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CYNGOR SIR
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ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR ARCHWILIO A LLYWODRAETHU	AUDIT AND GOVERNANCE COMMITTEE
DYDD MAWRTH, 24 EBRILL, 2018 am 2:00 y.p.	TUESDAY, 24 APRIL 2018 at 2.00 pm
YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR, LLANGFNI	COMMITTEE ROOM 1 - COUNCIL OFFICES, LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Dylan Rees, Alun Roberts, Margaret M. Roberts, Robin Williams

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Gwilym O. Jones, Richard Griffiths

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

R. Llewelyn Jones (*Is-Gadeirydd/Vice-Chair*), Peter Rogers (*Cadeirydd/Chair*)

AELODAU LLEYG / LAY MEMBERS

Dilwyn Evans, Jonathan Mendoza

A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest by any Member or Officer in respect of any item of business.

2 MINUTES OF THE PREVIOUS MEETING - 13 FEBRUARY, 2018 (Pages 1 - 12)

To present the minutes of the previous meeting of the Audit and Governance Committee held on 13 February, 2018.

3 ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2017/18
(Pages 13 - 26)

To present the report of the Chair of the Audit and Governance Committee.

4 EXTERNAL AUDIT - PERFORMANCE WORK PROGRAMME UPDATE (Pages 27 - 38)

To present the report of External Audit.

5 EXTERNAL AUDIT - AUDIT PLAN 2018 (Pages 39 - 64)

To present the report of External Audit.

6 INTERNAL AUDIT PROGRESS UPDATE (Pages 65 - 90)

To present the report of the Head of Internal Audit and Risk.

7 FORWARD WORK PROGRAMME (Pages 91 - 96)

To present the Forward Work Programme for consideration and review.

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the meeting held on 13 February, 2018

- PRESENT:** Councillor Peter Rogers (Chair)
Councillor R. Llewelyn Jones (Vice-Chair)
- Councillors Richard Griffiths, Gwilym O. Jones,
Alun Roberts, Margaret M. Roberts, Robin Williams
- Lay Members: Dilwyn Evans, Jonathan Mendoza
- IN ATTENDANCE:** Head of Function (Resources) and Section 151 Officer
Head of Audit and Risk (MP)
Risk and Insurance Manager (for item 10)
Committee Officer (ATH)
- APOLOGIES:** Councillor Dylan Rees
- ALSO PRESENT:** Councillor John Griffith (Portfolio Member for Finance), Chief Executive, Gwilym Bury (Performance Audit Lead, Wales Audit Office), Senior Internal Auditor (SJ), Senior Internal Auditor (EC)
-

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE 5TH DECEMBER, 2017 MEETING

The minutes of the previous meeting of the Audit and Governance Committee held on 5th December, 2017 were presented and were confirmed as correct.

Arising thereon -

The Chair confirmed that as determined by the Committee at its December, 2017 meeting, a meeting between himself, Officers and the Committee's two Lay Members had been arranged to consider how best to facilitate the Lay Members' role on the Committee. The two Lay Members had indicated at the previous meeting that being provided with all internal audit reports as opposed to those with a Limited Assurance opinion only would help them understand how audit conclusions are reached and opinions given thereby improving the effectiveness of their oversight and scrutiny role. The Chair said that the meeting which took place on 7 February with Mr Dilwyn Evans, one of the Lay Members in attendance had proved useful and informative. The outcome of the meeting was that the current process would remain in place but that the Head of Audit and Risk would look to provide a little more detail on completed audits in the update reports to the Committee.

3. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk setting out the work carried out by Internal Audit to 26 January, 2018 was presented for the Committee's consideration. The report provided a summary of the internal audit reports issued since 17 November, 2017; the outcome of follow up reviews of previous internal audit inspections; implementation of management

actions; progress in delivering the Audit Annual Plan for 2017/18 along with the latest position in relation to the planned review of the Audit Committee's terms of reference.

The Head of Audit and Risk reported on the main issues as follows and in doing she confirmed that she had sought to strike a balance between providing the full audit reports which involve more information than the Committee practicably needs for challenge and assurance purposes, and increasing the level of detail about each audit –

- That five Internal Audit review reports were finalised during the period covering the areas noted below. All of the reviews resulted in either a Reasonable or a Substantial assurance rating:
 - General Data Protection Regulations (GDPR) (Reasonable) – 3 moderate level risks raised
 - Capital Expenditure (Substantial) – no risks or issues raised
 - Housing Rents: Readiness for Universal Credit (Reasonable) – 3 major, 7 moderate and 1 minor risk/issues raised
 - Supporting People Programme (Substantial) – no risks or issues raised
 - Referral – Payroll Overpayment – an advisory review

The Head of Audit and Risk elaborated on the findings for those reviews where risks and/or issues had been raised, the nature and degree of the risks identified, current and/or planned corrective actions, and the rationale for the audit conclusion reached. The Officer referred specifically to the audit review of Housing Rents where 3 major risks had been noted. Notwithstanding, the Officer confirmed that due to the preparatory work undertaken by the Housing Service in readiness for the introduction of Universal Credit, Internal Audit was able to provide a Reasonable Assurance rating for this area.

- That 6 follow up reviews of Limited Assurance reports were finalised during the period with the following outcomes –
 - **Logical Access and Segregation of Duties (Second Follow-Up)** – it was concluded that due to the length of time the risks/issues identified by the original audit in 2014/15 and subsequently by the first follow-up review in January, 2015 have been outstanding, the Council has demonstrated little progress in implementing actions agreed to address all the audit recommendations. Therefore, and because of the nature of the risks outstanding which relate to staff acceptance of ICT policies and issues around the separation of duties in the Payroll system, the level of assurance remains as Limited. The Head of Function (Resources)/Section 151 Officer explained that arrangements are in hand to update and integrate the Payroll and HR systems which will allow more tasks to be undertaken electronically and will address the issue of segregation of duties. The upgrade will also link the recruitment process to Payroll electronically thereby doing away with the need for payroll staff to manually establish staff payroll records. There has been some delay due to technical issues and a redesign of the business processes is necessary to reflect a new division of duties/responsibilities. Whilst this will take time, the project does have a planned finish date of September, 2018.
 - **Affordable Housing, Houses into Homes and Self-Build Loan Schemes (Second Follow-Up)** – it was concluded that the Council has demonstrated reasonable progress in addressing the audit risks. Taking account of the issues identified in the remainder of the report, the level of assurance has increased to Reasonable.
 - **Extra Care Housing (First Follow-Up)** – it was concluded that the Council has demonstrated good progress in addressing the issues/risks and as a result, the assurance rating has increased to Substantial.

- **Payment Card Industry Data Security Standards Compliance (First Follow-Up)** – it was concluded that as the Council has demonstrated little progress in addressing the issues/Risks, the assurance rating remains as Limited Assurance. Internal Audit will revisit this area during October, 2018 to monitor progress with addressing the risks. The Head of Function (Resources)/Section 151 Officer explained the requirements with regard to PCI DSS and what it entails for the Council in terms of ensuring the security of the card data it holds. A planned update of the Income Management system which is to be project managed will help address PCI DSS issues; however as meeting the requirements in full involves a number of tasks some of which are complex, it is a project for the longer term.
- **Child Care Court Orders under the Public Law Outline (First Follow-Up)** – it was concluded that the Council has demonstrated reasonable progress in implementing actions agreed to address the audit recommendations. However, due to the outstanding “catastrophic” risk, the level of assurance remains as Limited. Internal Audit will undertake a further follow-up review during 2018/19.
- **Corporate Procurement Framework (First Follow Up)** – it was concluded that the Council has demonstrated good progress in implementing actions with an agreed target date of December, 2017. However, the assurance level of the report remains as Limited Assurance due to the priority level of the remainder of the issues raised which are yet to reach their target implementation date. A further follow-up review will be undertaken in July, 2018.
- **School Transport (Follow-Up in process)** – this matter was considered by the Corporate Scrutiny Committee at its meeting on 31 January, 2018 following a referral by the Audit and Governance Committee. Following a detailed discussion of the issues raised by the audit review and the assurances given to the meeting by the Highways and Learning Services, the Corporate Scrutiny Committee was satisfied overall by the progress made against the Internal Audit Action Plan and by the commitment shown by both services to complete the plan within timescale. It had noted that the safeguarding issues arising are being monitored by the Corporate Safeguarding Arrangements Board and it had noted also that there are arrangements within Internal Audit to follow-up and monitor management actions in relation to Limited Assurance reports and to report thereon to the Audit and Governance Committee. The Scrutiny Committee had further determined that it be provided with a progress update at its June, 2018 meeting.
- That the Council’s performance in relation to the implementation of management actions has steadily improved over the last 13 months with a significant increase having taken place over the last six months. However, analysis of the outstanding issues/risks has shown that that the extension to the target implementation dates for addressing the Payment Card Industry Data Security Standards and the Children’s Court Orders under the PLO issues/risks has been the main contributor to the increased performance. This has highlighted that managers assigned with implementing actions are able to extend the target implementation date without reference to Internal Audit. This facility has since been withdrawn from managers, and all requests for the date to be extended must be made to Internal Audit who will consider the circumstances before agreeing to extend. It is expected that this will have a short-term impact on the implementation rate and that performance will worsen in the short-term.
- Due to a significant slippage of work from 2016/17 and capacity related matters, the resource available to complete the Operational Plan for 2017/18 has reduced. Consequently, the Head of Audit and Risk has undertaken a risk assessment with Heads of Service and the Head of Function (Resources)/Section 151 Officer. Audit reviews have been prioritised to ensure resources are targeted to the areas of highest risk. The revised Annual Plan is included at Appendix A to the report. To date, 64% of the revised plan has been completed with a further 23% currently work in progress making a

combined total of 87%. Ninety two percent of audits have been completed in time against a target of 90%.

- The Committee's terms of reference which are due for review were to have been presented to the Committee's September, 2017 meeting. However, the Committee agreed to postpone the review pending the publication of the new CIPFA guidance anticipated originally for November, 2017. A further postponement ensued in December, 2017. The guidance has still not been published, and although complete, CIPFA is awaiting the Home Office which is bringing out a new Financial Management Code of Practice that impacts on Police audit committees. The new guidance is now expected in March, 2018.

