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CYNGOR SIR
YNYS MÔN
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, 23 EBRILL, 2019 am 2:00 y. p.	TUESDAY, 23 APRIL 2019 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

John Griffith, Dylan Rees, Alun Roberts, Margaret M. Roberts

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 (Pages 1 - 18)

To present the minutes of the previous meeting of the Audit and Governance Committee held on 12 February, 2019.

3 MATTERS ARISING - FOLLOW-UP TO CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2017/18 (Pages 19 - 22)

To present the report of the Corporate Health and Safety Advisor.

4 INTERNAL AUDIT UPDATE (Pages 23 - 42)

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

5 EXTERNAL AUDIT: 2019 AUDIT PLAN - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 43 - 62)

To present the report of External Audit.

6 ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2018/19 (Pages 63 - 76)

To present the report of the Chair of the Committee.

7 INTERNAL AUDIT ANNUAL REPORT 2018/19 (Pages 77 - 96)

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

8 FORWARD WORK PROGRAMME (Pages 97 - 102)

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

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the meeting held on 12 February, 2019

- PRESENT:** Councillor Peter Rogers (Chair)
Councillor Robert Llewelyn Jones (Vice-Chair)
- Councillors John Griffith, Richard Griffiths, Dylan Rees,
Gwilym O. Jones, Alun Roberts
- Lay Members: Dilwyn Evans, Jonathan Mendoza
- IN ATTENDANCE:** Chief Executive
Head of Function (Resources) and Section 151 Officer
Head of Internal Audit & Risk (MP)
Environmental Health Operations Manager (KR) (for item 3)
Risk and Insurance Manager (JJ) (for item 12)
Committee Officer (ATH)
- APOLOGIES:** Councillors Margaret M. Roberts, Robin Williams (Portfolio
Member for Finance)
- ALSO PRESENT:** Councillor Llinos Medi Huws (Leader of the Council),
Accountancy Services Manager (BHO), Principal Auditor (EW),
Senior Auditor (NW), Senior Auditor (JR)
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1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE 4TH DECEMBER, 2018 MEETING

The minutes of the previous meeting of the Audit and Governance Committee held on 4th December, 2018, were presented and were confirmed as correct.

Arising thereon –

- The Head of Audit and Risk confirmed that the North Wales Chief Auditors Group met in January, 2019 as scheduled; the Group is now working on a self-assessment that can be used across North Wales to assess Audit Committees' compliance with CIPFA's new guidance on the role of Audit Committees in Local Authorities and the Police which has extended the scope of audit committees. Members of the Committee will therefore be receiving a questionnaire shortly to obtain their views on where they feel the Committee is at currently.
- The Head of Audit and Risk tabled information on the reimbursements made to operators for concessionary travel for each of the years from 2014/15 to 2017/18 as requested by the Committee at its previous meeting when considering the Concessionary Travel Fraud Internal Audit review (following a publicised case of fraud against Gwynedd Council). The Officer said that she had also contacted Welsh Government to seek its views on whether concessionary travel payments had varied across Wales following the fraud. Although the Welsh Government's Auditor did not

confirm that that was the case, the data shows that there has been a subsequent reduction in concessionary travel payments. As a follow-up to the fraud, North Wales Police and Welsh Government intend to hold a workshop in North Wales to which each Council's Chief Audit Executive is invited with the aim of looking at areas of fraud that can be addressed generally across public services and more specifically, concessionary travel.

- The Head of Audit and Risk tabled information about the position of Councils in Wales with regard to school meals income collection/school meals debts for 2017/18 which the Committee had also requested at its previous meeting. The information was derived from a BBC news piece on school dinner debts in Welsh Councils. The Officer said that although the article refers to the majority of councils in Wales, Anglesey is one of the councils omitted because it is not able to give a total accurate arrears position at present due to the fact that there are two systems in operation with some schools operating on a cashless basis whilst others are not. It is envisaged that all the Council's schools will have transferred to the new system by September thereby enabling the Council to provide a reliable figure for school dinner arrears at that time.

The Head of Function (Resources)/Section 151 Officer confirmed that some schools currently record school dinner arrears on individual registers in classes; some calculate the sum total on a summary form; some are part cashless, part cash whilst others are completely cashless meaning there are different versions of the system each holding different pieces of information. The objective is to reconcile those pieces of information into one global arrears figure bearing in mind also that the figure changes on a daily basis. The most opportune time to make the calculation would be at the end of the Easter term when the figure is static for a fortnight - a figure can be produced at that time. Schools will be transferring to the new cashless system over the summer term with the expectation that the new system will be operational across all schools in September.

In response to a question as to whether there is an agreed procedure for recovering school dinner money debt, the Head of Function (Resources)/Section 151 Officer clarified that it is a matter for each school to refer debts over a certain level – currently £50 - to the Central Debt Recovery team which will then issue a bill and a reminder and if still not paid, will then forward the debt to the Council's Debt Collection Agency. The amount of work expended on recovery depends on the size of the debt, with the aim being to strike a balance between the level of debt and the cost of recovery whilst making it clear that the Council will where necessary take enforcement action to recover debts. The new system will require parents to pay for school dinners in advance and will provide them with a credit account thereby making it easier to both manage parents' credit position and to contact them should the need arise.

The Committee having regard to the range of school dinner debts recorded in the BBC article, suggested that lessons could be learnt from contacting the Council with the lowest debt level i.e. Rhondda Cynon Taf at £770.56 to establish what practices it has implemented to help it manage school dinner money and keep the debt level low.

A member of the Committee further highlighted that this Council has in the past sought to make a case for extending free school meals to all school children in Wales thereby removing the social stigma that still attaches to claiming and being a recipient of free school meals.

The Head of Function (Resources)/Section 151 Officer said with regard to best practice in other councils that with the introduction of Universal Credit, the free school meals system has changed. Whereas previously a child would receive free school meals if his/her parents were in receipt of one of six out of work benefits, Universal Credit brings

both out of work and in work benefits together. A child whose parents are in receipt of Universal Credit will receive free school meals regardless of whether the benefit that applied previously was in-work or out-of-work. Areas where Universal Credit has been rolled out for a longer period will therefore have more children who are entitled to free school meals than those areas where it has only been introduced recently i.e. Anglesey where Universal Credit was only introduced in December, 2018 and where the number of people receiving it, and consequently the number of children with entitlement to free school meals, is lower than for example in areas such as Torfaen.

In relation to there being a stigma attached to having free school meals, the Officer said that the new cashless payment system will remove the stigma as it does not distinguish those receiving free school meals from their peers in the same way as physically collecting school dinner money does.

The Committee noted the information presented.

ACTIONS PROPOSED:

- **Head of Audit and Risk to inquire with Councils in Wales where the school dinner debt level is low what practices they have in place to manage school dinner debt.**
- **The Executive to be asked to consider lobbying Welsh Government to introduce free school meals to all school children in Wales.**

3. CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2017/18

The Corporate Health and Safety Annual Report for 2017/18 was presented for the Committee's consideration.

The Environmental Health Operations Manager summarised the main considerations to be drawn from the report as follows –

- Significant work has been carried out to revitalise Health and Safety within the Council which has involved Senior Officers, Human Resources and Corporate Health and Safety. The development of a new Corporate Health and Safety Policy clarifying roles and responsibilities for all stakeholders within the Council has been the key work stream at a senior level. In addition, the revised role of Health and Safety Co-ordinators to being more proactive in improving health and safety is a significant change in the arrangements.
- For 2017/18, a total of 1322 incidents was recorded which is a reduction of 111 from the number of incidents in the previous year. A total of 249 employee related incidents were recorded which is 46 fewer than for the previous year. An analysis of the incidents is provided in the report and where trends or patterns have emerged, work has been done to reduce the risk. This should have helped reduce the number of incidents and is a continuous process.
- A total of 20 incidents were reported to the Health and Safety Executive (HSE) as required by RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) with the HSE being provided with a report on each incident. No follow-up action was taken by the HSE indicating that it was satisfied with the work done to prevent reoccurrence.
- A total of 92 short training courses on a range of health and safety subjects were provided during the year which were attended by a total of 892 members of staff.
- Partnership work was carried out between the six North Wales Corporate Health and Safety teams with information being provided by the Welsh Local Government

Association to assist with Health and Safety work streams. Gwynedd Council has provided Occupational Health and Training support.

- Information to assist the HSE has been provided. Although there were no interventions by the HSE in 2017/18, the Corporate Health and Safety team carried out 336 proactive interventions to assist with Health and Safety issues. A monthly Health and Safety bulletin was also introduced to raise awareness of health and safety issues within the Council.
- A Corporate Health and Safety Action Plan has also been developed to further improve Health and Safety standards within the Council.

The Committee considered the information and made points as follows –

- The Committee noted that the overall message from the report is positive and reflects an improving Health and Safety culture at the Council; the Committee welcomed the greater prominence and visibility given to Health and Safety within the Council along with the actions taken to place Health and Safety on a sound footing.
- The Committee noted that although the total number of incidents has reduced from the previous year, the number of physical assaults (client and pupil related incidents) has almost doubled in the same time from 56 in 2016/17 to 103 in 2017/18. The Committee noted also that incidents under a separate category for physical assaults by a person were recorded although no satisfactory differentiation was made between the two categories. The Committee sought an explanation for the rise in physical assaults and how this trend might be countered.

The Chief Executive said that the data includes incidents of physical assaults in schools both mainstream and special including pupils with special/additional learning needs in mainstream schools. It is possible that incidents in schools have contributed to a higher percentage of incidents overall. The increase in 2017/18 could also be partly attributed to the fact that schools now have in place a Schools' Health and Safety Policy based on the Corporate Health and Safety Policy which will have influenced recording and reporting of incidents. The revised Health and Safety Policy was implemented in 2017/18 and sets out more clearly than previously the expectations for schools specifically those in terms of the role of Head Teachers, senior teachers and teachers in relation to reporting incidents to the school's Senior Leadership Team.

Notwithstanding, the reasons for the increase need to be interrogated further with the Corporate Health and Safety Advisor as regards how the results from one year to the next have been moderated and to establish whether the increase in the number of physical assaults is a statistical increase due to clearer reporting or whether it is due to an increase in concerns.

The Environmental Health Operations Manager said that a comparison of the data for for 2017/18 against the data in next year's 2018/19 annual report may provide a clearer indication of how the efficiency of reporting has improved in the context of the number of incidents recorded.

- The Committee noted that the increase in physical assaults reflects recent trends in the Health Service where assaults on frontline staff have been much publicised; the Council should seek to obtain the same level of publicity for challenging behaviour against Council staff.
- The Committee noted that accidents and/or injuries sustained whilst on Council duty or more particularly by members of the public on Council premises may result in claims against the Council which can be costly. The Committee sought clarification of whether the Council tracks the number of health and safety claims made against the Council and their resultant costs.

The Head of Function (Resources)/Section 151 Officer said that the Council's Insurance and Risk Manager maintains a record of the number of claims made against the Council as well as their outcome in terms of the claims accepted and those challenged.

The Head of Audit and Risk said that as part of the Audit Committee's new wider governance responsibilities, it will be presented with an annual Insurance Report at its next meeting in April which will cover issues relating to claims against the Council.

- The Committee noted and welcomed the training sessions provided for Council staff during the reporting period as an important preventative measure in maintaining health and safety and work.

It was resolved to accept the Annual Corporate Health and Safety Report for 2017/18 and to note its contents noting also that there is a requirement for the Executive to consider Health and Safety arrangements and performance.

ACTIONS PROPOSED: The Corporate Health and Safety Officer be asked to clarify the following –

- **Whether there are any specific reasons for the increase in the number of physical assaults and whether the upturn reflects an emerging trend.**
- **The differentiation between the two categories of “Physical Assault by Person” in the Types of Incident Table at Page 6 of the report.**

4. ANNUAL AUDIT LETTER 2017/18

The Annual Audit Letter for the Isle of Anglesey County Council for 2017/18 was presented for the Committee's consideration. The Letter confirmed that on 28 September 2018, the Auditor General issued an unqualified audit opinion on the Council's financial statements confirming that they present a true and fair view of the Council's financial position. The key matters arising from the audit were reported to the Audit Committee's September 2018 meeting.

The Committee noted the Audit Letter and noted also that it comments on the financial challenges which the Council is facing in seeking to set a balanced budget against a backdrop of diminishing general fund balances and that it refers specifically to demand pressures in Children and Adults' Social care as key drivers of the £3.3m deficit which the Council is projecting on the provision of services in 2018/19. In light of this the Committee sought clarification of the following –

- Whether the Health Service contributes towards the cost of children's care placements or is asked to do so.
- Whether the Authority is seeking a long-term resolution to the shortage of children's placements locally by increasing the capacity on the Island thereby reducing the use of out of area placements which account for a large proportion of the expenditure on Children's social care.

