial year 2021/22 and each financial year thereafter, and make any appropriate recommendations for changes.
 - Consider the Panel Performance Assessment Report when received, review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes

Background

2. The Local Government and Elections (Wales) Act 2021 places new responsibilities on the Governance and Audit Committee. The Committee is to review and make recommendations on the Annual Wellbeing Report (the Council's statutory self-assessment report) each year, and the Panel Performance Assessment Report including the Council's draft response, required at least once during an electoral cycle.
3. The focus of the above reviews relates to a high level consideration of issues around securing performance requirements using the governance infrastructure of the Council, rather than on service area performance issues dealt with by Scrutiny Committees. Performance issues

identified by Scrutiny Committees are to continue to be raised with the relevant Cabinet Member and Director, to be addressed as soon as possible.

4. The terms of reference of the Governance and Audit Committee was updated prior to being considered and agreed by Committee on 23 March 2021, ahead of Council approval on 27 May 2021. The terms of reference continued to be based on CIPFA best practice guidance, with the provisions of the above Act incorporated through a review by the Audit Manager and Legal Services. In updating the terms of reference of the Governance and Audit Committee, consideration was given the terms of reference of other Committees of the Council.
5. On 20 July 2021, in considering new performance related duties, wider roles and the benefits of engaging as appropriate with Scrutiny Committees on relevant matters of business, the Governance and Audit Committee Chairperson advised Members of his intention to engage with the Chairs of the Council's five Scrutiny Committees in order to develop and maintain a close working arrangement.
6. A Committee update on 25 January 2022, set out the steps agreed in a Chair's Liaison Forum attended by the Chair of the Governance and Audit Committee, centred on principles of sharing and informing the respective Committees of Committee work programmes, enquiries and outcomes. In discussing Committee roles in the January Committee meeting, the Director of Governance and Legal Services and Audit Manager advised Members that they would consider the terms of reference of the Governance and Audit Committee and relevant Scrutiny Committees and report on any updates and reviews that may be required.

Issues

7. The terms of reference of the Governance and Audit Committee and the Council's Scrutiny Committees have been discussed by Legal Services and Internal Audit. Consideration has also been given to work programmes and the lines of enquiry of the respective committees during the current municipal year to date, since new responsibilities associated with the Local Government and Elections (Wales) Act 2021 started to come into force.
8. Through the above consideration, officers are satisfied that Scrutiny and Governance and Audit Committees are operating within their respective terms of reference without encroaching on the responsibilities of each other. During a Governance and Audit Committee meeting for instance, a discussion was held to ensure the Committee was operating inside its terms of reference in scoping lines of enquiry ahead of a special Committee meeting arranged for December 2021.
9. Members of the Governance and Audit Committee and Scrutiny Committees have received presentations and reports to support their awareness of new Committee roles and responsibilities arising from the Act from the Head of Performance and Partnerships during the current municipal year. The Chair, Vice Chair and Audit Manager also hosted and attended an All-Wales Governance and Audit Committee Chairs' Network meeting in September 2021, where the new responsibilities of the Act and the relationship with Scrutiny Committees were discussed with peers, the Welsh Local Government Association (WLGA), the Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit Wales.
10. Officers are satisfied that Committees understand their roles and responsibilities sufficiently applying their respective existing terms of reference. Consideration has been given to the most appropriate time for a detailed review of the terms of reference for the Governance and Audit Committee and the Council's Scrutiny Committees. At this stage it is proposed that this review is undertaken prior to the end of the municipal year 2022/23.

11. The timing of the intended review would enable the Council the benefit of experience and reflection on the operation of Committees during the forthcoming municipal year. It would also enable any updates to responsibilities to be informed by updated CIPFA guidance for Governance and Audit Committees, which is scheduled to be published in April 2022, and consideration of Welsh Government statutory guidance which is likely to be consulted on over the summer and to be published in the autumn.
12. The Committee was informed in its meeting on 25 January 2022 of forthcoming updated guidance from CIPFA when discussing the Audit Charter within which its terms of reference is contained. The terms of reference of the Governance and Audit Committee reflects the current best practice CIPFA guidance as published in 2018 to which the provisions of the Local Government and Elections (Wales) Act 2021 have been added.
13. The Welsh Government has recently shared the first tranche of pre-public consultation draft statutory guidance with the Council relating to matters including Constitutions, Executives, Scrutiny, Overview and Scrutiny and Governance and Audit Committees. The consultation is being managed by the Welsh Local Government Association and with Monitoring Officer coordination within the Council.
14. A review of the terms of reference would benefit from awaiting the publication of the above guidance and is proposed to take place in sufficient time for updates where required for the municipal year 2023/24. In the event that a need is identified for an earlier full review and update, this will be progressed accordingly.

Legal Implications

15. The statutory functions of the Governance and Audit Committee, as prescribed under section 81(1) of the Local Government (Wales) Measure 2011, are to:
 - (a) review and scrutinise the authority's financial affairs,
 - (b) make reports and recommendations in relation to the authority's financial affairs,
 - (c) review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority,
 - (d) make reports and recommendations to the authority on 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) oversee the authority's internal and external audit arrangements, and
 - (h) review the financial statements prepared by the authority.
16. Specific additional functions in relation to performance assessment are conferred on the Governance and Audit Committee under Part 6 of the Local Government and Elections (Wales) Act 2021.
17. A local authority may confer on its Governance and Audit Committee such other functions as the authority considers suitable to be exercised by such a committee. The Committee's terms of reference must be approved by full Council.
18. It is for the Governance and Audit Committee to determine how to exercise its functions, but in doing so, it must have regard to statutory guidance issued by the Welsh Ministers.

Scrutiny Committees

19. The statutory functions of Scrutiny Committees, under section 21 of the Local Government Act 2000, are to review or scrutinise decisions made or action taken in connection with discharge of the Council's executive and non-executive functions; and to make reports or recommendations to the Council or the Cabinet with respect to the discharge of functions. Under Part 4 of the Well-Being of Future Generations (Wales) Act 2015, the Council's scrutiny arrangements must also provide for scrutiny of the Public Services Board's arrangements for discharge of its functions and governance. In considering its scrutiny arrangements, the Council must have regard to statutory guidance issued by the Welsh Ministers.
20. The Council has established 5 Scrutiny Committees, with the approved terms of reference set out in the Constitution, Part 3, Appendix 2: [Appendix 2 - Terms of Reference for Committees.pdf \(modern.gov.co.uk\)](#)

Financial Implications

21. There are no financial implications directly arising from this report.

RECOMMENDATIONS

22. That the Governance and Audit Committee considers the update and agrees the proposed approach and timescale for reviewing its terms of reference.

Davina Fiore
Director of Governance and Legal Services

Background Papers:

[Establishment of Standing Committees of Council for 2021-2022](#) report to Council dated 27 May 2021

[Audit Charter and Audit Plan 2021/22](#) report to Audit Committee dated 23 March 2021

[Draft Internal Audit Charter and Summary Audit Plan 2022/23](#) report to Governance and Audit Committee Dated 25 January 2022.