The Committee considered the information presented and made the following points -

- With regard to GDPR, the Committee noted that schools/Head teachers have not been provided with information on GDPR compliance. The Committee noted also that the stated date for GDPR compliance is May, 2018. In light of that fact that penalties can be imposed for non-compliance and that schools may not be in a position of readiness by the due date particularly smaller primary schools, the Committee sought both clarification of the consequent risk to the Council and assurance that the matter is receiving attention. The Head of Audit and Risk said that schools are separate establishments acting as independent bodies under the new regulations and will need to establish their own compliance. However, the Learning Service has recognised this matter as a risk and has made a resource available for GDPR compliance within schools and preparations are underway. This issue will be the subject of a separate internal audit early in 2018/19.
- The Committee noted the 3 major risks raised with regard to the Housing Rents Readiness for Universal Credit internal audit review. The Committee sought assurance that there is a commitment and a timetable for Management to complete the actions necessary to address all the risks highlighted since none was specified. The Head of Audit and Risk confirmed that an action plan has been agreed with the service. As the assurance rating is Reasonable, the recommendations for actions by Management will be fed through to Internal Audit's tracking system and the service will be reminded to provide updates on the progress in addressing those actions.
- The Committee noted that the scheduled completion date for the School Transport Action Plan is September, 2018. The Committee sought clarification whether the actions required are complex and therefore require this length of time to implement. The Committee further inquired whether the Action Plan addresses the issue of over expenditure on school transport. The Head of Audit and Risk said that the timescale is influenced by the timing of school transport contracts; the current contracts will run to the end of the school term. The contract tendering process will commence shortly with the new contracts coming into effect at the start of the new school year in September, 2018. Safeguarding elements are now being followed up whilst data cleansing work needs to be done before the Transport ONE software system can be implemented fully. The latter will enable the optimum school routes to be mapped out electronically thus eliminating any duplication of routes meaning the transport to school service will be more cost-efficient. There is now also a written agreement between the Learning Service and the Highways Service which clarifies their respective responsibilities. Additionally, the Learning Service has appointed a Consultant as the Project's Manager. Councillor Robin Williams as a member of the Finance Scrutiny Panel, said that the Panel had been informed by the Highways and Learning services that a 100 new requests for a home to school transport service had been received. The Panel was however reassured that Management is now approaching this matter in a more proactive manner and that the new electronic route mapping process will be more robust for the next school year.

- The Committee noted in the context of the Logical Access and Segregation of Duties follow up that a systems upgrade is in process which will lead to greater clarity and accountability in the separation of duties. The Committee inquired whether under the current system therefore where staff are recorded in Payroll manually, the Council has been at risk because the potential for irregularities is greater. The Head of Function (Resources)/Section 151 Officer said that there are other controls in place to verify the accuracy of the Payroll; budget monitoring of staffing would also flag up any anomalies. There are therefore controls during and after the payment process that mitigate against the risk from the lack of a separation of duties facility within the Payroll system at present. An audit of Payroll is planned for 2018/19.
- The Committee sought clarification of whether Management does or should be required to report to Internal Audit on circumstances which may delay or affect the speed of implementation of actions to address issues raised. The Head of Audit and Risk said that implementation target dates can be extended with the agreement of Internal Audit who will consider the circumstances.
- The Committee noted with regard to the Corporate Procurement Framework first Follow-Up review that a factor in the non-completion of two of the actions/risks is a lack of response by relevant officers to a request for advice by the Legal Service on issues in relation to the wording of draft terms and conditions. The Committee noted that whilst it recognised the volume of work that the internal audit update reflected as a whole, it was disappointed that progress seemed to have been delayed in this instance by officer inaction although it accepted that there may also be extenuating circumstances of which it was unaware. The Chief Executive said that he noted the Committee's concern; the Head of Audit and Risk confirmed that she would follow the matter up.
- The Committee noted with regard to the delivery of the Internal Audit Operational Plan for 2017/18 that some items had been deleted; the Committee took assurance however from that fact that a risk assessment has been undertaken with Heads of Service and that the revised Audit Plan is risk based meaning that it is driven by a recognition of the areas of highest risk to the Council.

It was resolved that the Committee:

- **Notes Internal Audit's latest progress in terms of service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement and that overall, it takes assurance from the information presented both in the report and by the officers' updates at the meeting.**
- **Approves the postponement of the review of its terms of reference until the Chartered Institute of Public Finance and Accountancy (CIPFA) issues its new guidance document.**

ADDITIONAL ACTION PROPOSED: Head of Audit and Risk to follow-up on the Officer response in connection with the Corporate Procurement Framework first Follow-Up review.

4. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS, ISSUES AND RISKS

The report of the Head of Audit and Risk which set out details of all the outstanding internal audit recommendations and risks raised since April, 2014.

The Head of Audit and Risk reported that as at 26 January, 2018 out of a total of 745 recommendations/risks/issues with a target implementation date of 31 December, 2017 the Council had implemented or addressed 695 or 93% with 50 remaining unimplemented / unaddressed. The percentage performance for addressing High or

Red/Amber rated issues was 98%; for Medium and Yellow rated issues it was 94% and for Low and Green rated issues it was 90%. Details of the outstanding issues along with the date each matter was raised were provided in Appendix A to the report.

The Committee considered the information presented and it noted that several issues relating to the Housing Benefit and Council Tax Reduction Scheme 2016/17 remain outstanding. The Head of Function (Resources) said that the Housing Benefit Service underwent a restructure during 2017 with the result that the service now has a full complement of staff; it has enhanced supervision arrangements as well as improved feedback on staff performance matters. At the same time, work has been ongoing on improving systems, specifically on integrating electronic benefit claim forms into the Benefit System; there has been some delay with this due to issues with the transfer of data. However, when implemented this change is expected to improve the accuracy of data input. Work is also being done on introducing an electronic document management system which will replace the current system whereby benefit claim forms are filed manually meaning they are more liable to being misplaced. It is expected these improvements will address most of the outstanding internal audit issues raised. The target implementation date has been exceeded because in the case of the electronic document management system, the software is also one that the Planning Service will use to upgrade the planning system albeit the Planning Service is on a different version – the work has involved reconciling the two so that both systems can unfold together. With regard to the missed target date, the process would have required the Housing Revenue and Benefit Manager to inform Internal Audit of the reasons for late implementation and come to an agreement on a revised target date.

The Committee having considered the clarification provided by the Officer above, noted and was satisfied by the improvement in performance with regard to implementing internal audit recommendations which the report reflected, and was further assured that Internal Audit is systematically tracking and following up on action to be taken by Management in response to internal audit reports and will report thereon to the Audit and Governance Committee.

It was resolved to note the Council's progress in addressing the outstanding internal audit risks raised since 1 April, 2014.

NO ADDITIONAL ACTION WAS PROPOSED

5. EXTERNAL AUDIT – PERFORMANCE WORK PROGRAMME UPDATE

The External Audit update on current and planned Wales Audit Office work was presented for the Committee's consideration. The report provided information on the status of financial and performance audit work in 2016/17 and 2017/18 as well as the Auditor General's programme of national value for money examinations.

It was resolved to accept the report and to note the status of the External Audit performance work programme as presented.

NO ADDITIONAL ACTION WAS PROPOSED

6. INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2018/19

The report of the Head of Audit and Risk incorporating the proposed Internal Audit Strategy and Plan for 2018/19 was presented for the Committee's consideration.

The Head of Audit and Risk reported that the Public Sector Internal Audit Standards (PSIAS) require the chief audit executive to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals. In prioritising resources, Internal Audit is expected to undertake sufficient work to enable the chief audit executive to deliver an annual internal audit opinion for the Council to inform its Annual Governance Statement. Historically, Internal Audit has planned its work on the basis of a three or five year planning strategy. However, the External Audit Quality Assessment undertaken in March, 2017 highlighted that although this planning methodology complied with the PSIAS, consideration should be given to whether this approach is effective given the difficulty of trying to predict what will matter to the Council in three years' time. The assessor stated that the rate of change in local government suggests a maximum of one-year planning. With this in mind, Internal Audit has adopted a new approach to developing the Annual Plan for 2018/19 using the corporate risk register to determine the priorities for Internal Audit activity whilst also being mindful of the Audit Strategy for 2017/18 to 2019/20. Additionally, meetings were held with the WAO, the Head of Function (Resources) /Section 151 Officer, Head of Function (Council Business) and most Heads of Service to canvass their views on the proposed areas for review. This has resulted in a much more focused, relevant and risk-based plan for 2018/19. The plan is also a dynamic plan and will be reviewed and adjusted as necessary in response to changes in the Council's business risk, operations and programmes to ensure it remains relevant. Any changes will be reported to the Head of Function (Resources) /Section 151 Officer and to the Audit and Governance Committee.

The Committee considered the report and made the following points –

- The Committee noted that the Internal Audit service structure is compact and carries no spare capacity. The Committee sought assurance therefore that the service is confident that it has the staff resources to be able to deliver the Audit Plan to target. The Head of Audit and Risk said that the new audit approach and streamline way of reporting will reduce much of the administrative burden and non-productive days spent. Even if the audit reviews conducted are not in-depth they will be sufficient to identify any substantive or material risks/issues in the area audited; Internal Audit can then decide whether the matters raised require further investigation and can either rearrange the audit and/or modify the work plan to make the accommodation.
- The Committee sought clarification of the process whereby the Committee is able to ensure that timely corrective action is taken by Management to issues raised by Internal Audit. The Head of Audit and Risk said that the Audit and Governance Committee can require a Head of Service to attend before it to explain compliance or otherwise; Heads of Service are aware through the internal tracking system, of recommendations that have not been implemented by their managers. In addition, a culture change from the top downwards means that overview and scrutiny of areas where there are outstanding issues/actions is now more focused and is becoming more embedded in practice, hence the significant improvement in implementing outstanding recommendations and addressing issues/risks as reported on earlier. The Head of Function (Resources)/ Section 151 Officer said that one of the elements of this year's service challenge reviews was the implementation of Internal Audit recommendations.

It was resolved to approve the Internal Audit Strategy and Annual Internal Audit Plan 2018/19 and to note the new audit approach to audit planning.

NO ADDITIONAL ACTION WAS PROPOSED

7. TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19

The report of the Head of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2018/19 was presented for the Committee's

consideration. The report set out the Council's proposed approach to investment and borrowing arrangements for 2018/19 in light of current and forecasted economic conditions.

The Head of Function (Resources)/Section 151 Officer reported that as there has been no significant change in the economic position and since the outlook remains uncertain, the Council's Treasury Management approach will continue to be based on the following –

- The Council will not borrow more than, or in advance of, its needs solely in order to profit from the investment of the extra sums borrowed since the returns on the investment are likely to be lower than the cost of borrowing.
- The Council will maintain a flexible approach to internal and external borrowing having regard for the factors described in section 3.3.1 of the strategy. The Council is at present maintaining an under borrowed position meaning that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used instead. This approach is prudent because investment returns are low and counterparty risk is still an issue that needs to be considered. The Capital Financing Requirement (the forecast underlying need to borrow to finance the capital programme) at year end will be £138.1m resulting in the Council being internally borrowed (using Council reserves and balances to help fund the capital programme) by £20.1m by year end.
- Consideration will be given to debt re-scheduling as well as to the potential for making savings by running down investments to repay debt prematurely. Additionally, where possible, the Council will avoid new borrowing to replace maturing external debt and will instead use cash balances.
- The Council's investment priorities will remain security first, liquidity second and then return. The Council will make investments with counterparties in accordance with the creditworthiness policy set out in section 4.2 of the strategy.
- In terms of updates to the Treasury Management Strategy Statement, the only proposed amendment to the core principles and policies of the 2017/18 Statement is to amend the Minimum Reserve Provision (MRP) Policy so that the MRP charge going forward is consistent for both supported borrowing and unsupported borrowing and is based on the useful economic life of the asset.
- There is also one proposed change to the Authority's Treasury Management Practices which is to increase the minimum cash balance from £6m to £6.5m.