The Chief Executive said the Authority has specific responsibilities in relation to safeguarding and promoting the welfare of children whom it looks after; over the past three years the Authority has worked hard to ensure that the services it provides for its looked after children are of the highest quality with significant improvements having been made in that time. There are however instances where the needs of a looked after

child are also health related, and in those cases the Authority does engage with the Health Service.

The Officer said that the Audit Letter also highlights the Council's diminishing General Fund balances as a risk and that it observes that it is not sustainable to rely on reserves to support the ongoing cost of demand led care/Children's Services. The Officer added that the risk posed by demand pressures on Children and Adults' Social care budgets is currently an issue for all local authorities in Wales and is not unique to Anglesey.

With regard to addressing the shortage of placements locally, the Leader of the Council said that the Authority has received Executive approval both for the Small Group Homes Model of care which entails the Council utilising appropriate dwellings from its own housing stock to provide accommodation for up to 2 looked after children and for an enhanced Foster Carers' support package which is intended to facilitate the recruitment of Foster Carers. Whilst these measures will bring savings in the long-term by reducing the use of distance placements/private Foster Carers there will always be children in the Authority's care whose needs are such that they require specialist placements that are not available in-county. The Welsh Government has launched a £100m Health and Social Services Transformation fund to develop new models of health and social care through the Regional Partnership Boards. Currently the six North Wales authorities along with BCUHB are working on a Children Plan.

It was resolved to accept the Annual Audit Letter for 2017/18 and to note its contents.

NO ADDITIONAL ACTION WAS PROPOSED

5. INTERNAL AUDIT PROGRESS UPDATE

The report of the Head of Audit and Risk which provided an update on Internal Audit's latest progress with regard to service delivery, assurance provision and reviews completed was presented for the Committee's consideration.

The Head of Audit and Risk highlighted the main points as follows –

- That one audit review report was finalised during the period relating to **IT Cyber Security** which resulted in a Reasonable Assurance opinion (the Committee was provided with a copy of the full report). Although the review concluded that overall the Council has a number of effective operational controls in place to manage the risk to cybersecurity and to prevent and reduce the impact to Council Services, systems and information of malicious, external attacks, it also identified that a lack of proactive monitoring of the extent and nature of current and emerging cyber threats faced by the Council could compromise success in this area. A total of five issues/risks were raised and an Action Plan to address those issues has been agreed with Management.
- That one follow-up review was finalised during the period which was a third follow-up review of **Logical Access and Segregation of Duties**. A review of logical access and segregation of duties controls was undertaken initially as part of the Annual Internal Audit Plan in 2014/15; this resulted in a Red rating with 14 recommendations and one suggestion being made. A first follow-up review in January, 2015 again resulted in a Red rating and found that 12 recommendations remained outstanding. A second follow-up review took place in December 2017 which confirmed that 5 recommendations remained unaddressed. Consequently, this review resulted in a Limited Assurance opinion in accordance with the new audit approach. In December 2018, a third follow-

up review was undertaken. This confirmed that from five issues/risks outstanding, two have been addressed and three - which relate to segregation of duties in Payroll - are in the process of being addressed.

The payroll section is currently undergoing a restructure. Once the Northgate project is finished, the new structure will be implemented. The first round of consultations on the new structure has just taken place and will progress during January, 2019. Once implemented in full, the Accountancy Service Manager is confident that this will address the remaining issues/risks originally raised. Although progress has been made, taking consideration of the results of the follow-up review, the assurance level of the report remains as Limited Assurance with a further follow-up planned for July, 2019.

- That two reports with a Limited Assurance rating are scheduled for a follow-up review before the end of the financial year – Child Care Court Orders under the Public Law Outline and Payment Card Industry Data Security Standard Compliance. Both follow up reviews were in progress at the time of the drafting of the report and it can be confirmed that since writing the update the follow-up review of the Child Care Court Orders under the Public Law Outline audit has been finalised and has been raised to Reasonable Assurance.
- That since the appointment of the two new Senior Auditors, work on the Internal Audit Operational Plan for 2018/19 (Appendix A to the report) has progressed well. However, given the length of these vacancies together with protracted investigations, significant follow-up work and the maternity leave of the third Senior Auditor, the Service's target for undertaking 80% of the red and amber residual risks in the Corporate Risk Register will be difficult to achieve. To date, 35% of the red and amber residual risks have been covered and work in five other areas denoted as red and amber residual risks in the Corporate Risk Register is ongoing. Those areas are noted in the report. Work is also ongoing in three specific areas at the request of Heads of Service. The Service is also involved in two ongoing investigations which are both nearing their conclusion. Areas that are not addressed this year will be rolled forward into and prioritised in 2019.
- That an independent Risk Management Health Check was undertaken by the Council's insurers, Zurich Municipal (ZM) which focused on the six areas of risk management activity set out in paragraph 26 of the report. ZM concluded that risk management was at a Managed level within the five levels of maturity in the Performance Model used. This was largely as expected and an Action Plan is being developed to address all the observations/recommendations raised by ZM a summary of which is provided in the report.

The Committee considered the report and made points as follows –

- The Committee noted with regard to the Intrusion Prevention System Rate of Attack diagram within the IT Cyber Security Report that a sharp increase in the rate of attack had occurred over the course of three days at the end of November, 2018. The Committee sought clarification of what this increase might indicate and whether the source of attack was known.

The Committee was informed that foreign state actors can be at the source of cyber-attacks on public bodies and that they will seek to cover their tracks by conducting their activity under the guise of another country. Most UK public sector bodies experienced raised attack levels in the second half of 2018 which have been reported as resulting from a specific source country stepping up its cyber activities as part of the tensions in the period following the Salisbury incident. Cyber awareness training for all staff and Elected Members is being provided.

- The Committee noted that at the time of the review 92% of staff with computer access had read and accepted the Information Security Policy meaning that 8% of staff had not done so thereby posing a risk to the Council. The Head of Audit and Risk said that the 8% could have included staff on sickness absence, holiday leave and maternity leave at the time of the review and that the percentage figure is likely to have reduced in the period since the review was conducted. The Internal Audit Service was of the opinion that 92% represented a reasonable level of compliance.
- The Committee noted that the review highlighted that a lack of proactive monitoring of the extent and nature of current and emerging cyber threats could compromise success in this area which it found worrying. The Committee sought clarification of whether steps were being taken to rectify this shortcoming.

The Head of Audit and Risk said that the necessary data is available and is being monitored but not at Head of Service level; scrutiny and reporting arrangements need to be strengthened at this level, neither is there a specific post within the IT Service and structure that carries this responsibility with a number of posts sharing aspects of Cyber Security responsibilities meaning that proactive monitoring is unintentionally overlooked.

- The Committee noted with regard to the third follow-up review of Logical Access and Segregation of Duties that after three years and three updates the assurance rating remains Limited. The Committee suggested that after this length of time the review may have lost relevance and that the potential to draw lessons from it is limited.

The Head of Audit and Risk said that although the audit was inherited from a previous period and a previous audit system, the segregation of duties is an important control to mitigate against the risk of fraud.

The Head of Function (Resources)/Section 151 Officer said that notwithstanding the specific controls have not been implemented to the satisfaction of the Internal Audit Service, there are other safeguards in place to ensure the accuracy and reliability of Payroll and to make certain that the Authority only pays employees that are actually at the Council and working for it. Whilst it is a reasonable control to put in place, the structure of the Payroll Team currently means that it cannot be implemented. Once the restructure is complete which will introduce a formal System Administrator to the team, the segregation of duties within the system can be implemented in a properly controlled way. Additionally, the Authority's financial systems – including Payroll - are subject to audit by External Audit as part of the audit of accounts process. The Auditors therefore need to be assured that the information which the Payroll system generates is accurate and they will undertake systems controls checks to that end; no issues have been identified with the Payroll system by External Audit. However, achieving segregation of duties within what is a small team is inherently difficult. The Officer confirmed that the audit covered the segregation of duties across a range of systems with Payroll being the only system where there are issues outstanding due also to the fact that Payroll has been part of a lengthy improvement project which is seeking to integrate Payroll with part of the Human Resources system.

- The Committee noted that the audit approach is now fully risk based; in light of this, it queried whether it is possible that some existing audits may drop off the plan as their risk status changes.

The Head of Audit and Risk said that the areas that are being carried forward into 2019 are all in the Corporate Risk Register.

It was resolved that having considered the information presented and the clarifications provided by Officers , the Audit and Governance Committee accepts and notes Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

NO ADDITIONAL ACTION WAS PROPOSED

6. OUTSTANDING INTERNAL AUDIT ISSUES AND RISKS

The report of Head of Audit and Risk providing an update on the status and detail of the outstanding risks that Internal Audit has raised as at 27 January, 2019 was presented for the Committee's consideration.

The Head of Audit and Risk reported that the graph at 3.4 of the report shows that the Council has been steadily improving its performance with regard to addressing issues and risks raised by Internal Audit with the overall implementation percentage at 93%. A slight dip in performance in addressing High/Red/Amber issues and risks from 93% in Quarter 3 to 87% in Quarter 4 to date is attributable to several issues/risks becoming due in December for the Learning Service which coincided with a change in staff responsible for updating the 4action system. As at 27 January, 2019, no High risks were outstanding; 7 Medium risks were outstanding and 12 Low risks and, from the previous audit system, 1 Red risk was outstanding, 18 Amber risks, 18 Yellow risks and 3 Green risks. Details of the outstanding risks/issues were provided in Appendix A to the report.

The Officer said that many of the recommendations that remain within the system were made under the previous Internal Audit administration and system and those may not be as relevant to the new system/approach. Heads of Service have been advised to postpone the requirement to keep recommendations updated until the new system is fully implemented pending the resolution of some software issues. Therefore, rather than undertaking a data cleansing exercise with regard to existing data, a decision has been taken with the Section 151 Officer's approval to start anew. Issues and risks that have been raised since the new audit approach was introduced will be inputted into the new system. The Officer confirmed that the recommendations relating to the Child Care Court Orders under the Public Law Outline which are included in Appendix A have now all been addressed. It is anticipated that Internal Audit will be able to provide a report based on the new system to the Committee's July meeting.

The Committee noted that an Amber risk in relation to Housing Rents – Readiness for Universal Credit remains outstanding and that the risk arises from the Housing Rents Orchard system not being up to date with the current recovery process. The Committee sought clarification of whether having identified the risk, steps are being taken to address the issues arising given that the longer they remain unactioned the greater the implications for the Council in terms of the income it should be collecting as part of rent arrears recovery.

The Head of Audit and Risk said that the Service would look at this particular issue as part of the current audit of Welfare Reform and that she would update the Committee at its next meeting.

It was resolved to note the Council's progress in addressing the outstanding Internal Audit recommendations and issues/risks raised since April 2014 as reflected in the report and in the oral update provided by the Head of Audit and Risk.

NO ADDITIONAL ACTION WAS PROPOSED

7. TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

The report of the Head of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2019/20 was presented for the Committee's consideration. The report set out the Council's proposed approach to investment and borrowing arrangements for 2019/20 in light of current and forecasted economic conditions.

The Head of Function (Resources)/Section 151 Officer reported on the main points of the Strategy as follows –

- That in setting the Treasury Management Strategy, consideration must be given to the economic situation as this has an impact on investment rates, the cost of borrowing and the financial strength of counterparties. The economic outlook is set out in detail in Appendix 3 to the report with the main points summarised in section 3.1. The main message is that increases in interest rate levels are expected to be gradual and minimal over the course of the next few years with the returns on investment also remaining low.
- The Council's current external borrowing position is set out in Table 2 of the report which provides a summary of the Council's current outstanding loans.
- One of the main functions of Treasury management is the funding of the Council's capital plans. The Council's capital programme for 2019/20 through to 2021/22 is set out in Table 3 of the report which also notes how the capital programme is to be funded. An important factor to consider is the impact of borrowing on the Council's Capital Financing Requirement which calculates the Council's underlying need to borrow in order to finance capital expenditure. Capital expenditure will increase the CFR but only by the sum that is not funded from capital grants, receipts, reserves or revenue. The CFR will also reduce annually by the sum of the Minimum Revenue Provision (MRP) which is a charge made to the revenue account each year to ensure that the Council is able to repay debt as it falls due. The impact of the Council's capital expenditure plans and the MRP charge on the CFR and the level of external and internal borrowing (i.e. borrowing from the Council's own cash balances) is shown in Table 4 of the report.
- The Council continues to maintain an under borrowed position. 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 over the medium term the returns on investment are expected to continue to be below long-term borrowing rates. Consideration will be given to debt re-scheduling having regard to the factors outlined in section 6.5.2 of the report.
- The Council will take a flexible approach to the choice between internal and external borrowing. The Council has been making use of its own cash funds to finance capital expenditure in order to minimise interest payments by deferring the need to borrow externally. However, the ability to externally borrow to repay the reserves and balances if needed is an important part of the strategy. The pros and cons of external v internal borrowing in the current climate are set out in section 6.3 of the report.
- The Council's investment priorities remain security of capital first, liquidity second and return on investment third. The Council will make investments with counterparties in accordance with the creditworthiness policy set out in section 7.2 of the strategy.
- That there are no proposed amendments to the core principles and policies of the 2018/19 Statement.

The Committee considered the report and raised points as follows –

- The Committee noted that the average interest rate on PWLB loans is 5.26%. The Committee sought clarification of whether it would be to the advantage of the Council were it to seek to restructure its debts in order to reduce the interest payments.

The Head of Function (Resources)/Section 151 Officer said that the Authority regularly reviews its loans for opportunities to make savings and assesses the cost of the penalty payments that are incurred as a result of early repayment of loans against the savings made by not paying the interest. The penalties for early repayment are nearly always greater than the savings made on interest payments.

- The Committee noted that the Council makes use of Link Asset Services to provide advice on treasury management. The Committee sought clarification of whether the Council's advisors are assessed for value for money given that the funds which the Council has available to invest are limited.

The Head of Function (Resources)/Section 151 Officer said that the Council's advisors also provide advice on matters other than investment including on borrowing and they provide services by way of facilitating access to money markets should the Council wish to avail itself of the opportunity; training on Treasury Management including for Elected Members, and by keeping the Council up to date on credit ratings. The contract was tendered and was awarded to Link Asset Services on the basis of a competitive fee which is deemed to provide value for money.

- The Committee noted that the Council has made use of internal borrowing to fund capital expenditure. The Committee sought clarification of whether the only criterion in taking this approach is interest rates in order to reduce the cost of servicing debt.

The Head of Function (Resources)/Section 151 Officer said that the cost of borrowing externally is currently greater than the returns were the Council to put the cash on deposit meaning that it is sensible to use surplus cash balances instead of taking on new external borrowing. To obtain better returns would require the Council to take a riskier approach to investment which would necessitate a change in the Treasury Management Strategy; this is not being considered.

It was resolved to accept the Treasury Management Strategy Statement for 2019/20 and to recommend the Statement to the Executive without additional comments.

NO ADDITIONAL ACTION WAS PROPOSED

8. INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2019/20

The report of the Head of Audit and Risk incorporating the Internal Audit Strategy and Annual Plan for 2019/20 was presented for the Committee's consideration.

The Head of Audit and Risk reported on the main points as follows –

- That since April, 2017 the Internal Audit Service has adopted a fully risk-based approach to its work with further efficiencies having been achieved by also adopting lean audit which is a methodology based on Systems Thinking.
- That traditionally, auditing was mostly focused on evaluating the past and ensuring compliance. Compliance is Management's responsibility with Internal Audit providing assurance on the appropriateness and effectiveness of the Council's system of internal control as implemented by Management. Specifically, the Internal Audit Service will be providing global assurance to the Committee and senior management on the

effectiveness of internal governance and risk processes and providing assurance in support of the Annual Governance Statement.

- That there are also other sources that can be used to provide assurance that risks are being effectively managed. The three lines of defence model (as described in the report) is a framework that can be used to bring these sources of assurance together and will give assurance to Members, sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively. The Service's new risk management software (4risk) provides a facility to record the various three lines of assurance in one place, which will be rolled out in 2019/20.
- That in order to provide a flexible approach and to take account of changes in the organisation and the risk environment, the Internal Audit Service has aligned its work with the corporate risk register and will meet with senior management to discuss their latest risks, concerns and requirements. In this way, the Service will be fully up to date with, and aware of, emerging issues and will be able to focus its resources in areas of greatest priority and risk.
- Therefore, instead of being a fixed annual plan, the Audit Plan for 2019/20 will change during the year following changes to the corporate risk register. As a result, the Strategy does not provide a definitive list of the projects that the Service will carry out during 2019/20 but provides the audits that the Council has identified as its main priorities currently as listed in Appendix A to the report.
- That in accordance with the agreed Internal Audit Charter, all risks/issues included within audit reports with Limited or No Assurance ratings (according to the definition of assurance ratings set out in Appendix B to the report) will be followed-up.
- A new shorter one-page report will aid a new bilingual reporting protocol, which will also for the first time enable the Service to provide final agreed internal audit reports to the Executive Portfolio Holders and members of this Committee thereby increasing transparency and accountability and improving the quality of assurance provided. Agreed action plans will be recorded in a separate operational document shared only between the Service and Internal Audit.
- The Service has in place a quality assurance and improvement programme to ensure continuing improvement of the Internal Audit Service. The Service will adopt a streamlined suite of performance measures as outlined in Appendix C to the report in order to determine the effectiveness of its work.
- That delivery of the strategy will enable the Head of Audit and Risk to fulfil the requirement to produce an annual internal audit opinion to support the Annual Governance Statement.

The Committee considered the report and made points as follows –

- The Committee noted that within the strategy, the focus of the Internal Audit Service's work has shifted from ensuring compliance (ensuring that policies, processes or procedures are being implemented) to providing assurance (ensuring the appropriateness of policies, processes or procedures for the purpose of managing risk and meeting regulations). The Committee queried whether this expands the Internal Audit function.

The Head of Audit and Risk clarified that based on the Strategy, the Internal Audit Service will not seek to instruct Management on what to do but rather advise Management that what it may or may not be doing is exposing the Council to risk.

- The Committee noted that agreed action plans will be shared only between the service and Internal Audit meaning that the Committee will not have sight of them. The Committee queried whether this caveat restricts the ability of the Committee to

exercise its oversight role in being sure that Management is responding to issues/risks raised in the right way at the right time.

The Head of Audit and Risk clarified that the actions plans resulting from Limited or No Assurance reports will continue to be presented to the Audit Committee. For reviews where the Assurance rating is Reasonable, the risks identified are not likely to be significant enough to warrant their being brought to the Committee's attention the aim being to ensure that the Audit Committee gains an insight into the key sources of risks at the Council and how they are managed rather than presenting the Committee with each and every risk/action raised. The significance of a risk is determined by the Council's risk appetite with every risk scored against the Council's risk matrix. The risk is set at where the Council pitches its Red, Amber and Yellow risks. Areas where Red and Amber risks have been identified are likely to be the subject of a limited assurance audit report and will therefore be brought to the Committee. In accordance with the Council's risk appetite, areas where the risks are Yellow or moderate do not need to be brought to the Committee's attention.

- The Committee queried whether adopting a more strategic approach to managing risk makes the likelihood of a potential issue being missed, greater.

The Head of Audit and Risk said that being a small team, the Internal Audit Service needs to focus on the risks which the Council deems are the most significant which were they to materialise, would most likely affect the organisation's achievement of its corporate objectives. The Council has determined that the risks contained within the Corporate Risk Register are the most important, hence the Internal Audit Service's alignment of its work with the corporate risk register as being the most effective and focused way of ensuring those risks are managed. The Officer said that during 2019/20, the Service will also undertake a piece of work on fraud specifically, areas where the potential for fraud and/or irregularities are greatest. There are therefore several aspects to the Internal Audit Service's approach to reviewing the effectiveness of the Council's system for internal control encompassing the corporate risk register, assessing the Council's vulnerability to fraud as well as horizon scanning to see whether any emerging issues elsewhere could impact on the Council.

- The Committee noted that monitoring progress against a plan that is constantly changing is recognised as a challenge in the Strategy. The Committee sought clarification of whether the Service still intends to produce a forward programme of activity which will also detail the sequence in which reviews will take place the reasoning being that a structured programme with timescales is more helpful to the Committee in terms of knowing what is being planned, when it will happen and when the Committee will know about it.

The Head of Audit and risk said that the list of priority audit areas as presented takes account of the days available to the Service and that the list represents the sum of what the Service aims to achieve in the period. However, having regard to the fact that circumstances change and that new issues may emerge, areas of lesser priority may fall off the list. The Officer said that it is important that the list of priorities contains an element of flexibility thereby allowing the Internal Audit Service the scope to respond to issues that may appear at short notice. The Internal Audit update report which the Committee receives quarterly will provide the target/actual date of reporting on each area to the Committee and whether this has been achieved.

- The Committee sought clarification of whether the move towards a risk based audit approach will affect the Service's productivity in that the Service's work is more likely to be reactive than planned meaning that it will be breaking off from whatever assignment it is doing to respond to other things as they arise.

The Head of Audit and Risk said that the Service will not be spending valuable resources on planning reviews long in advance which when the time comes may not be carried out because they have been superseded by events or by other more important requirements. Whilst the Service is committed to undertaking and concluding a review that has been prepared for, the new agile way of working will enable it to question the scope of audits for their ongoing relevance.

It was resolved to approve the Internal Audit Strategy for 2019/20.

NO ADDITIONAL ACTION WAS PROPOSED.

9. 2018/9 CLOSURE OF ACCOUNTS PROCESS

The report of the Head of Function (Resources)/Section 151 outlining a proposed amendment to the 2018/19 accounts approval process was presented for the Committee's consideration.

The Head of Function (Resources)/Section 151 Officer reported that changes to the statutory timetable for the publication of the draft and final Financial Statements under the Accounts and Audit (Wales) Regulation as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018 mean that for the 2018/19 and 2019/20 financial years the draft financial statements must be signed and published by 15 June (as opposed to 30 June in previous years) and the final audited financial statements must be considered, approved and published by 15 September (as opposed to 30 September previously). This is in preparation for the 2020/21 financial year and beyond when the date for the publication of the draft accounts is further brought forwards to 31 May with the audited accounts to be published by 31 July. The timetable at 2.2 of the report sets out the key dates in the accounts preparation, publication and committee approval process as they applied to the 2017/18 financial year and as they will apply following the changes, to 2018/19, 2019/20 and then 2020/21 onwards. The revised timetable will be very challenging, and in particular completing the draft final accounts by 14 May, only 6 weeks after the end of the financial year, will be extremely difficult for the staff concerned. In addition, completion by mid-May could compromise the accuracy and quality of the draft financial statements and could result in a greater level of external audit work and subsequent post-audit adjustments.

The Officer said that in light of the shortened timetable for the completion of the draft financial statements and the practical difficulties it will bring, and given that the Accounts and Audit Regulations (Wales) 2014 and the associated CIPFA Code of Practice do not require formal approval of the draft financial statements by a Committee of the Council before they are published and presented for audit, it is proposed that the draft financial statements are signed by the Section 151 Officer (the responsible Financial Officer) and presented for audit before they are considered by the Audit and Governance Committee. The proposed change would allow additional time for the completion of the draft financial statements. With reference to the Council's committees calendar, a meeting of the Audit and Governance Committee has been scheduled in the calendar for both June and July, 2019 with the June meeting being for the express purpose of approving the 2018/19 draft financial statements. In light of the proposal that the draft financial statements be signed by the Section 151 Officer before they are brought to the Committee, the draft statements could instead be presented to the Committee's July meeting.

The Committee in supporting the change and revised timetable proposed by the Section 151 Officer, noted the amendments to the statutory timeframe with reservations believing that the changes put Finance Departments under pressure to prepare and complete the draft financial statements in an unrealistically tight timescale with possible implications for the accuracy and quality of the financial statements.

It was resolved –

- **To approve the change in the timetable and allow the Section 151 Officer to sign the draft financial statements prior to their consideration by the Audit and Governance Committee.**
- **To agree that the 2018/19 draft financial statements be presented to the Audit and Governance Committee meeting scheduled for July, 2019.**

NO ADDITIONAL ACTION WAS PROPOSED

10. FORWARD WORK PROGRAMME

The Committee's Forward Work programme was presented for review and comment.

The Head of Audit and Risk reported that in light of the decision that the draft financial statements be presented to the Committee's July meeting making it unnecessary to convene a meeting of the Committee in June, items scheduled for consideration at the June meeting will be re-scheduled to July or where possible, they will be brought forwards to the Committee's April meeting.

It was resolved to note and accept the Forward Work programme subject to the change outlined by the Head of Audit and Risk.

ADDITIONAL ACTION: Head of Audit and Risk to update the Forward Work Programme accordingly.

11. EXCLUSION OF THE PRESS AND PUBLIC

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

12. CORPORATE RISK REGISTER

The report of the Head of Function (Resources)/Section 151 Officer incorporating the Corporate Risk Register was presented for the Committee's consideration.

The Risk and Insurance Manager reported that a new software system – 4risk has been introduced to record and monitor risks, the measures in place to control these risks and any actions that are to be introduced to mitigate those risks further. Although not currently populated within the 4risk system, work is being currently undertaken to record assurance against existing controls. Three lines of assurance will be recorded on 4risk namely– first line of assurance – front line action by the control owner; second line of assurance – overall management control, financial control; third line of assurance provided by internal, external audit and other regulatory bodies. This will allow the effectiveness of existing controls to be assessed and assurance provided that the residual risk has not been over or underestimated.

The Officer said that the version of the Corporate Risk Register presented reflects the comments of the Senior Leadership Team following a review of the register. The format of the register includes the Lines of Assurance that will be populated as risks are reviewed and audited.

The top Red risks to the Council are highlighted in section 7 of the report. Apart from the addition of risk YM40, there have been no other changes to the Corporate Risk Register. The Officer clarified that risk YM35 is no longer classified as a risk and is instead an issue which is being addressed and as such will be removed from the register.