The Committee considered the information presented and made the following points –

- The Committee noted the variance between borrowing rates and investment rates. The Committee sought clarification of whether the Council is able to offset the amount it borrows against the amount it has invested in order to reduce the capital borrowed. The Head of Function (Resources) /Section151 Officer said that the majority of the loans taken out by the Council are fixed amounts over a fixed period with a fixed interest rate which enables it to plan over the long term and provides security against volatility. At present due to the low interest rates, the preference is to tie into the low rates for the benefit of the Council.
- The Committee sought clarification of the point at which it is considered viable for the Council to increase borrowing. The Head of Function (Resources) /Section151 Officer said that it depends on the difference between the amount borrowed and the return on investment. Other factors taken into consideration include the amount of cash balances the Council holds at any given time which influences the timing of borrowing. Whilst the Council has to ensure that it has enough cash available to meet requirements it does not want to hold too much surplus cash with nowhere to invest it.
- The Committee sought clarification of whether the Council has regard for the Discounted Cash Flow factor when undertaking projects i.e. the idea that a sum of

money to be paid in future is worth less today than were the same sum to be paid today. The Head of Function (Resources) /Section151 Officer said that that calculation would be made for any projects that are funded by unsupported borrowing. The Council also has to consider the MRP calculation because the MRP charge has an impact on the revenue budget.

It was resolved –

- **To note the contents of the covering report.**
- **To endorse the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) [Annex A] for 2018/19.**
- **To forward the TM Strategy Statement 2018/19 to the Executive without further comment.**
- **To approve the change in TMPs, increasing the minimum cash balance from £6m to £6.6m to reflect the increase in the minimum general reserve balance.**

NO ADDITIONAL ACTION WAS PROPOSED

8. FORWARD WORK PROGRAMME

The Committee's Forward Work Programme to December, 2018 was presented for consideration and review.

It was resolved to accept and to note the Forward Work Programme without amendment.

9. EXCLUSION OF PRESS AND PUBLIC

It was resolved to under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it involved the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test."

10. CORPORATE RISK REGISTER

The report of the Head of Function (Resources) and Section 151 Officer incorporating the Corporate Risk Register as reviewed and updated to the end of Quarter 2 2017/18 by the Senior Leadership Team was presented for the Committee's consideration.

The Insurance and Risk Manager reported that the position was as follows at the end of Quarter 2 –

- No risks have been removed from the Corporate Risk Register since it was last presented to the Committee in September, 2017.
- There has been no change to the residual risk level of any existing risk since the Corporate Risk Register was last presented to the Committee
- Four new corporate risks have been identified during Quarter 2. Details of these are provided in section 5 of the report.
- The top ranked (Red) risks to the Council are identified as those listed in section 6 of the report.

The Officer informed the Committee that the Senior Leadership Team reviewed the Quarter 3 2017/18 position at its meeting held on 12th February, 2018 the outcome of which was as follows –

- No new risks were added to the Corporate Risk Register
- No risks were removed from the Register
- Four risks were de-escalated. One of those risks (YM22) remains at Amber level whilst the other three (YM29, YM33 and YM40) have been downgraded from Amber to Yellow. The residual risk level in terms of the likelihood of occurrence has reduced for all four risks.

The Committee noted the information presented. The Committee sought assurance that the approach to managing risk YM43 (relating to Children's Services) remains suitably robust. The Committee was assured that the mitigating actions and the reporting and monitoring arrangements in relation to the identified risk in this service area are robust and ongoing.

It was resolved to note the content of the report and to note also that the Committee takes assurance that the risks to the Council's aims and objectives are being recognised and managed by the Senior Leadership Team.

NO ADDITIONAL ACTION WAS PROPOSED

**Councillor Peter Rogers
Chair**

DRAFT

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee / County Council
Date:	26 April 2018 / 15 May 2018
Subject:	Annual Report of the Audit & Governance Committee 2017/18 – Chair’s Report
Head of Service:	Marc Jones, Head of Function (Resources) / S151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor, Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Nature and Reason for Reporting: The Audit and Governance Committee is required under its terms of reference to prepare a report to the Council on its activities during the year. This report provides the necessary report to meet this requirement.	

1. Introduction

- 1.1. This report details the activities of the Audit and Governance Committee during 2017/18.

2. Recommendation

- 2.1. That the Audit and Governance Committee endorses the Annual Report of the Audit and Governance Committee for 2017/18 prior to its submission to the meeting of the County Council on 15 May 2018.

3. Background Information

- 3.1. The Audit and Governance Committee is a statutory Committee of the Council. It is a key component of the Council’s governance framework providing independent and high level resource to support good governance and strong public financial management.
- 3.2. The Committee provides, to those charged with governance, independent assurance on the adequacy of the 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, it makes an important contribution to ensuring that effective assurance arrangements are in place.

4. Governance

- 4.1. There is a requirement for Welsh local authorities to undertake an annual review of the effectiveness of its system of internal control and governance arrangements with its annual Statement of Accounts.
- 4.2. The Council produced an Annual Governance Statement following widespread consultation and a review of governance processes in the year. The 2016/17 Statement was consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government.
- 4.3. The Committee received the draft Statement of Accounts 2016/17 prior to its review by External Audit at its meeting of 28 June 2017. At its meeting of 21 September 2017, the Committee approved the Annual Governance Statement for 2016/17 and referred the document to the Leader of the Council and the Chief Executive, as statutorily required.
- 4.4. Other governance documents received during the year included the Annual Report of the Senior Information Risk Owner and the Head of Function (Council Business) / Monitoring Officer's Concerns, Complaints and Whistleblowing report for 2016/17, which were reported to the meeting of 21 September 2017.

5. Risk Management

- 5.1. The Local Government Measure (Wales) 2011 includes a requirement for local authorities to appoint a Committee with responsibility to review and assess the risk management, internal control and corporate governance arrangements of the Council. The Audit and Governance Committee's terms of reference charge it with fulfilling these requirements.
- 5.2. From 1 April 2017, the Risk Manager's line-management transferred to the Head of Audit and Risk. Together, they reviewed the Council's approach to risk management, with the Audit and Governance Committee receiving a report of the outcome at its meeting on 5 December 2017, along with the Council's Risk Management Policy and Framework.
- 5.3. The Committee has continued to support the development of the Risk Management framework within the Council during the year and considered the Council's corporate risks on 21 September 2017 and 13 February 2018.

6. Financial Accounts

- 6.1. The Committee accepted and noted the draft pre-audit Statement of Accounts for 2016/17 at its meeting of 28 June 2017.
- 6.2. On 21 September 2017, the Engagement Lead for Financial Audit (Deloitte) reported his intention to issue an unqualified opinion on the accounting statements in accordance with the statutory deadline, subject to the satisfactory completion of

three matters set out in his report and the receipt of the Council's Letter of Representation.

- 6.3. Consequently, the Committee resolved to recommend acceptance of the 2016/17 Statement of Accounts to the Full Council.

7. Treasury Management

- 7.1. In accordance with its terms of reference and the CIPFA Code of Practice for Treasury Management in Public Services (2011), the Committee considered the Annual Treasury Management Report for 2016/17 on 25 July 2017.
- 7.2. The Committee scrutinised the Council's Treasury Management Strategy Statement for 2017/18 on 13 February 2018. The Committee forwarded both documents to the Executive without further comment.
- 7.3. The Committee also received a mid-year report on Treasury Management at its meeting of 5 December 2017 to monitor developments and trends.
- 7.4. As part of the scrutiny of the above reports, the Committee reviewed the Council's risk exposure and its ability to manage risk in relation to its Treasury Management activities.

8. Internal Audit

- 8.1. The Council appointed a new internal Head of Audit and Risk with effect from 1 April 2017, following the ending of the previous Service Level Agreement with Conwy County Borough Council for the management of the internal audit service from 1 August 2015.
- 8.2. The Committee received the former Audit Manager's Internal Audit Annual Report 2016/17 at its meeting of 28 June 2017. The Committee resolved that having considered the information presented both verbally and within the documentation, the Committee was assured that for the 12 months ended 31 March 2017, the Council had satisfactory internal control, risk management and corporate governance processes in place to manage and support the achievement of its objectives.
- 8.3. At its meeting of 28 June 2017, the Committee received the results of the External Quality Assessment of the internal audit service, as part of its obligations under the Public Sector Internal Audit Standards, where an external assessment must be conducted every five years. The Committee noted that the internal audit service '*Generally Conforms*' with the Standards and noted the Head of Audit and Risk's Action Plan developed to address the improvement areas identified.
- 8.4. The Committee approved the Internal Audit Charter at its meeting of 21 September 2017. It included the safeguards to limit impairments of independence or objectivity which may be caused by the chief audit executive undertaking non-audit activities, namely responsibility for risk management and insurance.

- 8.5. The Committee approved the Internal Audit Strategy and Annual Audit Plan for 2018/19 at its meeting of 13 February 2018, noting the new audit approach to audit planning.
- 8.6. Throughout the year, the Head of Audit and Risk reported outcomes to each of the Committee's regular meetings as part of the internal audit update report. Progress reports also included the progress of services in implementing internal audit recommendations and addressing Issues/Risks.

9. External Audit

- 9.1. The Auditor General for Wales is the statutory external auditor of the Council. The Auditor General's role includes examining how the Council manages and spends public money, including how it achieves value in the delivery of public services and on how well the Council plans for improvement.
- 9.2. The Wales Audit Office, on behalf of the Auditor General, undertakes the Performance Work. The Performance Lead reported to the 28 June 2017 meeting on its work in relation to its Annual Improvement Report 2016/17, including a summary of reports issued by other regulators, namely CSSIW, Estyn and the Welsh Language Commissioner. The Performance Lead reported that the Council was likely to comply with the requirements of the Local Government Measure (2009) during 2017/18.
- 9.3. Deloitte, on behalf of the Auditor General, undertakes the financial audit work. It reported its intention to issue an unqualified audit report on the financial statements for 2016/17 to the 21 September 2017 meeting.
- 9.4. The External Audit Annual Letter for 2016/17 along with the notice of the certification of the completion of the audit of the 2016/17 accounts was presented to the 5 December 2017 meeting for information.
- 9.5. The Committee has received and considered regular update reports from the Wales Audit Office and Deloitte. This is an important aspect of the Committee's business to ensure that the Council considers all external reports, by either the Audit and Governance Committee or one of the Scrutiny Committees, and that it is taking appropriate action.

10. Countering Fraud and Corruption

- 10.1. The Committee did not receive any fraud and corruption reports during 2017/18.

11. Frequency of Meetings

- 11.1. The Committee's terms of reference require it to meet a minimum of four times per year. During the year, the Committee met formally on six occasions.
- 11.2. The membership and attendance at meetings during 2017/18 is at [Appendix A](#).

12. Membership

- 12.1. The Committee consists of eight members of the Council, which are politically balanced, plus a maximum of two co-opted Lay Members appointed by the Committee.
- 12.2. The two co-opted Lay Members' tenure ended at the end of May 2017. The Committee appointed two new Lay Members, following an external process, with effect from June 2017.
- 12.3. At its meeting of 31 May 2017, the Committee elected Councillor Peter S Rogers as its Chairperson and Councillor Robert Llewelyn Jones as its Vice-Chairperson.