The Committee considered the report and made the following points –

- The Committee noted that discounting YM35, the register contains 39 risks which it considered excessive at a corporate level making focusing on the really high level risks difficult. The Committee suggested that some risks would be more appropriately managed at departmental level.

The Risk and Insurance Manager said that priority is given to risks where the residual risk is Red and Amber. The Officer said that there are two approaches that could be taken in formulating the risk register – the one where the register contains generic risks only which are less accurately described but means there are fewer risks on the register, or the other where the risks are more detailed and as such are more numerous but are also more easily audited against. The Authority has opted for the detailed version but it is subject to review.

The Head of Audit and Risk said the 4risk system provides a better reporting tool which can focus the Senior Leadership Team's scrutiny on the most important risks and which also allows them to be grouped into themes so that risks in relation to a specific area can be found quickly. A detailed version of the risk register is more helpful from an Internal Audit perspective.

- The Committee noted that there are areas where the inherent risk and residual risk levels are the same even after mitigation/reduction actions have been taken. The Committee further noted that the register could be improved as a source of risk management information were the risks to be dated to show when they were raised, when reviewed and when they are likely to be closed.

The Risk and Insurance Manager said that work in relation to assurance levels and assurance from controls is to be undertaken which will assess the effectiveness of controls in reducing risk. Additionally, each risk register will be reviewed with the Senior Leadership Team or relevant service over the coming months to ensure they are robust. The Officer said that the report presented is an abbreviated version for committee purposes which highlights the main points for the Committee. The 4risk system contains a much greater level of detail about each risk and how it is managed including dates and timelines.

- The Committee referred to the treatment of Brexit and queried whether risks associated with Brexit should be a matter for examination either by the Audit Committee or by Scrutiny.

The Committee was informed that there is a risk register for Brexit which is led by the Regulation and Economic Service. The Council is also endeavouring to ensure that the appropriate structures are in place internally based on both worst- case and best-case

scenarios. The challenge in relation to Brexit are the “unknowables” which makes scrutiny premature at this point in time.

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**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee
Date:	23.04.2019
Subject:	Corporate Health and Safety Annual Report
Head of Service:	Dylan J Williams Head of Service Regulation and Economic Development
Report Author:	Stephen Nicol Corporate Health and Safety Advisor
<p>Nature and Reason for Reporting: ACTIONS PROPOSED during meeting 12.02.2019: The Corporate Health and Safety Officer be asked to clarify the following –</p> <ul style="list-style-type: none"> • Whether there are any specific reasons for the increase in the number of physical assaults and whether the upturn reflects an emerging trend. • The differentiation between the two categories of “Physical Assault by Person” in the Types of Incident Table at Page 6 of the report. 	

1. Introduction

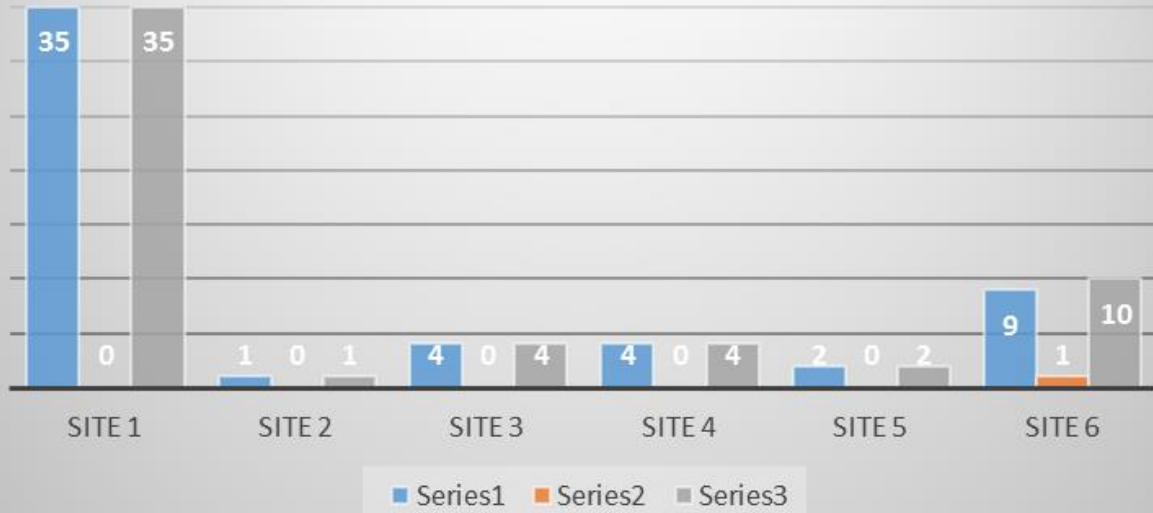
The Annual Corporate Health and Safety Report was provided to the Audit and Governance Committee on 12.0.2.2019. The Committee noted that although the total number of incidents has reduced from the previous year, the number of physical assaults (client and pupil related incidents) has almost doubled in the same time from 56 in 2016/17 to 103 in 2017/18. The Committee noted also that incidents under a separate category for physical assaults by a person were recorded although no satisfactory differentiation was made between the two categories. The Committee sought an explanation for the rise in physical assaults and how this trend might be countered.

2. Background

Whether there are any specific reasons for the increase in the number of physical assaults and whether the upturn reflects an emerging trend.

During review of the incidents between 2016/2017 and 2017/18. It was found that incidents were reported from an additional eleven sites across the Services. This may be due to increased awareness across all Services for the need to report these incidents. Only six sites had reported incidents in 2016/17. In 2017/18 two sites which had reported incidents in 2016/17 did not report incidents.

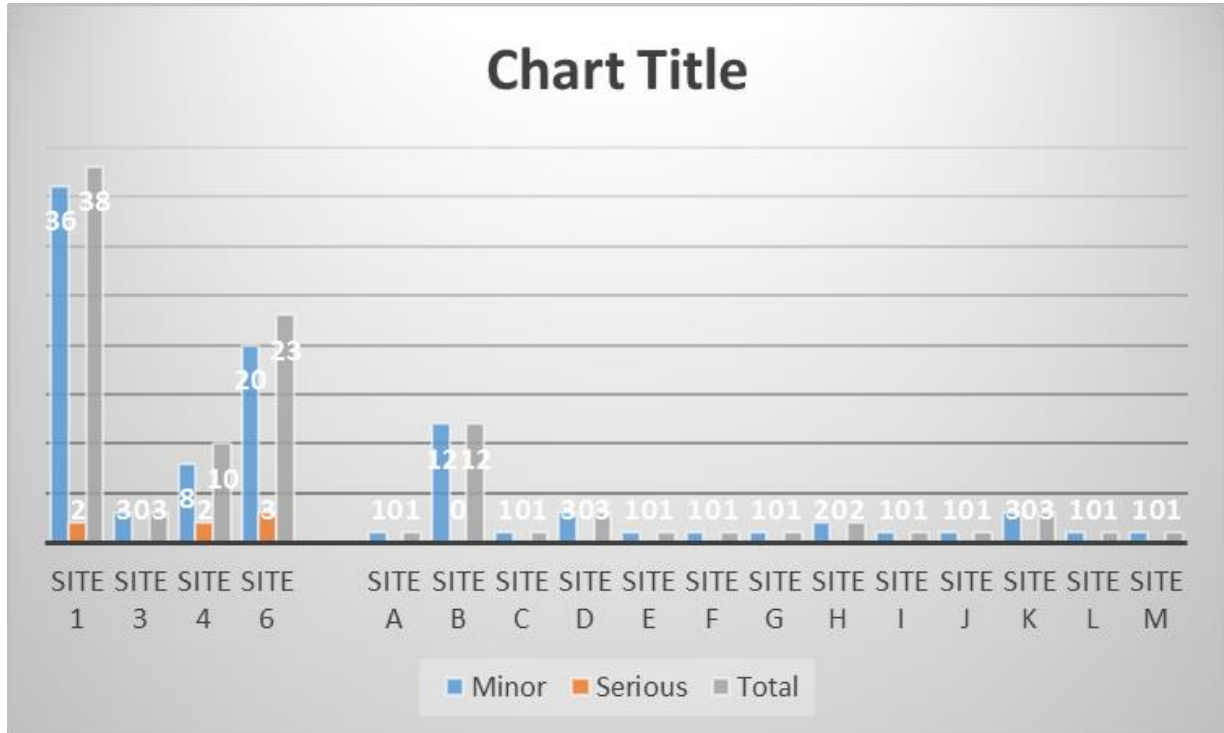
2016/17



Sites 2 and 5 did not report incidents in 2017/18

Location	Minor	Serious	Total
Site 1	35	0	35
Site 2	1	0	1
Site 3	4	0	4
Site 4	4	0	4
Site 5	2	0	2
Site 6	9	1	10

Below is a representation of incidents report per site in 2017/18. Site which had reported in 2016/17 have a numerical label. Sites which reported no incidents in 2016/17 but reported incidents in 2017/18 have an alphabetical label. This is to help identify which site reported incidents two years in a row.

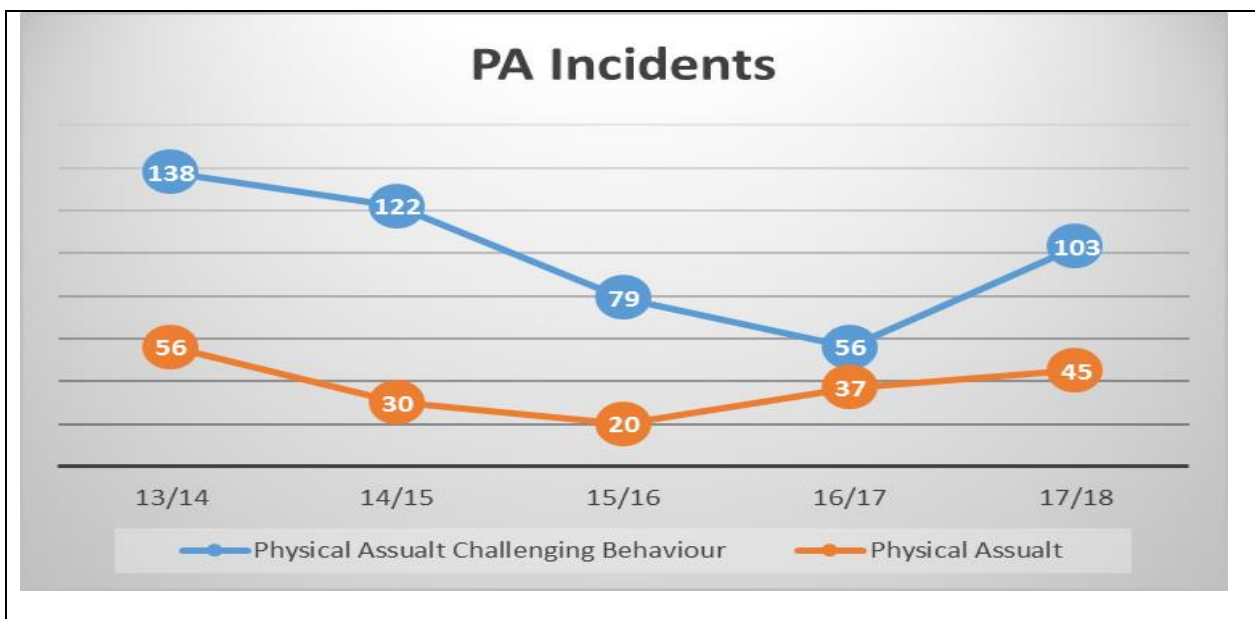


Location	Minor	Serious	Total
Site 1	36	2	38
Site 3	3	0	3
Site 4	8	2	10
Site 6	20	3	23
Site A	1	0	1
Site B	12	0	12
Site C	1	0	1
Site D	3	0	3
Site E	1	0	1
Site F	1	0	1
Site G	1	0	1
Site H	2	0	2
Site I	1	0	1
Site J	1	0	1
Site K	3	0	3
Site L	1	0	1
Site M	1	0	1

Site 1 reported an increase of 3 incident in 2017/18 over 2016/17. This is minimal and not considered significant.

Site 6 reported 23 incidents in 2017/18 compared with 10 incidents the previous year. This is an increase of 13 incidents. Review of these incidents indicated most related to two clients with specific issues.

The additional sites reporting in 2017/18 accounted for 29 incidents. This may be due to increased awareness.



Above is a graph displaying Physical Assault incident figures over the past 5 years. It appears there has been a decline from 2013 to 2017. This trend appears to have reversed between 2016/17 and 2017/18.

The incidents of Physical Assault Challenging Behaviour has always been higher than just Physical Assault. As stated these incident include incidents where there is possibly no intention to harm. Therefore increased awareness may be the reason for an increase in the figures recorded.

The Physical Assault figures dipped to a low of 20 in 2015/16 but have risen since. These figures should be monitored more closely as there may be the intention to cause harm.

The differentiation between the two categories of “Physical Assault by Person” in the Types of Incident Table at Page 6 of the report.

The accident reporting system has two categories for Physical Assaults. These are Physical Assault and Physical Assault Challenging Behaviour. Physical Assault categories include incident where one person has been struck by another.

The figures of 103 (2017/18) and 56 (2016/17) related to Physical Assault Challenging Behaviour incident. These are incidents where mental capacity could be questioned and the intention may not have been for physical assault.

The category Physical Assault includes incident where the mental capacity has not been questioned. These figures were 45 (2017/18) and 37 (2016/17). In 2017/18 nine incidents all recorded as minor were against staff.

3. Recommendation

Monitor the figures for 2018/19 and compare with the above. If there is a continued increase in the figures further investigation would be required with a view to reducing future incidents.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee
Date:	23 April 2019
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 31 March 2019 on:
- Internal Audit reports [issued](#) since 12 February 2019
 - [Follow up](#) of internal audit reports
 - Implementation of [management actions](#)
 - Progress in delivering the [Internal Audit Operational Plan 2018/19](#)
 - [Revised Assurance Ratings](#)
 - [Risk Management Policy Statement](#)

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.



CYNGOR SIR
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ISLE OF ANGLESEY
COUNTY COUNCIL

Internal Audit Update

April 2019

Marion Pryor BA MA CMIIA CPFA
Head of Audit & Risk

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Internal Audit reports recently issued

1. This section provides an overview of Internal Audit reports finalised since the last meeting, including the overall Assurance Rating and the number of Issues/Risks raised in the report's action plan. In accordance with the new audit approach, members of the Committee and the relevant Portfolio Holder have received full copies of the report separately.
2. We have finalised **four** reports in the period, summarised below:

Title	Assurance Level	Critical	Major	Moderate	Total
Direct Payments	Limited	0	0	5	5
Recruitment and Retention	Reasonable	0	0	2	2
Gypsies and Travellers (Requirements of the Housing Act 2014)	Reasonable	0	2	1	3
Leisure Function – Governance and Control	Reasonable	0	2	9	11

Direct Payments

Limited Assurance	Issues/Risks	
	0	Critical
	0	Major
5	Moderate	

3. Direct payments are cash payments that the Council can make to individuals or their representative so that they can organise their own services to meet assessed social support and care needs as opposed to accessing care and support services provided directly, or commissioned by, the Council. The Council can make direct payments for all, or part, of a person's care and support needs. They offer an alternative to the Council arranging social care services on behalf of individuals and allow greater choice, flexibility and autonomy for the service user.
4. The Council has transformed its direct payments service following the introduction of new regulations, making funding available to employ a dedicated Direct Payments Officer and improving the infrastructure and support available to recipients.

5. There has been a steady increase in the number of service users electing to take up direct payments, increasing from 59 in September 2016 to 150 in November 2018 and consequently Adults Services has made significant financial savings (in 2017/18, direct payments generated a saving of £34,968 and cost avoidance of £180,277).
6. Following our review, we have concluded that the Service's policies and procedures reflect statutory regulations and define responsibilities, the service obtains the service users' signatures on legally binding agreements and effective support and advocacy arrangements exist. The Service makes accurate and prompt payments, which it monitors appropriately, and it regularly monitors its performance.
7. However, our testing identified that care and support plans do not consistently support payments, the service does not consistently review care and support plans and it does not always obtain confirmation of Panel approval. The service does not carry out risk assessments to ensure that the recipient is aware of the risks in relation to direct payments and that the individual is comfortable with the level of risk assessed and support provided. Further, due to a lack of electronic tablets, the service does not consistently obtain evidence of service users' involvement in care and support plan decisions.
8. Although the service plans to review its processes during phase 2 of the WCCIS¹ implementation, we are currently only able to provide '**Limited Assurance**' on the risk management, governance and internal control framework overall and we have raised five Issues/Risks for management to address.

Recruitment and Retention

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	2	Moderate

9. Our review sought to answer the following key question:

Does the Council have adequate arrangements in place to be able to recruit, develop and retain staff with appropriate skills to deliver efficient and effective services?

10. Overall, our review concludes that the Council has a number of effective controls in place to ensure that it effectively recruits, develops and retains appropriately skilled

¹ The Welsh Community Care Information System (WCCIS) is a new computer system being introduced in Wales intended to help health and social care professionals work together to provide care closer to people's homes. When fully implemented, it will give community nurses, mental health teams, social workers and therapists digital tools to work better together.

staff in order to deliver high quality, efficient and effective services and achieve its objectives.

11. While we have raised two ‘Issues/Risks’, which require management attention, the outcome of our review is mainly positive. We have agreed an action plan with the Head of Profession HR and Transformation, which we have detailed in a separate document. Therefore, within the scope of our review, we are able to provide **reasonable assurance** of the governance, risk management and control of this area.

Gypsies and Travellers (Requirements of the Housing Act 2014)

Reasonable Assurance	Issues/Risks	
	0	Critical
	2	Major
	1	Moderate

12. Our review sought to answer the following key question:

Does the Council have adequate arrangements in place to successfully discharge its statutory responsibilities outlined in the Housing (Wales) Act 2014 with regard to Gypsy and Travellers?

13. Overall, our review concludes that the Council has a number of effective controls in place to ensure that it effectively discharges its statutory responsibilities in respect of Gypsy and Traveller accommodation outlined in the Housing (Wales) Act 2014.
14. While we have raised three Issues/Risks that require management attention, the outcome of our review is mainly positive. We have agreed an action plan with management, which we have detailed in a separate document. Therefore, within the scope of our review, we are able to provide **reasonable assurance** of the governance, risk management and control of this area.

Leisure Function – Governance and Control

Reasonable Assurance	Issues/Risks	
	0	Critical
	2	Major
	9	Moderate

15. Our review sought to answer the following key question:

Are the processes and protocols established by the Service for managing the leisure function adequately robust and effectively operated to provide assurance to the Council of strong governance and accountability?

16. Our review concludes that the Service has implemented positive changes by improving the governance structure, clarifying roles and responsibilities, improving local accountability and digitising processes. It is in the process of introducing further changes to the way it manages leisure centres with a focus on modernising leisure provision and changing the culture of its functions to become more customer focused and embedding a commercial approach. However, we identified areas of weakness in the current control framework, which should be addressed when implementing the further changes.
17. While we have raised 11 Issues/Risks, which require management attention of moderate to low impact at service level, the outcome of our review is mainly positive and the Service is in a good position to improve. We have agreed an action plan with management, which we have detailed in a separate document. Therefore, within the scope of our review, we are able to provide **reasonable assurance** of the governance, risk management and control of this area.

Follow up of Internal Audit reports

18. Currently, we follow up all reports with an assurance rating of 'Limited' or below. We have finalised **one** follow up review in this period, with the following outcome:

Title of Audit	Review	Date Concluded	Assurance Level	Critical	Major	Moderate	Total
Child Care Court Orders Under the Public Law Outline	Second Follow Up	Feb-19	Reasonable	0	1	1	2

Follow Ups In Progress

19. We have **one** follow up of a report with a 'Limited Assurance' rating currently in progress:

Title of Audit	Review	Date of Follow Up	Assurance Level	Critical	Major	Moderate	Total
Payment Card Industry Data Security Standard Compliance	Second Follow Up	Oct-18 Mar-19 ²	Limited	0	6	4	10

Follow Ups Scheduled

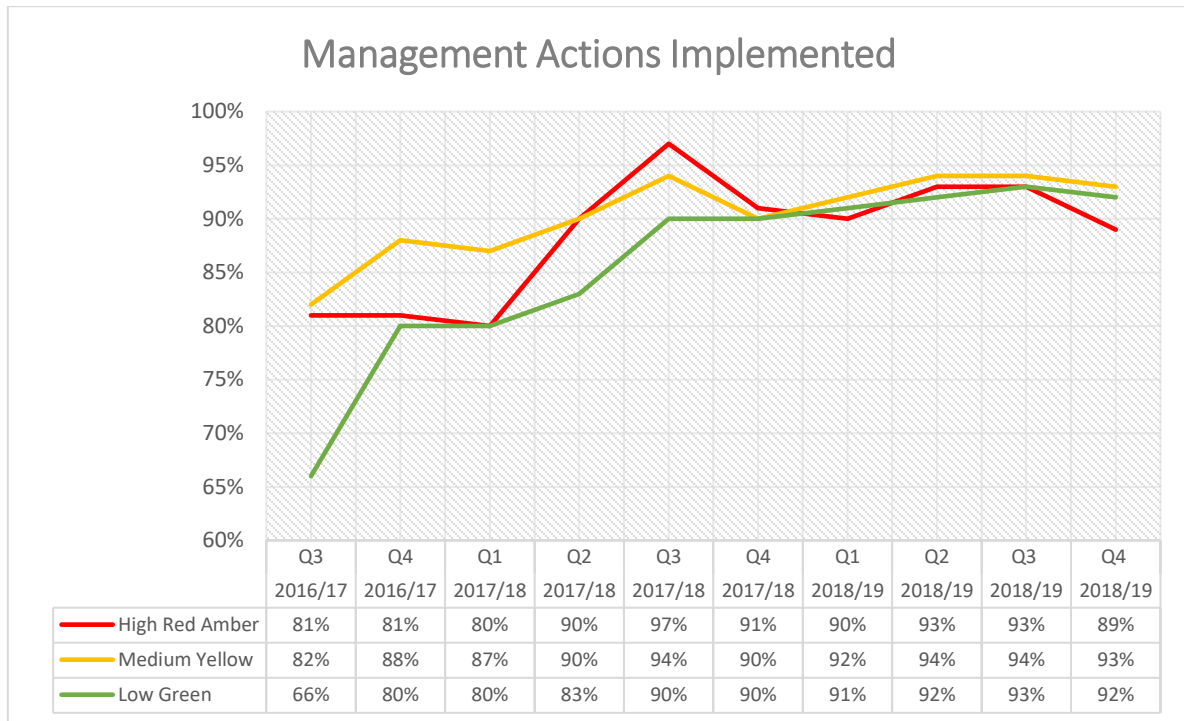
20. We have **four** follow ups scheduled for the first half of the year:

Title of Audit	Review	Date of Follow Up	Assurance Level	Critical	Major	Moderate	Total
Primary Schools – Income Collection	First Follow Up	Jun-19	Limited	0	2	1	3
Sundry Debtors	Second Follow Up	Jul-19	Limited	0	4	7	11
System Controls – Logical Access and Segregation of Duties	Fourth Follow Up	Jul-19	Limited	0	3	2	5
Direct Payments	First Follow Up	Sep-19	Limited	0	0	5	5

² Follow up postponed until March 2019 at the request of the Head of Resources due to changing project milestones.

Implementation of Management Actions

21. The graph below highlights management performance in addressing 'Issues/Risks' and implementing actions. As can be seen, performance has plateaued over the last year, with a recent slight decline in implementing actions to address High, Red and Amber 'Issues/Risks'.



22. We have had notice from our software providers that the new and upgraded version of the action tracking system will shortly be available, which provides extra functionality and reduces the burden of administering the system. Therefore, we will undertake an exercise to cleanse the historical data and review the system configuration.
23. We will also take the opportunity to review our reporting framework to ensure that the information provided to senior management and the Audit and Governance Committee is in line with the new audit approach and is concise, relevant and timely.

Progress in delivering the Internal Audit Operational Plan 2018/19

24. The Plan for 2018/19 is at [Appendix A](#). Since the appointment of the two new Senior Auditors, work has progressed well. Work is close to completion in **four** areas which are included as amber residual risks in the corporate risk register:

- CONTEST – Counter Terrorism and the ‘Prevent’ Duty
- Schools Information Governance Health Check – conducted by Zurich Municipal. Draft report received 4 April 2019.
- Welfare Reform
- Payment Card Industry Data Security Standards (PCIDSS)

25. We have also concluded our work on **two** investigations:

- In response to a complaint, we have made recommendations to a Governing Body for improvement.
- In response to the discovery of a potential section 55 Data Protection Act (DPA) 1998 offence by persons unknown, the Council’s Data Protection Officer conducted a DPA Data Security Investigation. The Service referred the matter to North Wales Police and to the Information Commissioner’s Office (ICO). Due to a lack of evidence, the Police decided that that there was no realistic prospect of conviction and confirmed that it would take no further action. The ICO responded that it has decided that regulatory action is not appropriate in this case. This decision is due to the particular facts of the case and it has confirmed that it considers the matter now closed. We will include a review of the issues identified in our Corporate Information Governance Health Check planned for early 2019/20.

Internal Audit Strategy 2019/20

26. Work has started on the 2019/20 Audit Strategy and **four** audits are currently in progress. We plan to finalise and report the outcome to the Committee at its meeting in July 2019.