13. Terms of Reference

- 13.1. The Committee should periodically review its terms of reference for appropriateness. It last reviewed and approved its terms of reference in February 2015, with approval granted by the Executive in April and the County Council in May 2015.
- 13.2. In accordance with the Committee's Forward Work Programme, the terms of reference were due to be submitted to the Committee's meeting in September 2017. However, due to a delay in publishing updated CIPFA guidance, the Committee agreed to postpone the review until the updated guidance is published.
- 13.3. It is anticipated that the new guidance will be published during April 2018.
- 13.4. Following that, a review of its responsibilities, in particular, in terms of governance, will be undertaken.

14. Effectiveness

- 14.1. The Committee has worked within its current terms of reference, which includes the requirements of the Local Government (Wales) Measure 2011 in relation to the role of the Audit and Governance Committee in monitoring risk management, governance and internal control within the Council.
- 14.2. Actions raised by the Committee and their resolution are detailed at [Appendix B](#).
- 14.3. The Committee's Forward Work Programme for 2018/19 is detailed at [Appendix C](#). This is subject to change following the revision of its Terms of Reference during 2018/19.

15. Chair's Remarks

- 15.1. The Chair would like to express his gratitude to the Committee's Members for their attendance and contribution to the work of the Committee during the year. He also takes this opportunity to thank the two co-opted Lay Members who came to the end

of their tenure during the year, for their work during the term of the previous Committee.

- 15.2. The Chair would also like to express his gratitude to those Council employees who have attended and contributed to the meetings and, in particular, also takes this opportunity to thank all the staff within the Finance and Internal Audit Services whom he has found most helpful.
- 15.3. The Chair takes this opportunity to remind the Council of the importance of the work of the Committee, which is even more relevant in the current economic situation in terms of ensuring that the Council is run in a sound manner and that value for money is being obtained.
- 15.4. The Committee is committed to continuing to work with Council employees in supporting continuing improvements in the Council's operations in 2017/18.

COUNCILLOR PETER S ROGERS
CHAIR OF THE AUDIT & GOVERNANCE COMMITTEE
24 APRIL 2018

Appendix A – Frequency of Meetings and Attendance

Members	Meetings							Number of Meetings Attended
	27/04/17	31/05/17	28/06/17	25/07/17	21/09/17	05/12/17	13/02/18	
Cllr Peter S Rogers (Chair)	Cancelled	Yes	Yes	No	Yes	Yes	Yes	5 / 6
Cllr Robert Ll. Jones (Vice-Chair)	Cancelled	Yes	Yes	Yes	Yes	No	Yes	5 / 6
Cllr Richard Griffiths	Cancelled	Yes	Yes	Yes	Yes	Yes	Yes	6 / 6
Cllr G O Jones	Cancelled	Yes	Yes	Yes	Yes	No	Yes	5 / 6
Cllr Dylan Rees	Cancelled	Yes	Yes	Yes	Yes	Yes	No	5 / 6
Cllr Alun Roberts	Cancelled	Yes	Apologies	Yes	Yes	Yes	Yes	5 / 6
Cllr Margaret Roberts	Cancelled	No	Yes	Yes	No	Yes	Yes	4 / 6
Cllr Robin Williams	Cancelled	Yes	Yes	Yes	Apologies	Yes	Yes	5 / 6
Mrs Sharon Warnes (Lay Member)	Cancelled	Yes	n/a	n/a	n/a	n/a	n/a	1 / 1
Mr Richard Barker (Lay Member)	Cancelled	Apologies	n/a	n/a	n/a	n/a	n/a	0 / 1
Mr Dilwyn Evans (Lay Member)	n/a	n/a	Yes	Yes	Yes	Yes	Yes	5 / 5
Mr Jonathan Mendoza (Lay Member)	n/a	n/a	Yes	Yes	Yes	Yes	Yes	5 / 5
Total for Committee	0	8	9	9	8	8	9	

Appendix B – Progress on Actions Raised by the Committee during 2017/18

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
28/06/17	6	Two Limited Assurance Reports in relation to the Housing Maintenance Unit in Gaerwen	Head of Audit and Risk to ask the Head of Housing Services to attend the next Committee in July 2017 to give an account of the service's response to the issues raised.	Head of Audit and Risk / Head of Housing Services	July 2017	The Housing Technical Services Manager and the Housing Management Unit's General Manager attended the 25 July 2017 meeting to give an account of the work undertaken to address the issues raised.	
28/06/17	6	Outstanding Internal Audit Recommendations	Head of Audit and Risk to provide the Committee at its meeting in September 2017 with a schedule of all outstanding internal audit recommendations.	Head of Audit and Risk	September 2017	The Head of Audit and Risk provided the Committee with a schedule of all outstanding internal audit recommendations at its meeting of 21 September 2017.	
28/06/17	6	Limited and Minimal Assurance Audit Reports	Head of Audit and Risk to provide the Committee with reviews resulting in Limited or Minimal Assurance as and when they are issued.	Head of Audit and Risk	Ongoing	Reviews resulting in Limited or Minimal Assurance have been issued to Members as and when they have been issued.	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
28/06/17	10	Forward Work Programme updates	Head of Audit and Risk to update the Forward Work Programme in accordance with the discussions during the meeting.	Head of Audit and Risk	Ongoing	The Forward Work Programme is updated accordingly at the end of every meeting.	
25/07/17	3	Internal Audit Delivery Plan	Head of Audit and Risk to amend the 'On Track' column in the table showing the progress of delivery against the IA Operational Plan to indicate the Audit Committee meeting to which the outcome of the review is due/likely to be reported.	Head of Audit and Risk	Immediate	Action superseded. Full Internal Audit Annual Plan submitted to each meeting, with the expected date of the Audit Committee meeting to which the outcome of the review will be reported. Internal performance measure also established.	
21/09/17	3	Threats from malicious hacking activities	ICT Service to report back to the Committee on the Council's approach to dealing with the threat from malicious hacking activities.	Head of ICT	December 2017	The ICT Business Transformation Manager reported on the Council's approach to dealing with the threat from malicious hacking activities and other forms of cyber-crime at its meeting of 5 December 2017.	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
21/09/17	6	Internal Audit of School Transport Arrangements	The Internal Audit review report in relation to School Transport to be referred to Scrutiny for its examination with the recommendation that an Action Plan be formulated and that the Plan be monitored and overseen by a project team. The Audit Committee to be informed of the outcome of Scrutiny's examination of the report.	Committee Administration	Immediate	The Corporate Scrutiny Committee considered this issue at its meeting on 31 January 2018. It was satisfied overall by the progress made against the Internal Audit Action Plan and by the commitment shown by both services to complete the plan within timescale. The Corporate Scrutiny Committee had further determined that it be provided with a progress update at its June 2018 meeting.	
21/09/17	6	Delivery dates of individual review reports in the Internal Audit Plan	Provision to be made in the IA Plan to indicate	Head of Audit and Risk	Immediate	As above – date now included in the Internal Audit Annual Plan.	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
05/12/17	3	Members' access to internal audit reports	The Chair, Portfolio Member for Finance and Head of Function (Resources) / Section 151 Officer to meet with the Committee's two Lay Members to consider how best to enable them to have access to the range of Internal Audit reports in support of their role on the Committee.	Head of Function (Resources) / Section 151 Officer	Immediate	A meeting was held on 7 February 2018 between the Head of Function (Resources) / Section 151 Officer, the Head of Audit and Risk, the Chair of the Audit and Governance Committee and one of the Lay Members to discuss the way forward with providing internal audit reports to the members. It was agreed to provide more detail in the Internal Audit Update and to continue providing full copies of the individual audit reviews with a Limited or Minimal Assurance.	
05/12/17	3	Corporate Procurement Framework – First Follow Up review	Head of Audit and Risk to follow-up on the officer response in connection with the Corporate Procurement Framework first follow up review.	Head of Audit and Risk	April 2018	The Head of Audit and Risk will update the Committee at its meeting of 24 April 2018.	

Appendix C – Forward Work Programme 2018/19

Date	Accounts	Internal Audit	External Audit	Treasury Management	Risk Management	Governance	Other
April 2018		Update Report	Progress Report				Election of Chairperson and Vice-Chairperson Annual Report of Committee – Chair's Report
June 2018	Draft Statement of Accounts & Annual Governance Statement	IA Annual Report for 2017/18	Progress Report			Annual Review of the Audit and Governance Committee's Terms of Reference	
July 2018		Update Report	Progress Report	Treasury Management Annual Report on 2017/18 Activity			
September 2018	Recommend for Approval of Council the Statement of Accounts and Annual	Update Report Outstanding Internal Audit	Receive Report on Accounts to those charged with		Annual Review of Risk Management Strategy	Progress made on External Regulatory Reports	

Date	Accounts	Internal Audit	External Audit	Treasury Management	Risk Management	Governance	Other
	Governance Statement	Recommendations	Governance (ISA 260)		Review of Corporate Risk Register		
December 2018		Update Report	Progress Report	Scrutiny of Mid-Year Report on Treasury Management Activity in 2018/19		Annual Health & Safety Report	Annual Report on Fraud and Corruption Annual Review of Audit Committee Effectiveness & Counter Fraud Arrangements
February 2019		Internal Audit Strategy and Annual Plan 2019/20 for approval Update Report	Progress Report	Treasury Management Strategy 2019/20 including Prudential Indicators	Corporate Risk Register	Progress made on External Regulatory Reports	

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Audit and Governance Committee Update – Isle of Anglesey County Council

Audit year: 2017-18

Date issued: April 2018

Document reference: 321A2017-18

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

This document was produced by Deloitte LLP and the Wales Audit Office. We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi. This document is also available in Welsh.

Contents

Audit Committee update

About this document	4
Financial audit update – Isle of Anglesey County Council	4
Performance audit work 2016-17 – Isle of Anglesey County Council	5
Performance audit work 2017-18 – Isle of Anglesey County Council	7
Other inspection work 2017-18 – Isle of Anglesey County Council	11

About this document

- 1 This document provides the Audit and Governance Committee of Isle of Anglesey County Council (the Council) with an update on current and planned Wales Audit Office work. It covers financial and performance audit work together with information on the Auditor General's programme of national value-for-money examinations.

Financial audit update – Isle of Anglesey County Council

- 2 **Exhibit 1** provides members of the Audit and Governance Committee with a brief overview of the financial audit work reported to the Council. Progress against the planned key outputs and milestones from financial audit outputs and milestones, as set out in the draft outline, is summarised in **Exhibit 1**.

Exhibit 1: delivering the 2016-17 financial audit work

Planned output	Planned start date	Planned reporting date	Report finalised
Audit Deliverables document	February 2017	March 2017	March 2017
Audit of Financial Statements report	June 2017	September 2017	September 2017
Opinion on the Financial Statements	June 2017	September 2017	September 2017
Whole of Government Accounts	July 2017	September 2017	September 2017
Financial Accounts Memorandum	September 2017	October 2017	October 2017
Annual Audit Report	October 2016	November 2017	November 2017

Performance audit work 2016-17 – Isle of Anglesey County Council

Exhibit 2: performance audit work 2016-17 – Isle of Anglesey County Council

Activity	Scope	Status
Audit Plan	Plan of performance audit work for 2016-17.	Complete – Corporate Governance Committee March 2016.
Improvement Plan Audit	Audit of the discharge of the Council's duty to publish an improvement plan.	Complete – Review complete. Certificate issued.
Assessment of performance	Audit of the discharge of the Council's duty to publish an assessment of performance.	Complete – see above.
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	Published June 2017.
Thematic Study: Financial Resilience	Focus: Savings Plans.	Local report issued February 2017.
Thematic Study: Governance	Focus: Governance of significant service changes.	Local report issued June 2017.
Thematic Study: Transformation	To gather the views of officers about the key issues they face in dealing with change/transformation.	Project complete. Feedback to Chief Executive Spring 2018.
Local Government Improvement Study – Improving wellbeing through housing adaptations	Fieldwork completed.	Published February 2018.

Activity	Scope	Status
Local Government Improvement Study – Strategic commissioning of learning disability services by local authorities	Fieldwork completed.	Publication Winter 2018.
Local Government Improvement Study – How local government manages demand – Homelessness services	Fieldwork completed.	Published January 2018.

Performance audit work 2017-18 – Isle of Anglesey County Council

Exhibit 3: performance audit work 2017-18 – Isle of Anglesey County Council

Activity	Scope	Status
Audit Plan	Plan of performance audit work for 2017-18.	Report finalised March 2017.
Improvement Plan Audit	Audit of the discharge of the Council's duty to publish an improvement plan.	Complete – Certificate issued April 2017.
Assessment of performance	Audit of the discharge of the Council's duty to publish an assessment of performance.	Complete – Certificate issued November 2017.
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	To be published Summer 2018.
Thematic Study: Well-being of Future Generations (WFG) – Baseline assessment	The Year One Commentary: the Wales Audit Office will gather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work will be designed to support improvement and inform future audit work under the Act.	Fieldwork complete. National summary report Spring 2018.
Thematic Study: Scrutiny – Fit for the Future	This review will examine the impact of the WFG Act on the work of scrutiny committees.	To take place throughout the 2017-18 audit year. Project Brief issued. Fieldwork to be completed January 2018.

Activity	Scope	Status
Thematic Study: Service user review Welsh Housing Quality Standard (WHQS).	This project will test the service-user interface at all authorities. The review will evaluate what it feels like (as a member of the public) to deal with council services, involving a selection of services and scenarios. In addition the purpose of this local overview is to determine whether the Council has effective arrangements in place to enable it to continue to meet the WHQS.	To take place throughout the 2017-18 audit year. Fieldwork complete. Draft report to be issued April 2018.
Local Work: Wylfa Newydd readiness and its impact on Corporate Capacity.	This project will focus on the Council's capacity and readiness to support the delivery of the Wylfa Newydd project within the context of the Energy Island Programme and the Council's wider strategic objectives. The review will acknowledge progress and notable practice elements, but may also highlight areas of risk that the Council has yet to consider and/or where external support may add value by enhancing the Council's resilience.	Fieldwork complete. Draft report issued March 2018.
Local Government Improvement Study – Integrated Care Fund	The Intermediate Care Fund has recently been renamed as the Integrated Care Fund (ICF). The review will look at the governance arrangements associated with the ICF at both a national level and at a local level through the regional partnership boards.	Project Brief to be issued.

Activity	Scope	Status
Local Government Improvement Study – Using data effectively	This study will primarily focus on the role of local authorities on how effective they are at managing and using data. It will also consider how effective authorities are at accessing and using data held by partners. It is recognised, however, that councils are at very different stages in terms of how they use data. This audit will therefore assess each local authority on their performance identifying how well authorities are currently performing in collecting data, analysing data and using data to support decision-making and the use of resources.	Project Brief issued – June 2017. Survey issued to Isle of Anglesey County Council in Autumn 2017.
Local Government Improvement Study – How well do public bodies provide services to rural communities	This review will focus on assessing how effective public organisations in Wales are in working together to assess needs, identify priorities, deliver and maintain the provision of key operational services to meet the needs of people in rural communities.	Project Brief issued – June 2017. Survey issued to Ynys Môn in Summer 2017. Fieldwork planned for 2018.

Activity	Scope	Status
National Wales Audit Office reports: 2017-18 reports	<ul style="list-style-type: none"> • Public procurement landscape review • Waste management (waste prevention) • Supporting People programme • Implementation of the NHS Finances (Wales) Act 2014 (integrated medium term planning) • NHS Wales informatics services • Access to public services with the support of specialist interpretation and translation • Preparations for the implementation of fiscal devolution in Wales (follow-on report) 	<p>Supporting People report published August 2017.</p> <p>Public procurement report published November 2017.</p> <p>Preparations for the implementation of fiscal devolution in Wales (follow-on report) published December 2017.</p> <p>Remaining Reports being drafted.</p> <p>Publication Winter/Spring 2018.</p>
National Wales Audit Office reports: 2018-19 reports	<ul style="list-style-type: none"> • Youth Services • EU Structural Funds 2014-2020 • EU Rural Development Programme • GP out of hours services • Primary care services 	<p>To be published in 2019.</p> <p>To be published in 2018.</p> <p>To be published in 2018.</p> <p>To be published in 2018.</p> <p>To be published in 2018.</p>

Other inspection work 2017-18 – Isle of Anglesey County Council

Exhibit 4: other inspection work 2017-18 – Isle of Anglesey County Council

Activity	Scope	Status
2017-18 Estyn	Apart from local school inspection programme no inspection of the Isle of Anglesey County Council education service has yet been announced.	GwE follow-up report published November 2017.
2017-18 CSSIW	Nationally CSSIW are doing a joint review of community mental health services. No local follow-up work in Isle of Anglesey County Council has yet been announced.	National report.

Last updated: 16.12.17

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WALES AUDIT OFFICE
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Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – Isle of Anglesey County Council

Audit year: 2017-18

Date issued: April 2018

Document reference: 451A2018-19

This document has been prepared for the internal use of Isle of Anglesey County Council as part of work to be performed in accordance with statutory functions.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Contents

2018 Audit Plan

Summary	4
Audit of accounts	4
Performance audit	7
Certification of grant claims and returns	10
Fee, audit team and timetable	11
Future developments to my audit work	13

Appendices

Appendix 1 – respective responsibilities	15
Appendix 2 – performance work in last year’s audit outline still in progress	18
Appendix 3 – other future developments	19
Appendix 4 – national value-for-money studies	22

2018 Audit Plan

Summary

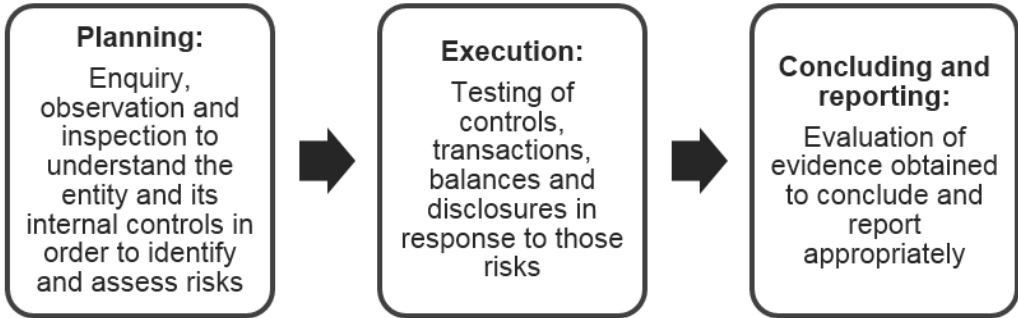
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not Isle of Anglesey County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach

My audit approach involves three key stages: planning, execution and finally concluding and reporting



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit

Financial audit risk	Proposed audit response
<p>Management override of controls</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements using enhanced data analytics to analyse the whole journal population for characteristics of interest; • perform design and implementation testing of controls over journal entries and management judgements and estimates; • review accounting estimates for biases including detailed review of provisions; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Completeness and cut-off of expenditure</p> <p>We have identified completeness of expenditure as a significant risks as there may be an incentive not to record all</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • perform design and implementation testing over controls to ensure completeness of expenditure;

Financial audit risk	Proposed audit response
<p>expenditure in order to for the Council to report a more favourable year end position.</p>	<ul style="list-style-type: none"> • perform focused audit testing in relation to the completeness of expenditure; and • complete detailed testing in relation to management estimates and judgements as set out in the management override risk detailed above.
<p>Property valuations The Council completes a cyclical full valuation process whereby classes of assets undergo a full valuation on a 5 yearly basis, with the valuations being completed by internal valuers.</p> <p>Property valuations by their nature include judgements and estimates and with land and buildings valuations as at March 2017 being £288 million, changes in judgements and estimates can have a material impact on the carrying value.</p>	<p>My team will:</p> <ul style="list-style-type: none"> • Complete design and implementation testing in relation to the property valuation process including the identification of impairments outside of the valuation process; • Engage with internal valuation specialists to assess the reasonableness of assumptions underpinning the valuation; and • And trace all valuation movements through the financial statements to ensure they are fairly stated.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit and Governance Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and

- set out the extent to which you intend to rely on Internal Audit's work and where reliance is to be placed on the work of other auditors, specialists, etc.
- 13 In addition to my responsibilities in respect of the audit of Isle of Anglesey County Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Isle of Anglesey County Council to support preparation of Whole of Government Accounts.

Statutory audit functions

- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Performance audit

- 17 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 18 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 19 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.

- 20 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.
- 21 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 22 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

Exhibit 3: local government studies

In 2018 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018.

Study	Status
2016-17 studies	
How local government manages demand	Published January 9 2018
Strategic commissioning	Publish in April 2018
Improving wellbeing through housing adaptations	Published February 22 2018
2017-18 studies	
Services to rural communities	Fieldwork – Publish Summer/Autumn 2018
Use of data	Fieldwork – Publish Summer/Autumn 2018
Integrated care fund	Fieldwork February – Publish Winter 2018

- 23 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one of the well-being objectives.
Assurance and Risk Assessment	On-going work to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Leisure Services	Review of the arrangements the Council has put in place to deliver leisure services building on the 'study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.
Follow-up of local and national proposals for improvement/recommendations	Follow up review of a sample of local and national proposals for improvement/recommendations.
2018-19 Local Government Studies	Funded by the Welsh Government.
Implementation of the Social Services and Well-being Act	The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.

Performance audit programme	Brief description
Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our call for evidence report published in August 2017.
Value for Money of Planning Services	The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our call for evidence report published in August 2017.

- 24 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 25 I have been requested to undertake certification work on Isle of Anglesey County Council's grant claims and returns.

- 26 It is our expectation that the Welsh Government will streamline its assurance arrangements by rolling out the ‘Summary Schedule of Certified Welsh Government Grants’ to all unitaries. This follows successful piloting at four authorities last year. This means that there should only be a small number of claims and returns which remain to be certified in the ‘traditional’ way. Our fee in relation to our grant audit will be revised once any impact of this on the Council is understood.
- 27 For this year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 28 My audit fee for this work is set out in [Exhibit 6](#).