- Business Continuity Arrangements
- Corporate Safeguarding
- IT Resilience
- Corporate Information Governance Health Check

Revised Assurance Rating Definitions

27. Standard 2410 of the Public Sector Internal Audit Standards requires the 'final communication of engagement results' (audit reports) to include applicable conclusions. Where appropriate, internal auditors should provide an opinion, which may be ratings, conclusions or other descriptions of the results. The formulation of the opinion requires consideration of the results and their significance.
28. In line with the above and as part of the continuous improvement of our audit approach, we have reviewed the definitions of our Assurance Ratings, which are detailed at [Appendix B](#).
29. The new definitions better reflect the judgements made by auditors at the conclusion of each audit.

Risk Management Policy Statement

30. We have revised the Risk Management Policy Statement in line with the recommendations from the Risk Management Health Check, recently conducted by our insurers, Zurich Municipal.
31. In accordance with the Council's Constitution, the Executive must approve the policy statement. The Senior Leadership Team will first consider the statement on 29 April before submitting to the next available meeting of the Executive.
32. We will submit the statement to the Audit and Governance Committee for review in July 2019.

Appendix A – Internal Audit Operational Plan 2018/19³

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
CORPORATE-WIDE							
Corporate	Business Continuity	Corporate Risk Register	C2 - YM9 C1 - YM38	10	0	Rolled forward to 2019/20	July 2019
Corporate	Welfare Reform	Corporate Risk Register	C2 YM10	10	10		July 2019
Corporate	Corporate Safeguarding	Corporate Risk Register	D2 ⁴ YM11	7	7	Reasonable Assurance	December 2018
Corporate	CONTEST (Countering Terrorism and Preventing Radicalisation)	Corporate Risk Register	E1 YM27	10	8		July 2019
Corporate	Payment Card Industry Data Security Standards (PCIDSS)	Corporate Risk Register	D1 YM34	15	10		July 2019
Corporate	General Data Protection Regulations (GDPR)	Corporate Risk Register	C2 YM31	8	8	Reasonable Assurance	December 2018
Corporate	Corporate Procurement	Corporate Risk Register	D2 - YM20 D2 - YM22	18	18	Reasonable Assurance	December 2018

³ Corporate Risk Register approved by SLT 10/09/18

⁴ Residual Risk reduced from C1 (Red) to D2 (Amber)

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
Corporate	Risk Management	New process implemented October 2017. New 4Risk software rolled out September 2018.	n/a	n/a	n/a	Level 3 'Managed'⁵	February 2019
Corporate	Well-being of Future Generations Act	High-profile legislation that has a significant impact on the way the Council works. It is subject to specific review by WAO.	n/a	0	0	Rolled forward to 2019/20	
Corporate	Social Services and Well-being Act - Part 9 requirements	High-profile legislation that has a significant impact on the way the Council works. Extension from WG to implement pooled budgets	n/a	0	0	Subject to consultation – rolled forward to 2019/20	
Corporate	Managing the Risk of Fraud	PSIAS requirement	n/a	0	0	Rolled forward to 2019/20	
RESOURCES							
Resources	Income – Sundry Debtors Follow Up	Key Financial System - external audit assurance	n/a	18	18	Limited Assurance	December 2018

⁵ Conclusion of an independent Health Check, conducted by Zurich Municipal based on their maturity model, which incorporates five levels of maturity

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
Resources	Payroll	Key Financial System - external audit assurance	n/a	0	0	Subject to ongoing changes – rolled forward to 2019/20	
TRANSFORMATION							
ICT	IT Audit - Cyber Security	Corporate Risk Register	C1 YM28	20	20	Reasonable Assurance	February 2019
HR	Recruitment & Retention	Corporate Risk Register	C2 YM5	15	15	Reasonable Assurance	April 2019
REGULATION & ECONOMIC DEVELOPMENT							
Regulation & Economic Development	Energy Island Programme	Corporate Risk Register	C2 - YM13 C2 - YM16 D2 - YM17	0	0	Rolled forward to 2019/20	
Regulation & Economic Development	Leisure Services – financial investment	Corporate Risk Register	B3 YM32	0	0	Rolled forward to 2019/20	
Regulation & Economic Development	Leisure Services - Governance and Control	Head of Service Request - major structural changes. Carried forward from 2017/18	n/a	15	24	Reasonable Assurance	April 2019
HIGHWAYS, WASTE & PROPERTY SERVICES							
Highways	Car Park Services – Enforcement	New pilot in place from 2017/18 with external organisation for car parking enforcement	n/a	0	0	Deleted – low priority	
Highways	Highways Contract Monitoring Arrangements	Head of Service request	n/a	10	10	Substantial Assurance	September 2018

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
HOUSING							
Housing	Gypsies and Travellers (Requirements of the Housing Act 2014)	Corporate Risk Register	C2 YM29	10	14	Reasonable Assurance	April 2019
ADULT SERVICES							
Adults	Deprivation of Liberty Safeguards	Corporate Risk Register	C2 YM25	9	9	Reasonable Assurance	July 2018
Adults	Direct Payments	Head of Service request (carried forward from 2017/18)	n/a	20	20	Limited Assurance	September 2018 April 2019
CHILDREN'S SERVICES							
Children's	Integrated Service Delivery Board	Corporate Risk Register	C2 YM36	0	0	Rolled Forward to 2019/20	
LEARNING							
Learning	General Data Protection Regulations (GDPR) - Implementation within Schools	Corporate Risk Register. Will be the subject of an independent Health Check by our insurers.	C2 YM38	0	9	Undertaken by Zurich Municipal	April 2019 July 2019
Learning	Primary Schools Thematic Reviews - Schools Income Collection	Head of Service request	n/a	20	20	Limited Assurance	September 2018 December 2018
GRANT CERTIFICATION							
	Rent Smart Wales Grant	Grant requirement	n/a	10	10	Substantial Assurance	July 2018
	School Uniform Grant					Reasonable Assurance	September 2018

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
	Education Improvement Grant					Substantial Assurance	September 2018
	Pupil Development Grant					Substantial Assurance	September 2018
	TOTAL AUDIT DAYS			225	230		
CHARGEABLE NON PROGRAMMED DAYS (PRODUCTIVE)							
	Follow Up Work	Several limited assurance reports requiring follow up, includes reporting and administering 4Action		70	75		
	National Fraud Initiative			10	13		
	General Counter Fraud Work, enquiries and referrals			50	46		
	Closure of Previous Year's Work			19	19		
	Corporate consultancy			65	74		
	Audit & Governance Committee, including training for members			40	33		
	Management Review			25	23		
	TOTAL			279	283		
NON CHARGEABLE DAYS (NON-PRODUCTIVE)							
	Risk & Insurance			20	19		
	General Administration			40	40		

Service / Section	Title	Reason for Inclusion	Corporate Risk Rating (Residual)	Revised Plan 2018/19	Actual Days as at 31/03/19	Notes / Assurance Rating	Target / Actual Date of Reporting to Committee
	Personal Development & Review, 121 & Team Meetings			20	11		
	Management, including liaison with External Audit and audit plan preparation			39	39		
	Leave, including annual, statutory, special and sick leave			362	360		
	Training and Development for staff, including induction and Welsh lessons			111	114		
	TOTAL			592	583		
	TOTAL RESOURCE REQUIREMENT			1096	1096		
	RESOURCE AVAILABLE			1096	1096		
	RESOURCE SHORTFALL			0	0		

Appendix B – Definition of Assurance Ratings

Level of Assurance	Definition
Substantial Assurance	<p>Arrangements for governance, risk management and internal control are good.</p> <p>We found no significant or material Issues/Risks.</p>
Reasonable Assurance	<p>Arrangements for governance, risk management and/or internal control are reasonable.</p> <p>There are minor weaknesses in the management of risks and/or controls but there are no risks to the achievement of objectives. Management and Heads of Service can address.</p>
Limited Assurance	<p>Arrangements for governance, risk management and internal control are limited.</p> <p>There are significant weaknesses in the management of risks and/or controls that put the achievement of objectives at risk. Heads of Service need to resolve and SLT may need to be informed.</p>
No Assurance	<p>Arrangements for governance, risk management and internal control are significantly flawed.</p> <p>There are fundamental weaknesses in the management of risks and/or controls that will lead to a failure to achieve objectives. The immediate attention of SLT is required, with possible Executive intervention.</p>

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Isle of Anglesey County Council

Audit year: 2018-19

Date issued: April 2019

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This document has been prepared as part of work performed in accordance with statutory functions.
Further information on this is provided in [Appendix 1](#).

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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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.

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

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2019 Audit Plan

Summary

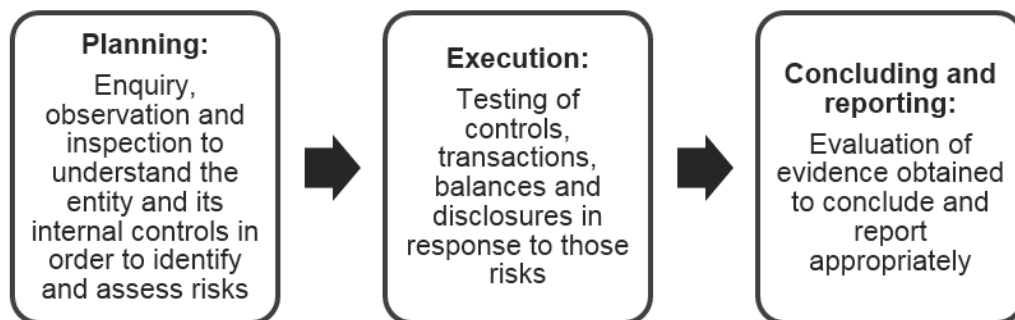
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the 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 (the 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

This table summarises the three phases of my financial audit approach, being planning, testing 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. Also, included are other key areas of audit attention my team will be focusing on.

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
Significant risks	
Management override of controls 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].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Completeness and cut-off of demand led expenditure As at September 2018, the forecast year-end overspend in Children’s Services is £2.0m, and Adult Services is £0.9m. Demand led children and adult services are facing national scrutiny from press and politicians, and the spend per service user can be significant. There is an inherent	<ul style="list-style-type: none"> • Obtain an understanding of the design and implementation of the key controls in place in relation to recording completeness and cut-off of demand led expenditure (Adults and Children Services); • perform focused testing in relation to the completeness and cut-off of demand led expenditure (Adults and

Financial audit risk	Proposed audit response
<p>fraud risk associated with the under recording of expenditure in order for the Council to report a more favourable year-end position.</p> <p>There is a risk that the Council may materially misstate expenditure through the accruals and provisions balance, including year-end transactions, in an attempt to report a more favourable year-end position.</p>	<p>Children Services) including detailed reviews of accruals for these services; and</p> <ul style="list-style-type: none"> review and challenge the assumptions made in relation to year-end estimates and judgements to assess completeness and accuracy of recorded demand led expenditure.
Other areas of audit attention	
<p>New accounting standards</p> <p>IFRS 9 financial instruments applies from 1 April 2018 and brings in 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 recognition of expected credit losses and will impact on how the bad debt provision is calculated.</p> <p>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 a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.</p>	<p>My audit team will review the Council's assessment as to the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.</p>

- 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 and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - 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; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.
- 14 I am also responsible for the audit of the Council's pension fund accounts. A separate audit plan has been prepared for the audit of the pension fund.
- 15 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.
- 16 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.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.
- 18 My audit fee for this work is set out in **Exhibit 4**.

Performance audit

- 19 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;

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

- 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.
- 20 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 continue to minimise work that focuses on the process of improvement planning.
- 21 In my audit plan for 2018 I explained that in previous years I had 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 it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 22 In 2018-19 I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20 I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.
- 23 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. 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.
- 24 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

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 its wellbeing objectives.
Assurance and Risk Assessment	Project 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.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.
Resilience	A review on the Council's resilience including its workforce capacity and capability, and managing risk and sustainable improvement.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

25 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

- 26 I have been requested to undertake certification work on the Council's grant claims and returns.
- 27 As was the case last 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 4](#).

Fee, audit team and timetable

Fee

- 29 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

Exhibit 4: audit fee

This table sets out the proposed audit fee for 2019, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ²	Actual fee last year (£)
Audit of accounts ³	192,000	192,000
Performance audit work ⁴	100,216	100,216
Grant certification work ⁵	135,000	135,000
Total fee	427,216	427,261

- 30 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.
- 31 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 32 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320651	derwyn.owen@audit.wales
Ian Howse	Engagement Lead – Financial Audit	02920 264319	ihowse@deloitte.co.uk

² Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

³ Payable November 2018 to October 2019

⁴ Payable April 2019 to March 2020

⁵ Payable as work is undertaken

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Lead – Performance Audit	02920 320599	huw.rees@audit.wales
Wil Bevan	Financial Audit Manager	07584 144505	wbevan@deloitte.co.uk
Non Jenkins	Performance Audit Manager	02920 320595	non.jenkins@audit.wales
Alan Hughes	Performance Audit Lead	02920 829349	alan.hughes@audit.wales

33 I can confirm that my team members are all independent of the council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Staff secondment

34 A trainee accountant employed by the Wales Audit Office will be seconded to the Council for the period January 2020 to May 2020. This secondment is part of an initiative funded by the Welsh Consolidated Fund designed to allow trainee accountants to broaden their skills and to gain experience of working across different parts of the Welsh public sector.