Issues related to specific grant claims and returns

- 29 It should be noted that our audit of the 2016/17 Housing Benefit testing is on-going given the significant qualification noted in relation to 2015/16 (signed off in January 2018) and the additional sample testing that is required as a result of this. We are working with the Council to agree a timetable in relation to the completion of this work.

Fee, audit team and timetable

Fee

- 30 Your estimated fee for 2018 is set out in [Exhibit 6](#).

Exhibit 6: audit fee

The total audit fee will be £427,261, made up of £192,000 for the audit of accounts, £100,261 for performance audit work and £135,000 for certification of grant claims and returns.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	192,000	192,000
Performance audit work ³	100,261	100,261
Grant certification work ^{4,5}	135,000	135,000
Total fee	427,261	427,261

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2017 to October 2018.

³ Payable April 2018 to March 2019.

⁴ Payable as work is undertaken.

⁵ The Prior Fee does not include the additional work required to finalising the 2016/17 Housing Benefit grant claim. This will be agreed with the client once the timetable has been agreed.

31 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

32 Further information on my **fee scales and fee setting** can be found on the Wales Audit Office website.

Audit team

33 The main members of my team, together with their contact details, are summarised in **Exhibit 7**.

Exhibit 7: my team

This table provides contact details for the audit team

Name	Role	Contact number	E-mail address
Ian Howse	Engagement Lead – Financial Audit	02920 264319	ihowse@deloitte.co.uk
Wil Bevan	Financial Audit Manager	07584 144 505	wbevan@deloitte.co.uk
Derwyn Owen	Engagement Director	02920 320651	Derwyn.Owen@audit.wales
Andy Bruce	Performance Audit Manager	07919 164779	Andy.Bruce@audit.wales
Gwilym Bury	Performance Audit Lead	07813 564432	Gwilym.Bury@archwilio.cymru

34 I can confirm that my team members are all independent of Isle of Anglesey County Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

35 I will provide reports, or other outputs as agreed, to Isle of Anglesey County Council covering the areas of work identified in this document. My key milestones are set out in **Exhibit 8**.

Exhibit 8: timetable

This table sets out my proposed timetable for completion and reporting of my audit work at the authority

Planned output	Work undertaken	Report finalised
2018 Audit Plan	January 2018	March 2018
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February to September 2018	September 2018 September 2018 October 2018
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Assurance and Risk Assessment • WFG Act Examination • Leisure Services • Follow-up of local and national proposals for improvement/recommendations 	April 2018 November 2018 April 2018 to February 2019 November 2018 to February 2019 September 2018 to February 2019 May to July 2018	May 2018 December 2018 On-going March 2019 March 2019 September 2018
Annual Improvement Report	April 2018 to May 2019	June 2019
2019 Audit Plan	January 2019	March 2019

* Subject to timely clearance of draft findings with Isle of Anglesey County Council.

Future developments to my audit work

- 36 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 37 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:

- **Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act
- **Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact
- **Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office
- **Digital Seminar,** taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab
- **Building Resilient Communities.** Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales
- **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
- **Financial Audit – Early Closure of Local Government Accounts.** Focussing on cultural and behaviour changes
- **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales
- **Cybersecurity.** Focusing on governance arrangements
- **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector
- **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Isle of Anglesey County has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Isle of Anglesey County Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Isle of Anglesey County Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Isle of Anglesey County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 9: performance work in last year's audit outline still in progress

Performance audit work included in last year's audit plan remain outstanding.

Performance audit project	Status	Comment
Thematic Study: Service user review Welsh Housing Quality Standard (WHQS).	The review will evaluate what it feels like (as a member of the public) to deal with council services. In addition to determine whether the Council has effective arrangements in place to enable it to continue to meet the WHQS.	Fieldwork complete. To be published Spring 2018.
Local Work: Wylfa Newydd readiness and its impact on Corporate Capacity.	This review will focus on the Council's capacity and readiness to support the delivery of the Wylfa Newydd project within the context of the Energy Island Programme and the Council's wider strategic objectives.	Fieldwork complete. To be published Spring 2018.
Thematic Study: Scrutiny – Fit for the Future	This review will examine the impact of the WFG Act on the work of scrutiny committees.	Fieldwork complete. To be published Spring 2018.
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	To be published Summer 2018.

Appendix 3

Other future developments

Forthcoming key IFRS changes

Exhibit 10: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the authority over the next three years.

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

Exhibit 11: Planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

Date	Format	Topic
April 2018	Webinar	Sustainable Procurement. Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
May 2018	Webinar	Measuring Outcomes. Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact

Date	Format	Topic
June 2018	Seminar	Adverse Childhood Experiences. In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
June 2018	Seminar	Digital. Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
July 2018	Seminar	Building Resilient Communities. Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
September 2018	Seminar	Partnership working between Voluntary bodies and Public Sector Bodies. Will also include the launch of the Good Practice Guide to Grants Management.
October 2018	Webinar	Financial Audit – Early Closure of Local Government Accounts. Focussing on cultural and behaviour changes.
December 2018	Seminar	Alternative Service Delivery Models. In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales.
January 2019	Webinar	Cybersecurity. Focusing on governance arrangements.
February 2019	Seminar	Preventing Hospital Admissions. Jointly with NHS, Social Care, Housing and partners from the Third Sector.
March 2019	Seminar	Youth. Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 12 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 12: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services ²	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change ³	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014-2020	April/May 2018
Business finance	May 2018

² An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

³ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs ⁴	Summer 2018
EU Structural Funds programmes 2014-2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people ⁵	To be confirmed

⁴ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

⁵ The PAC has now set out its initial **plans** for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee
Date:	24 April 2018
Subject:	Internal Audit Update
Head of Service:	Marc Jones, Head of Function (Resources) / S151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor, Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
<p>Nature and Reason for Reporting: This report provides information on work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on Council services and corporate areas.</p>	

1. Introduction

1.1. The report provides an update as at 16 April 2018 on:

- Internal Audit reports issued since 26 January 2018
- Follow up of previous internal audit reports
- Implementation of management actions
- Progress in delivering the Internal Audit Annual Plan 2017/18
- Specific updates requested by the Audit and Governance Committee
- A review of the Committee's terms of reference

2. Recommendation

- 2.1. That the Audit and Governance Committee notes Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement and decides whether it needs any further assurance on audit reports.
- 2.2. That the Audit and Governance Committee approves the postponement of the review of its terms and conditions until the Chartered Institute of Public Finance and Accountancy (CIPFA) issues its new guidance document.



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Internal Audit Update

April 2018

Marion Pryor BA MA CMIIA CPFA
Head of Audit & Risk

Internal Audit reports recently issued

1. This section provides an overview of recent Internal Audit reports, including the overall Assurance Rating and the number of Issues / Risks raised in the report's action plan.
2. We have finalised one report in the period, summarised below:

Title	Assurance Level	Catastrophic	Major	Moderate	Minor	Total
Project and Programme Management Arrangements	Reasonable	0	0	2	0	2

Project and Programme Management Arrangements

Reasonable Assurance	Risks / Issues	
	0	Catastrophic
	0	Major
	2	Moderate
	0	Minor

3. We undertook an audit of Programme and Project Management arrangements as part of the approved internal audit plan for 2017/18. This was a high-level review looking at the governance of programme and project management.
4. The Council has established two corporate Programme Boards to provide appropriate leadership and governance arrangements for the delivery of the Council's programmes and projects. The Boards scrutinise progress on current projects or programmes and close projects when they are deemed as finished.
5. An appropriately authorised officer chairs each of the Boards and they have appropriate membership. This ensures projects and programmes are governed at a corporate level and that the level of understanding increases among Members and senior officers.
6. Most projects also have their own governance arrangements with their own project board. Where not practical or efficient, another group may be given the responsibility to govern the project, as is the case with the Energy Efficiency project, which is governed by the 'Tir ac Asedau' group.
7. Project management documentation is readily available on the intranet and updated when necessary. Project management training has also been provided to staff with the next training taking place in May 2018. The corporate project managers within the Corporate Transformation service also provide assistance and guidance if required for officers who have taken the project manager role as part of their usual service-led role.
8. However, it appears that little significance is given to impact assessments and risk registers with no mention provided in minutes of meetings; no issues were raised in the minutes for the lack of providing impact assessments and it was questioned whether decisions were made with full awareness of the content of the assessments. The impact assessments should be used to ensure decisions are made with full awareness of how it may affect different sections of the community.
9. Much work has been undertaken to ensure the Council's projects or programmes are governed appropriately with the establishment of the Corporate Programme Boards, the assistance provided by the corporate project managers and the project management methodology used and promoted corporately. We are therefore able to provide '**Reasonable Assurance**' for the monitoring arrangement of programmes and projects and just two 'Moderate' risks were raised for management attention.

Follow up of previous Internal Audit reports

10. Currently, we follow up all reports with an assurance rating of 'Limited' or below.

11. We have finalised one follow up review in the period:

Title	Follow Up	Progress	Assurance Level	Catastrophic	Major	Moderate	Minor	Total
School Transport	1	Good	Reasonable	0	0	3	2	5

School Transport

Good Progress	Original Issues / Risks		Outstanding Issues / Risks	
	Report Date	September 2017	April 2018	
	Assurance	Limited	Reasonable	
	Catastrophic	0	0	
	Major	7	0	
	Moderate	7	3	
	Minor	2	2	

12. Our review confirms that significant progress has been made towards improving School Transport arrangements and addressing the Issues/Risks raised in our report.

13. Eleven of the risks identified from our audit report have been fully addressed. Three risks are partially implemented or are in the progress of being addressed; these are subject to the issuing of identification badges to all school bus drivers in September 2018, the Capita ONE system to be in operation and the review of the school taxis' eligibility criteria together with the review of the school taxis' budget.

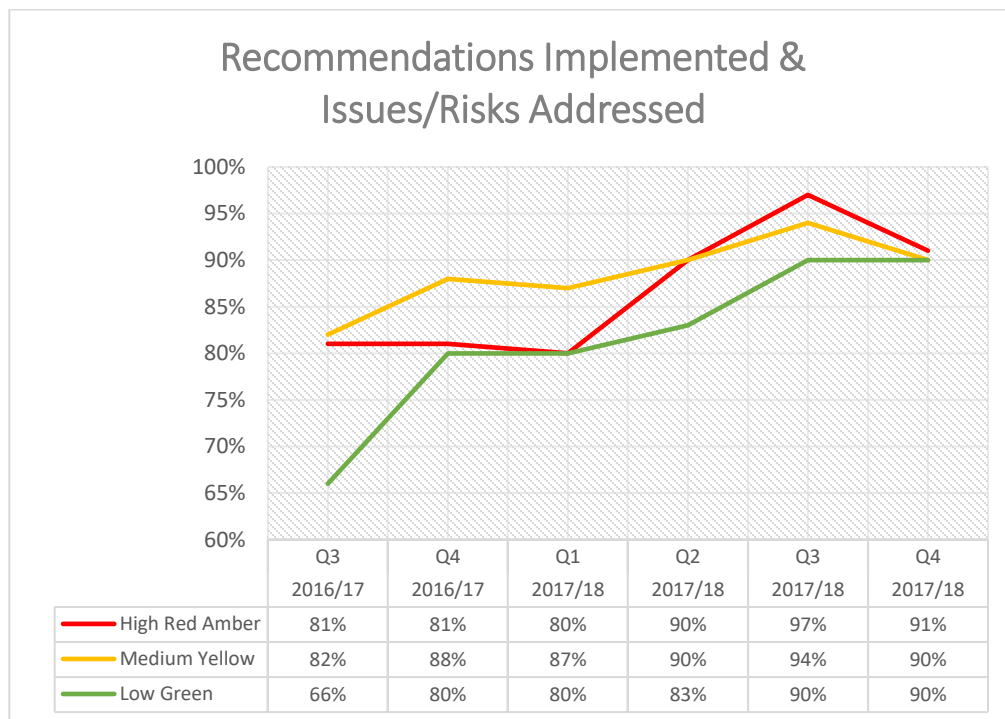
14. Two risks remains outstanding, which are centred around the next procurement process when the Transport Section will be reviewing its current contractors terms and conditions.