35 In order to safeguard against any potential threats to auditor independence and objectivity, the Wales Audit Office and the Council have agreed the following safeguards:

- secondees will not perform duties prohibited by the FRC's Revised Ethical Standard 2016 and will not be able to exercise discretionary authority to commit the Council to a particular position or accounting treatment;
- the secondee will undertake tasks at a relatively junior level, will be properly supervised and will not undertake a management role or be involved in the decision taking of the Council; and
- the secondment will be for a short period of time within the meaning of the FRC's Revised Ethical Standard 2016.

Timetable

Exhibit 6: timetable

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

Planned output	Work undertaken	Report finalised
2019 Audit Plan	January 2019	March 2019
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February to September 2019	September 2019 September 2019 October 2019
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Assurance and Risk Assessment • WFG Act Examinations • Resilience • Financial Sustainability 	April 2019 November 2019 October – November 2019 May – July 2019 TBC TBC	May 2019* December 2019* December 2019* September 2019* TBC TBC
Annual Improvement Report	April 2019 – May 2020	June 2020*
2020 Audit Plan	October to December 2019	January 2020

* Estimated

Future developments to my audit work

- 36 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

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 Council 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 7: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Examination under the Well-being of Future Generations Act (Wales) 2015 Promote Anglesey to Encourage Major Developers to Invest in the Island	Feedback Workshop	We aim to conclude this work in the Spring of 2019.
Leisure Services Review This review will provide insight into service users' views on the leisure centres and explore to what extent the current service meets their needs. It will also seek to establish how effectively the engagement is with service users.	Fieldwork	We aim to conclude this work by early Autumn 2019.

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

This table details the key future changes to International Financial Reporting Standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	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 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.

B. Good Practice Exchange

The Wales Audit Office's 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. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh

public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report⁶ on preparations in Wales for a 'no-deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

⁶ <http://www.audit.wales/publication/preparations-wales-no-deal-brexite>

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee / County Council
Date:	23 April 2019 / 14 May 2019
Subject:	Annual Report of the Audit & Governance Committee 2018/19 – 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 to report to ‘those charged with governance’ (the County Council) an assessment of its performance on its activities during the year to demonstrate how the Committee has discharged its responsibilities.	

1. Introduction

- 1.1. This report details the activities of the Audit and Governance Committee during 2018/19.

2. Recommendation

- 2.1. That the Audit and Governance Committee endorses the Annual Report of the Audit and Governance Committee for 2018/19 prior to its submission to the meeting of the County Council on 14 May 2019.

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. The core functions of an audit committee are to be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- 4.2. The Committee received the draft Statement of Accounts for 2017/18 prior to its review by External Audit at its meeting of 27 June 2018. At its meeting of 19 September 2018, the Committee approved the Annual Governance Statement for 2017/18 and referred the document to the Leader of the Council and the Chief Executive, as statutorily required.
- 4.3. Other governance documents received during the year included:
 - the Information Governance Annual Report of the Senior Information Risk Owner for 2017/18, which provided the Committee with assurance of the effectiveness of the Council's arrangements for Information Governance
 - the Head of Function (Council Business) / Monitoring Officer's report of Concerns, Complaints and Whistleblowing for 2017/18, which provided the Committee with reasonable assurance that the Council is compliant with the processes required under its Concerns and Complaints Policy and Whistleblowing Policy/Guidance
 - a report regarding Policy Acceptance, which detailed the first year's compliance data since the implementation of the Policy Portal, which provided the Committee with assurance that individual members of staff are reading, understanding and formally accepting key Information Governance policies;
 - the Annual Corporate Health and Safety Report for 2017/18, which provided the Committee with assurance that the Council has appropriate arrangements for healthy and safety matters.

5. Risk Management

- 5.1. In relation to risk management, the core functions of an audit committee are to consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that management is taking action on risk-related issues, including partnerships and collaborations with other organisations.
- 5.2. In addition, 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 also charge it with fulfilling these requirements.

- 5.3. The Committee took assurance from the Council's insurers Zurich Municipal (ZM), who undertook an independent Risk Management Health Check during November 2018, and concluded that risk management was at a 'Managed' level (level 3) in the Council, within the five levels of maturity in the Performance Model used. The Head of Audit and Risk has developed an Action Plan to address the observations and recommendations raised by ZM.
- 5.4. 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 19 September 2018 and 12 February 2019.

6. Financial Statements

- 6.1. In relation to financial statements, the Committee's core function is to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 6.2. The Committee accepted and noted the draft pre-audit Statement of Accounts for 2017/18 at its meeting of 27 June 2018.
- 6.3. On 19 September 2018, the Engagement Lead for Wales Audit Office reported the Auditor General's intention to issue an unqualified audit report on the financial statements subject to the satisfactory completion of outstanding work and receipt of the Council's Letter of Representation.
- 6.4. Consequently, the Committee resolved to recommend acceptance of the 2017/18 Statement of Accounts to the County Council.

7. Treasury Management

- 7.1. The audit committee also supports the Council by undertaking a wider role in reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).
- 7.2. 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 Review of Activities Report for 2017/18. The Head of Function (Resources) presented the report for the Committee's consideration and scrutiny in line with regulations under the Local Government Act 2003 and the Council's Treasury Management Scheme of Delegation for 2017/18 on 24 July 2018.
- 7.3. The Committee also received a mid-year report on Treasury Management at its meeting of 4 December 2018 to monitor developments and trends.
- 7.4. The Committee scrutinised the Council's Treasury Management Strategy Statement for 2019/20 on 12 February 2019. The Committee resolved to accept the Treasury

Management Strategy Statement for 2019/20 and to recommend the Statement to the Executive without additional comments.

- 7.5. 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. In relation to the authority's internal audit functions, the Committee's core function is to oversee its independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.
- 8.2. It also has a role in supporting effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encouraging the active promotion of the value of the audit process.
- 8.3. The Committee received the Head of Audit and Risk's Internal Audit Annual Report 2017/18 at its meeting of 27 June 2018. The Committee resolved to accept the Head of Audit and Risk's overall audit opinion in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ending 31 March 2018.
- 8.4. The Committee approved minor amendments to the Internal Audit Charter at its meeting of 19 September 2018.
- 8.5. The Committee approved the Internal Audit Strategy and Annual Audit Plan for 2019/20 at its meeting of 12 February 2019.
- 8.6. The Head of Audit and Risk reported outcomes of each audit assignment to each of the Committee's regular meetings as part of the internal audit update report. The reports also included the progress of services in implementing management actions to address 'Issues/Risks' raised by Internal Audit and, at six-monthly intervals, the Committee received a detailed report of all the outstanding 'Red' and 'Amber' rated 'Issues/Risks' raised by Internal Audit.

9. External Audit

- 9.1. The core functions of an audit committee are to consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- 9.2. 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.

- 9.3. The Wales Audit Office, on behalf of the Auditor General, undertakes the Performance Work. The Performance Audit Lead reported to the 24 April 2018 meeting on its work in relation to its Annual Improvement Report 2017/18, including a summary of local reports, progress and planned publication and current and planned Wales Audit Office work nationally as well as Isle of Anglesey County Council specific.
- 9.4. The Wales Audit Office reported to the 19 September 2018 meeting that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2018/19 in relation to making arrangements to secure continuous improvement. It also confirmed that no reviews of the Council by Estyn or the Care Inspectorate Wales had taken place during the period covered by the report.
- 9.5. The Wales Audit Office presented external audit reports on Wylfa Newydd Readiness and its impact on corporate capacity to the 27 June 2018 meeting and a report on 'The Service User Perspective – The Welsh Housing Quality Standard' to the 19 September 2018 meeting. It also reported to the 14 December 2018 meeting on the outcome of a review of the Council's scrutiny arrangements - 'Overview of Scrutiny – Fit for the Future?'
- 9.6. 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 2017/18 to the 19 September 2018 meeting.
- 9.7. The External Audit Annual Letter for 2017/18 along with the notice of the certification of the completion of the audit of the 2017/18 accounts was presented to the 12 February 2019 meeting for information.
- 9.8. 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. In December 2018, the Head of Audit and Risk provided the Committee with two reports relating to fraud; the first provided assurance that the Council had minimised its exposure to fraud in relation to concessionary travel, and the second provided details about the National Fraud Initiative exercise conducted by Wales Audit Office on behalf of the Cabinet Office. It detailed the work that Internal Audit would conduct to identify potentially fraudulent or erroneous claims and transactions.

11. Frequency of Meetings

- 11.1. To discharge its responsibilities effectively the Committee should meet regularly – at least four times a year, and have a clear policy on those items it will consider in private and those it will consider in public.

- 11.2. 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. The membership and attendance at meetings during 2017/18 is at [Appendix A](#).
- 11.3. The Committee's terms of reference provide for it to meet privately and separately with the external auditor and the Head of Audit and Risk if required, although there was no such requirement during 2018/19.

12. Structure and Membership

- 12.1. The Committee is independent of both the executive and the scrutiny functions and includes an independent member as required by legislation. It has clear rights of access to other committees/functions, and is directly accountable to the Council.
- 12.2. 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. The two co-opted Lay Members' tenure commenced in June 2017. Membership is objective, independent of mind, knowledgeable and has a mix of expertise.
- 12.3. Members are supportive of good governance principles and their practical application towards the achievement of organisational objectives. Members have unbiased attitudes and treat auditors, the executive and management fairly and have the ability to challenge the executive and senior managers when required.
- 12.4. At its meeting of 15 May 2018, the Committee elected Councillor Peter S Rogers as its Chairperson and Councillor Robert Llewelyn Jones as its Vice-Chairperson.
- 12.5. The Head of Function (Resources) / Section 151 Officer and the Head of Audit and Risk also attend every meeting of the Committee. The Chief Executive, and Head of Function (Council Business) / Monitoring Officer, and the appointed external auditor all regularly attend. These officers are able to access the Committee, or the Chair, as required

13. Terms of Reference

- 13.1. Good practice suggests that committees should periodically review their terms of reference for appropriateness. The Audit and Governance Committee reviewed its terms of reference in February 2015, with approval granted by the Executive in April and the County Council in May 2015.
- 13.2. The Committee approved postponement of review of its terms of reference until the publication of new Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.
- 13.3. In May 2018, CIPFA fully revised and updated its guidance to take into account the legislative changes and professional developments that have affected the public sector including the introduction of the new Delivering Good Governance in Local Government Framework (CIPFA/Solace, 2016). The revised guidance updates the

core functions of the audit committee in relation to governance, risk management, internal control and audit.

- 13.4. CIPFA also updated the audit committee role in relation to counter-fraud to reflect the Code of Practice on Managing the Risk of Fraud and Corruption.
- 13.5. The Committee at its meeting on 19 September 2018 endorsed the revised Terms of Reference, which the Executive approved on 29 October 2018 and County Council adopted on 11 December 2018.

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. The Committee will conduct a detailed self-assessment against the new CIPFA Audit Committees Practical Guidance for Local Authorities and Police (2018) during 2019/20.
- 14.3. Actions raised by the Committee and their resolution are detailed at [Appendix B](#).
- 14.4. The Committee's Forward Work Programme for 2018/19 is at [Appendix C](#). This is subject to change following the self-assessment of the Committee's effectiveness during 2019/20.

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.
- 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, the Chair 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 it obtains value for money.
- 15.4. The Committee is committed to continuing to work with Council employees in supporting continuing improvements in the Council's operations in 2019/20.

**COUNCILLOR PETER S ROGERS
CHAIR OF THE AUDIT & GOVERNANCE COMMITTEE
23 APRIL 2019**

Appendix A – Frequency of Meetings and Attendance

Members	Meetings						Number of Meetings Attended
	24/04/18	27/06/18	24/07/18	19/09/18	04/12/18	12/02/19	
Cllr Peter S Rogers (Chair)	Yes	Yes	Apologies	Yes	Yes	Yes	5 / 6
Cllr Robert Ll. Jones (Vice-Chair)	Apologies	Yes	Apologies	Yes	Yes	Yes	4 / 6
Cllr John Griffith (former Finance Portfolio Holder)	Apologies (Portfolio Holder)	Yes	Yes	Yes	Yes	Yes	5 / 6
Cllr Richard Griffiths	Yes	Apologies	Apologies	Apologies	Apologies	Yes	2 / 6
Cllr Gwilym O. Jones	Yes	Yes	Yes	Yes	Apologies	Yes	5 / 6
Cllr Dylan Rees	Yes	Yes	Yes	Yes	Yes	Yes	6 / 6
Cllr Alun Roberts	Yes	Apologies		Yes	Yes	Yes	4 / 6
Cllr Margaret M. Roberts	Yes	Yes	Yes	Yes	Yes	Apologies	5 / 6
Cllr Robin Williams (current Finance Portfolio Holder)	Yes	Apologies (Portfolio Holder)	Yes (Portfolio Holder)	Yes (Portfolio Holder)	Apologies (Portfolio Holder)	Apologies (Portfolio Holder)	3 / 6
Mr Dilwyn Evans (Lay Member)	Yes	Yes	Yes	Yes	Yes	Yes	6 / 6
Mr Jonathan Mendoza (Lay Member)	Yes	Yes	Yes	Apologies	Yes	Yes	5 / 6
Total for Committee¹	8	8	5	8	8	9	

¹ In accordance with the Committee's Terms of Reference, the committee will consist of eight elected members and two lay members. Elected members will be politically balanced and will not be members of the Executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee.