15. Out of the outstanding actions (including actions that have been partially implemented), two are still within the target date of implementation. However, all target dates have been revised and extended based on updates reported. Where necessary, priority ratings have been re-assessed to take into account the actions taken to date and new target dates have been agreed for implementation.

16. The Council has demonstrated '**Good Progress**' in addressing the Issues / Risks and as a result the assurance rating has increased to '**Reasonable Assurance**'.

Implementation of Management Actions

17. As part of the new internal audit approach, we have moved away from making recommendations to raising 'Issues' and 'Risks'. To encourage management to have ownership for the risks, we place the responsibility on them to develop the action to address the issues / risks we have identified.
18. To provide the Committee with trend information, the graph below highlights the performance in implementing the recommendations / addressing the risks:



19. As can be seen, the Council has steadily improved its performance over the last 15 months with a significant year-on-year improvement.
20. Previously, analysis of the outstanding Issues/Risks highlighted that managers assigned with implementing actions could extend the target implementation date without reference to Internal Audit. We withdrew this facility from managers and all requests for the date to be extended now have to be made to Internal Audit, who will consider the circumstances before agreeing to extend.
21. We expected that this would have an impact on the implementation rate and performance would worsen in the short-term and this is what we have seen. However, this is a more robust process for ensuring that risks are addressed and reduces the risk of 'drift'.
22. A more detailed report of all outstanding recommendations and Issues/Risks is made twice a year, with the next being in September 2018.

Progress in delivering the Internal Audit Operational Plan 2017/18

23. Due to a significant slippage of work from 2016/17, the retirement of the Corporate Fraud Officer and the long-term absence and resignation of a Senior Auditor, the resource available to complete the Operational Plan for 2017/18 has reduced.
24. Consequently, the Head of Audit and Risk has undertaken a risk assessment with Heads of Service and the Head of Function (Resources) / Section 151 Officer. Audit reviews have been prioritised to ensure resources are targeted to the areas of highest risk.
25. The Revised Annual Plan is attached at [Appendix A](#). We have completed 79% of the revised plan, with a further 21% currently work in progress – a combined total of 100%.
26. Ninety-two percent of audits have been completed in time, against a target of 90%. We have submitted 81% of our reports to the targeted Audit and Governance committee meeting.
27. Following the Head of Audit and Risk's commencement in post in April 2017, work has been ongoing to revise and modernise the internal audit approach, including a *Systems Thinking* exercise to identify efficiencies and improve the process and reporting mechanisms. This work continues.

Items requested by the Audit and Governance Committee

28. The Committee requested that the Head of Audit and Risk follow-up on the officer response in connection with the Corporate Procurement Framework first follow up review. A verbal update will be provided during the meeting.

Other Issues

Audit and Governance Committee Terms of Reference

29. The Committee should periodically review its terms of reference for appropriateness. It last reviewed and approved its terms of reference in February 2015, with approval granted by the Executive in April and the County Council in May 2015.
30. In accordance with the Committee's Forward Work Programme, the terms of reference were due to be submitted to the Committee's September meeting. However, at this meeting, the Committee approved the postponement of the review of the terms of reference until the Committee's December meeting, following publication of the new CIPFA guidance, anticipated to be November 2017.
31. Members of the Committee will recall from the December meeting that CIPFA had postponed publication until December 2017 and the Committee approved the postponement of the review of its Terms of Reference.
32. However, CIPFA has again postponed publication. Although the document is complete, CIPFA has to wait for the Home Office, which is bringing out a new Financial Management Code of Practice that impacts on police audit committees. It has confirmed it will now publish the new guidance during April 2018.
33. Therefore, it is proposed to postpone the review of this Committee's terms of reference until the following Audit and Governance Committee meeting.
34. The Committee is asked to approve this postponement.

Appendix A – Annual Internal Audit Plan 2017/18

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
AUTHORITY WIDE REVIEWS (CORPORATE)										
1	Corporate	Capital Expenditure	Cyclical IA	Final	December 2017 (T) February 2018 (A)	Substantial	15	15	15	
2	Corporate	Corporate Procurement Framework	IA Assessed Risk	Final	September 2017	Limited	10	6	6	
3	Corporate	Data Protection & Information Governance - General Data Protection Regulations - Readiness (Interim)	Corporate Risk YM13 ICO Report	Final	February 2018	Reasonable	15	10	10	Two-part audit - interim and full
55	Corporate	Data Protection & Information Governance - General Data Protection Regulations - Readiness (Full)	Corporate Risk YM13 ICO Report	Draft	June 2018		5	5	2.5	Full audit
4	Corporate	ICT Disaster Recovery	Corporate Risk YM10	Final	September 2017	Substantial	10	6	6	
5	Corporate	Risk Management	Cyclical IA	Deleted	n/a	n/a	10	0	0	Overview conducted in 2017 with Insurance & Risk Manager, SLT and Penaethiaid.

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										Review in 2018/19
6	Corporate	Corporate Safeguarding	Corporate Risk YM12	Final	July 2017	Reasonable	20	20	20	
7	Corporate	Transformation Programme - Smarter Working	Section 151 Officer Request	Postponed	n/a	n/a	15	1	0.5	Post-implementation review currently underway. Review outcome and consider whether further review is necessary.
8	Corporate	Ethical Culture	PSIAS Requirement	Final	September 2017	Reasonable	20	16	16	
9	Corporate	Social Services and Well-being Act - Part 9 requirements	New legislation	Postponed	n/a	n/a	20	1	0.75	Extension from WG to implement pooled budgets. Therefore watching brief only with view to undertake audit in 2018/19
10	Corporate	Programme/Project Management	CEO Request - SLT Objective	Final	February 2018 (T) April 2018 (A)	Reasonable	15	15	13	
11	Corporate	Corporate Health & Safety	Audit Concern	Fieldwork	February 2018		15	13	17.75	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
HEAD OF FUNCTION - RESOURCES & SECTION 151 OFFICER										
12	Resources	Council Tax & NDR	Key Financial System	Final	December 2017	Reasonable	20	20	19	
13	Resources	Fixed Asset Register & Capital Accounting	Key Financial System	Deleted	n/a	n/a	10	0	0	Work undertaken by external audit. Some overlap with Capital Expenditure audit. Audit deleted.
14	Resources	High Level Controls for Key Financial Systems	Key Financial System	Deleted	n/a	n/a	10	0	0	Days transferred to Sundry Debtors due to issues identified. Key financial systems have been covered individually except for Treasury Management which has been green for a number of years.
15	Resources	Housing Benefit & Council Tax Relief Scheme	Key Financial System	Final	September 2017	Reasonable	15	23	23	Excess days transferred from contingency
16	Resources	Main Accounting System	Key Financial System	Final	June 2017	Reasonable	10	7	7	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
17	Resources	Income - Payment Card Industry Data Security Standard	Key Financial System	Final	February 2018	Limited	15	15	9.75	
18	Resources	Petty Cash/Imprest Accounts	Key Financial System	Postponed	n/a	n/a	10	10	0.25	Work still ongoing - policy currently out for consultation. Postpone until Q2 2018/19
19	Resources	Sundry Debtors	Key Financial System	Final	December 2017	Limited	10	27	26.5	Days transferred from Key Financial Systems and contingency due to issues identified.
HEAD OF FUNCTION - COUNCIL BUSINESS & MONITORING OFFICER										
20	Business	Democratic & Member Services - Members' Allowances	Service not audited for significant time	Deleted	n/a	n/a	8	0	0	Discussed with Monitoring Officer - not a risk. Days transferred to GDPR Readiness audit
21	Business	Legal Services	Service not audited for significant time	Deleted	n/a	n/a	6	0	0	Discussed Risk Register with Monitoring Officer - all actions on track. Days transferred

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										to GDPR readiness audit.
HEAD OF FUNCTION - TRANSFORMATION										
22	Transformation	Data Centres	Fundamental to Council's Operations	Deleted	n/a	n/a	10	0	0	Postponed until 2018/19. Contingency planning covered under ICT Disaster Recovery audit.
23	Transformation	Active Directory	Fundamental to Council's Operations	Deleted	n/a	n/a	15	0	0	Postponed until 2018/19. Not a priority.
24	Transformation	Network Security Audit (Cyber Security)	Fundamental to Council's Operations	Postponed	n/a	n/a	15	5	4.25	Postponed until 2018/19 - ICT not ready.
HEAD OF REGULATION & ECONOMIC DEVELOPMENT										
25	Economic Development	Economic Development Function	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Audit deleted.
26	Leisure	Leisure Function - Governance & Control	Head of Service request	Postponed	n/a	n/a	15	2	1.75	Delayed until Q2 2018/19 due to restructuring within the service

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
27	Planning	Strategy & Support Team	Head of Service request	Deleted	n/a	n/a	10	0	0	Not a high priority for Head of Service and not in risk register. Audit deleted.
28	Trading Standards	Civil Registration	Service not audited for significant time	Final	September 2017	Substantial	10	10	10	
29	Regulation	Licensing Services	Service not audited for significant time	Final	December 2017	Substantial	10	17	17	Excess days transferred from contingency. Not audited before and significant amount of legislation to consider.
HEAD OF HIGHWAYS, WASTE & PROPERTY SERVICES										
30	Highways	Car Park Services & Enforcement	Service not audited for significant time	Deleted	n/a	n/a	15	0	0	New pilot in place with external organisation for car parking enforcement. Delay audit until 2018/19 to have time for pilot to produce results. Other enforcement (dog fouling and

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										littering) separate contract. Also move into 2018/19
31	Highways	Engineering & Design Services	Service not audited for significant time	Deleted	n/a	n/a	15	0	0	Scaling back of service and not a high priority area for Head of Service. Not in risk register.
32	Property	Estate & Property Management - Schools Repair & Maintenance	Service not audited for significant time	Postponed	n/a	n/a	15	1	0.25	Postponed until 2018/19 - new process not yet implemented
33	Highways	Highways & Civil Engineering - Highways Contract Monitoring Arrangements	Service not audited for significant time	Postponed	n/a	n/a	15	3	2.5	Delayed until Q1 2018/19 due to busy period at the end of the financial year and poor weather
HEAD OF HOUSING										
34	Housing	Housing Rents - Readiness for Welfare Reform (Universal Credit)	Key Financial System	Final	February 2018	Reasonable	15	23	23	Excess days transferred from Affordable Housing audit

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
35	Housing	Affordable Housing, Housing into Homes & Bridging Loan Scheme	Corporate Business Plan	Final	February 2018	Reasonable	15	5	5	Excess days transferred to Housing Rents audit
36	Housing	Supporting People Programme	Service not audited for significant time	Complete	February 2018	Substantial	15	15	14.75	
HEAD OF ADULT SERVICES										
37	Adults	Deprivation of Liberty (DOLs)	Risk of Litigation in relation to Outstanding DOLs Assessments	Fieldwork	<i>September 2018</i>		15	15	8	
45	Adults	Direct Payments	Head of Service request	Scoping	<i>September 2018</i>		0	15	0.25	Head of service concerns around the governance and controls around expenditure. Priority area. Days transferred from Joint Service Delivery and Management audit

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
38	Adults	Joint Service Delivery & Management in relation to older people services with Health Board	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Days transferred to Direct Payments audit.
39	Adults	Services for the Elderly - Home Care Contracts	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Days transferred to contingency
HEAD OF CHILDREN'S SERVICES										
40	Children's	Foster Carer Recruitment	Head of Service request	Draft	April 2018		15	20	17.75	Invest to Save bid has ended since 2016 and the recruitment and retention of foster carers, including the recruitment officer is funded directly from the department's existing budget. However, the service would benefit from a review to ensure

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										that controls are in place going forward since 2016 and to give management an overview of the current position in comparison to the last 3 years and the changes, with the view of highlighting risks/issues as a result of these changes.
HEAD OF LEARNING										
41	Learning	Secondary Schools - 6th Form Funding - Ysgol Syr Thomas Jones	Cyclical Review	Deleted	n/a	n/a	10	0	0	Not a high risk area. Audit deleted
42	Learning	Primary Schools - Thematic Reviews - Schools Income Collection	Head of Service request	Fieldwork	September 2018		20	20	0.75	
43	Learning	School Sickness Absence	Head of Service request	Deleted	n/a	n/a	20	0	0	Significant work undertaken.
44	Learning	School Transport	Head of Service request	Final	September 2017	Limited	20	26	26	Excess days transferred from contingency.

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										Significant issues identified.
CHARGEABLE NON PROGRAMMED DAYS (PRODUCTIVE)										
		Follow Up Work					35	70	84.25	Several limited assurance reports. Significant amount of work being undertaken to clear old outstanding recommendations, particularly in schools.
		General Counter Fraud Work, National Fraud Initiative and enquiries					155	90	90	Days reduced due to deletion of Corporate Counter Fraud Officer post
		Referrals:								
46	Referral	CSSIW Report - Governance around Action Plan	Request from Audit & Governance Committee	Complete	June 2017	n/a	0	2	2	
47	Referral	Payroll Overpayment	Request from Accountancy Services Manager	Complete	February 2018	n/a	0	7	7	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
48	Referral	Registration of Financial Charges	Request from Section 151	Fieldwork	February 2018		0	25	30	
49	Referral	After School Club - Fund Irregularities	Request from Learning Services	Complete	n/a	n/a	0	14	13.75	
		Closure of Previous Year's Work					20	20	20	
		Grant Certification:					35	0	0	Grant certification work complete
50	Grant	School Uniform Grant	Request from Accountancy	Complete	December 2017	Substantial	0	2.5	2.5	
51	Grant	Rent Smart Wales Grant	Request from Accountancy	Complete	July 2017	Substantial	0	10	10	
52	Grant	Education Improvement Grant	Request from Accountancy	Complete	July 2017	Substantial	0	3	3	
53	Grant	Pupil Development Grant	Request from Accountancy	Complete	July 2017	Substantial	0	6	6	
54	Grant	Sixth Form & Adult Continuing Learning 2016-17	Request from Accountancy	Complete	February 2018	Substantial	0	0.5	0.5	
		Corporate consultancy					55	60	59.5	
		Audit & Governance Committee, including training for members					23	45	45.25	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
		Management Review					0	45	43.5	Days transferred from Management
		Contingency					120	1	0	
		TOTAL					1062	768	741.5	
NON CHARGEABLE DAYS (NON-PRODUCTIVE)										
		Risk & Insurance					50	20	11.25	
		General Administration					70	65	63.75	
		Personal Development & Review, 121 & Team Meetings					8	32	31.75	Insufficient allocation. Days transferred from contingency.
		Management, including liaison with External Audit and audit plan preparation					75	45	42	Days transferred to Management Review
		Annual Leave (164), including statutory leave (41) and special leave (90)					245	280	308.75	Days amended due to retirement of Corporate Counter Fraud Officer and special leave and resignation of Senior Auditor.
		Sick Leave					45	20	19	Good sickness record in the team - days transferred to training

Page 85

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
		Training and Development for staff, including induction and Welsh lessons					10	85	87.5	Insufficient allocation - days transferred from sickness allocation and contingency
		TOTAL					503	547	564	



**CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL**

AUDIT & GOVERNANCE COMMITTEE

FORWARD WORK PROGRAMME

24 April 2018

Contact Officer:	Marion Pryor, Head of Internal Audit & Risk
E-Mail:	MarionPryor@ynysmon.gov.uk
Telephone:	01248 756211

Date	Subject	Responsible Officer (including e-mail address)
<p>24 April 2018 27 June 2018 24 July 2018 19 September 2018 4 December 2018 12 February 2019</p>	<p>Internal Audit Update</p> <ul style="list-style-type: none"> • An update on Internal Audit’s latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement. 	<p>Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk</p>
<p>24 April 2018 27 June 2018 24 July 2018 19 September 2018 4 December 2018 12 February 2019</p>	<p>External Audit Progress Report</p> <ul style="list-style-type: none"> • An update on External Audit’s work: <ul style="list-style-type: none"> ○ Performance Audit ○ Financial Audit 	<p>Performance Audit Lead – Wales Audit Office Gwilym.bury@audit.wales</p> <p>Financial Audit Manager – Deloitte cedge@deloitte.co.uk</p>
<p>24 April 2018</p>	<p>Annual Report of the Audit & Governance Committee – Chair’s Report</p> <ul style="list-style-type: none"> • The Committee are asked to approve the Chair’s Report for submission to full Council 	<p>Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk</p>
<p>27 June 2018</p>	<p>Review of the Audit and Governance Committee’s Terms of Reference</p> <ul style="list-style-type: none"> • The Audit and Governance Committee should periodically review its terms of reference for appropriateness, with consideration given to sector guidance and the needs of the Council. 	<p>Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk</p>

Date	Subject	Responsible Officer (including e-mail address)
27 June 2018	Draft Report of the Head of Function (Resources) / S151 Officer regarding the Annual Finance and Governance Statement 2017/18 <ul style="list-style-type: none"> The Audit and Governance Committee is requested to comment on the content of the draft Annual Finance and Governance Report 2017/18 and contribute to the evaluations, conclusions and recommendations proposed to further develop or strengthen elements of the Council's governance arrangements during 2018/19. 	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk Programme, Business Planning & Performance Manager GethinMorgan@ynysmon.gov.uk
27 June 2018	Internal Audit Annual Report 2017/18 <ul style="list-style-type: none"> The Public Sector Internal Audit Standards requires the chief audit executive to deliver an annual internal audit opinion and report that can be used by the Council to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The Committee is asked to note the report from the Head of Internal Audit & Risk on the conclusion of the internal audit work carried out during 2017/18. 	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
24 July 2018	Annual Treasury Management Report 2017/18 <ul style="list-style-type: none"> The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity for 2017/18. 	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk
19 September 2018 12 February 2019	Outstanding Internal Audit Recommendations <ul style="list-style-type: none"> A report of all outstanding internal audit recommendations 	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
19 September 2018	Internal Audit Charter <ul style="list-style-type: none"> Annual review of the Internal Audit Charter will be submitted to the Committee for approval 	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk

Date	Subject	Responsible Officer (including e-mail address)
19 September 2018 12 February 2019	Corporate Risk Register <ul style="list-style-type: none"> In accordance with its terms of reference, the Audit and Governance Committee is required to review the Corporate Risk Register and, where appropriate, request a response from management on actions to manage risks. 	Insurance & Risk Manager JulieJones@ynysmon.gov.uk
19 September 2018 12 February 2019	Progress made on External Regulatory Reports <ul style="list-style-type: none"> The Audit and Governance Committee is requested to consider the progress made on external regulatory reports, which are directly related to the issues of governance or the management of risk within the Council. 	Programme, Business Planning & Performance Manager GethinMorgan@ynysmon.gov.uk
19 September 2018	Report of the Head of Function (Resources) regarding the Annual Finance and Governance Report 2017/18 The Audit and Governance Committee is charged with approving the accounts on behalf of the Council. The Audit and Governance Committee is therefore required to: <ul style="list-style-type: none"> approve the Annual Finance and Governance Report 2017/18, including the Statement of Accounts 2017/18, receive the Appointed Auditor's report on the accounts and the ISA 260, and to approve the Final Letter of Representation. 	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk
4 December 2018	Review of the Risk Management Strategy and Framework <ul style="list-style-type: none"> In accordance with its terms of reference, the Audit and Governance Committee is required to keep under review the Risk Management Strategy for the Council. 	Insurance & Risk Manager JulieJones@ynysmon.gov.uk

Date	Subject	Responsible Officer (including e-mail address)
4 December 2018	Mid-year Report on Treasury Management for 2018/19 <ul style="list-style-type: none"> CIPFA's Treasury Management Practice Reporting requirements and management information arrangements recommend that local authorities should, as a minimum, report the treasury management position mid-year. The Committee is requested to note the current position on investments and borrowing. 	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk
12 February 2019	Internal Audit Strategy and Annual Plan 2019/20 <ul style="list-style-type: none"> The Public Sector Internal Audit Standards (2017) requires the chief audit executive to present the Internal Audit Strategy and Annual Plan to the Audit and Governance Committee for approval. 	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
12 February 2019	Treasury Management Strategy 2019/20 and Actual Prudential Indicators for 2019/20 <ul style="list-style-type: none"> CIPFA's Treasury Management Practice Reporting requirements and management information arrangements recommend that local authorities should, as a minimum, report annually on their treasury management strategy and plan, before the start of the year. The report will cover the actual Prudential Indicators for 2019/20 in accordance with the requirements of the Prudential Code. 	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk
12 February 2019	Corporate Risk Register <ul style="list-style-type: none"> In accordance with its terms of reference, the Audit and Governance Committee is required to review the Corporate Risk Register and, where appropriate, request a response from management on actions to manage risks. 	Insurance & Risk Manager JulieJones@ynysmon.gov.uk

Date	Subject	Responsible Officer (including e-mail address)
12 February 2019	<p>Progress made on External Regulatory Reports</p> <ul style="list-style-type: none"> The Audit and Governance Committee is requested to consider the progress made on external regulatory reports, which are directly related to the issues of governance or the management of risk within the Council. 	<p>Programme, Business Planning & Performance Manager GethinMorgan@ynysmon.gov.uk</p>