Appendix B – Progress on Actions Raised by the Committee during 2018/19

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
27/06/18	3	Statements of Accounts 2017/18 and Annual Governance Statement	The Committee to be provided with information on how the Budget outturn figures in paragraph 3.4.1 of the narrative report are reconciled to the financial statements.	Accountancy Services Manager	Immediate	The Accountancy Services Manager provided the information to the Lay Member following the meeting.	
19/09/18	5	Annual Report: Concerns, Complaints and Whistleblowing 2017/18	<p>To endorse the main messages from the Lessons Learnt Table at Enclosure 1 of the report, namely -</p> <p>That the Audit and Governance Committee reminds all Heads of Service that the Customer Care Charter must be followed when dealing with the public at all times and to ensure regular training and refresher training as required.</p> <p>That from now on a new corporate system is to be</p>	Head of Function (Council Business) / Monitoring Officer	Immediate	Completed	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
			implemented whereby services will be required to complete a formal lessons learned log at the end of the complaints process for any complaint upheld or partly upheld.				
19/09/18	10	External Audit: The Service User Perspective – The Welsh Housing Quality Standard - IOACC	The Housing Service to conduct a post-implementation review of the withdrawal of the dedicated site-based warden service at its sheltered housing schemes.	Head of Housing Services	Not specified	Waiting for update.	
04/12/18	4	Internal Audit Progress Update	Head of Audit and Risk to provide the Committee with the following – <ul style="list-style-type: none"> • Data on past and present usage in relation to concessionary travel • Benchmarking data in relation to school meals income collection 	Head of Audit and Risk	Next Committee	Completed. The Head of Audit and Risk provided the information to the February 2019 meeting of the Committee.	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
04/12/18	8	Forward Work Programme	It was resolved to note and accept the Forward Work programme subject to the including the 2017/18 Audit Letter as an item for the Committee's February 2019 meeting.	Head of Audit and Risk to update the Forward Work Programme accordingly.	Immediate	Completed	
12/02/19	2	Managing school debt	Head of Audit and Risk to inquire with Councils in Wales where the school-dinner debt level is low what practices they have in place to manage school dinner debt.	Head of Audit and Risk	Immediate	Information obtained from Cardiff Council and Rhondda Cynon Taf CBC and shared with the Learning Service	

Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required	Current Status	RAG Status
12/02/19	3	Corporate Health and Safety Annual Report 2017/18	<p>The Corporate Health and Safety Officer was asked to clarify the following –</p> <p>Whether there are any specific reasons for the increase in the number of physical assaults and whether the upturn reflects an emerging trend</p> <p>The differentiation between the two categories of “Physical Assault by Person” in the Types of Incident Table at Page 6 of the report.</p>	Corporate Health and Safety Advisor	Immediate	The Corporate Health and Safety Advisor is reporting to the April 2019 meeting of the Committee.	

Appendix C – Forward Work Programme 2019/20

Date	Accounts	Internal Audit	External Audit	Treasury Management	Risk Management	Governance	Other
April 2019		Update Report Internal Audit Annual Report for 2018/19	Annual Plan 2019 Progress Report				Election of Chairperson and Vice-Chairperson Annual Report of Committee – Chair’s Report
July 2019	Draft Statement of Accounts & Annual Governance Statement 2018/19	Update Report	Progress Report	Annual Treasury Management Report 2018/19	Annual Review of Risk Management Strategy	Annual Insurance Report 2018/19	
September 2019	Recommend for Approval of Council the Statement of Accounts and Annual Governance Statement	Update Report Outstanding Internal Audit ‘Issues/Risks’ Review of Internal Audit Charter	Report on Accounts to those charged with Governance (ISA 260)		Review of Corporate Risk Register	Progress made on External Regulatory Reports Annual Corporate Health and Safety Report 2018/19	Annual Review of the Audit and Governance Committee’s Terms of Reference

Date	Accounts	Internal Audit	External Audit	Treasury Management	Risk Management	Governance	Other
						Annual ICT Security Report 2018/19	
December 2019		Update Report	Progress Report	Scrutiny of Mid-Year Report on Treasury Management Activity in 2019/20			Annual Report on Fraud and Corruption Annual Review of Audit Committee Effectiveness
February 2020		Internal Audit Strategy 2020/21 for approval Update Report Outstanding Internal Audit 'Issues/Risks'	Progress Report	Treasury Management Strategy 2020/21 including Prudential Indicators	Corporate Risk Register	Progress made on External Regulatory Reports	

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee
Date:	23 April 2019
Subject:	Internal Audit Annual Report 2018-19
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 Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Annual Report.	

1. Introduction

1.1. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference also require it to consider the annual report of the internal auditors. This report provides the Committee with the Internal Audit Annual Report for 2018-19, which provides the Head of Audit and Risk's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control during the year, which will inform the Council's annual governance statement.

2. Recommendation

2.1. That the Committee considers and comments on the Head of Audit and Risk's annual report and overall 'opinion'.



INTERNAL AUDIT ANNUAL REPORT 2018-19

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INTRODUCTION

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Head of Audit and Risk, to deliver an annual internal audit opinion that the organisation can use to inform its Annual Governance Statement¹.

The annual opinion must include:

- An opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes
- Disclose any qualifications to that opinion, together with the reason for the qualification
- Present a summary of the audit work from which the opinion is derived, including reliance placed on other assurance bodies
- Draw attention to any issues the chief audit executive judges particularly relevant to the preparation of the Annual Governance Statement
- Summarise the performance of the internal audit function against its performance measures
- Comment on compliance with the PSIAS and communicate the results of the Internal Audit quality assurance programme.

¹ The Accounts and Audit (Wales) Regulations 2014 requires a review of governance arrangements to be reported within the authority, in the Council's case, the Audit and Governance Committee, and externally in the published accounts. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Head of Audit and Risk provides a written annual report to those charged with governance to support the AGS.

INTERNAL AUDIT OPINION

Head of Internal Audit Opinion 2018/19

For the 12 months ended 31 March 2019, the Isle of Anglesey County Council's Head of Audit and Risk's opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives, and these are the subject of monitoring.

There are no qualifications to this opinion.

BASIS OF MY OPINION

Scope

I have reached my opinion by considering the work and activities we have carried out during the year ([Appendix A](#) refers). The opinion does not imply that we have reviewed all risks and assurances relating to the Council, but it is substantially derived from the setting of a risk-based plan of work, agreed with management and approved by the Audit and Governance Committee, which should provide a reasonable level of assurance, subject to the inherent limitations below.

The matters raised in this report are only those that came to our attention during the course of our work and activities within the Council. They are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Neither this report, nor our work, should be taken as a substitute for management's responsibilities for the application of sound internal control practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist.

Environment and Relationships

During 2018-19, we have found senior management at the Council to be supportive and responsive to the issues we have raised. We have a good relationship with management; they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity for making improvements. We have also been commissioned to undertake advisory work in the year at the request of management, which gives a strong indicator that managers are willing to engage with Internal Audit to establish good risk and control environments.

Assurances

Four audits during the year have received 'Limited' assurance, with the remainder awarded 'Substantial' (3) or 'Reasonable' (14) Assurance ratings.

- Direct Payments
- School Income Collection Arrangements
- Sundry Debtors Follow Up
- System Controls - Logical Access and Segregation of Duties Follow Up

Follow up reviews are taking place to monitor the implementation of the risks raised within these audits. No audits have received 'Minimal' assurance ratings. The definition of assurance ratings used at the time are at [Appendix B](#). These ratings have been revised for 2019-20; the new definitions better reflect the judgements made by auditors at the conclusion of each audit.

Outstanding Issues/Risks

Where we have identified 'Issues/Risks', management has accepted them all.

Management has addressed all of the outstanding 'Red' Issues/Risks, which confirms that management is responsive to our work.

No 'Red' Issues/Risks were raised during the year.

ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

There are no issues which are of a significantly high risk or impact that warrant inclusion in the Annual Governance Statement.

OUR PERFORMANCE

Adding Value

Throughout the year, we have strived to add value wherever possible, i.e. going beyond the standard expected and providing something more without any added costs or reducing costs.

We have:

- shared practice and work programmes with other public sector internal audit teams,
- shared areas of emerging risk
- worked with partners to consider joint assurance provision
- organised high-value training courses at a low-cost for all public sector auditors across the north and mid-Wales region.

Performance Measures

We have in place a quality assurance and improvement programme to ensure **continuous improvement of our internal audit service**. A number of performance targets were agreed with the Audit and Governance Committee in the Strategy for 2018-19, which can be seen at [Appendix C](#).

We have performed well against our targets, with four out of seven indicators meeting or surpassing their target. We have performed less well in terms of the percentage of the amber residual risks reviewed and our productivity. This is mainly attributable to the long-term absence of a member of staff during 2018-19 and two vacancies not filled for the first half of the year.

Our Strategy for 2019-20 is more realistic and achievable, although we continue to have resource pressures due to absence (discussed further in [Challenges Going Forwards](#) below).

Benchmarking

We have also benchmarked our performance against our peers. Benchmarking is a standard against which quality can be measured. It helps structure how best practice is identified and achieved, resulting in changes that bring about improved services. Consequently, we benchmark our performance against the 22 members of the Welsh Chief Auditors Group.

We are the smallest authority within the Group in terms of population and therefore do not benefit from the economies of scale available to some of the other members.

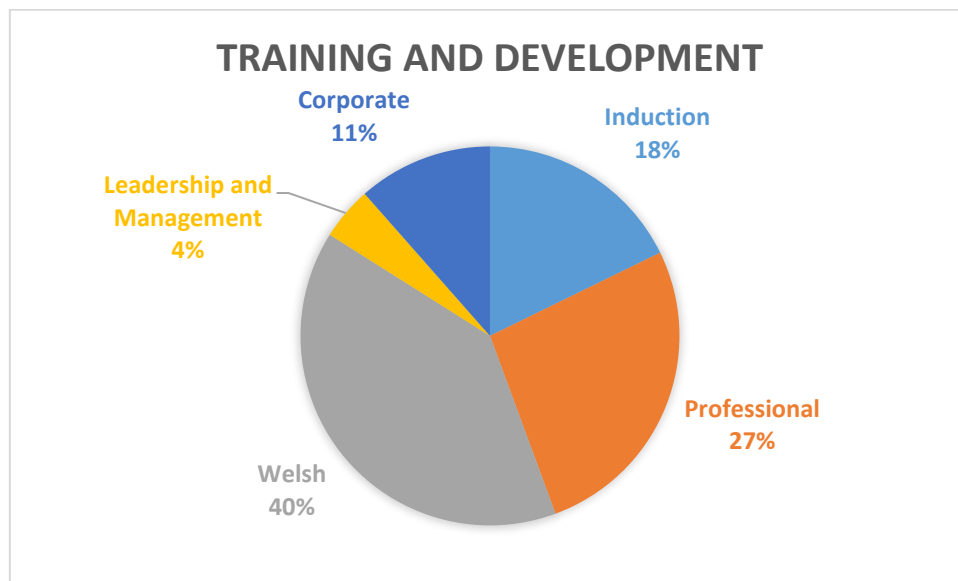
However, **we have achieved top quartile performance for:**

- completing audits within planned time
- having satisfied clients,
- promptness of issuing draft reports,
- promptness of issuing final reports.

TRAINING AND DEVELOPMENT

All members of the team are professionally qualified, with a good mix of professional qualifications. The **service has invested significantly** to ensure they continue their professional development and stay abreast of emerging risks and developments in the sector.

We have also participated in the mandatory corporate training, where required. In total, the service has invested 114 days in training and development during 2018-19, consisting of the following:



CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Under the Standards, internal audit services are required to have an external quality assessment every five years.

An external assessment of the Isle of Anglesey County Council Internal Audit Service, conducted in March 2017, provided assurance that the service ‘Generally Conforms’² with the Standards, which is the top assessment available to the assessor.

The external assessor raised seven areas of improvement for consideration. The Head of Audit and Risk has fully addressed all seven areas for improvement.

² ‘Generally Conforms’ means the evaluator has concluded that the relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the service has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.

CHALLENGES GOING FORWARDS

In 2019-20, one long-term absence will reduce the resource available to deliver the internal audit activity going forwards.

However, it will be the second year of operating the new audit methodology. The experience from last year has provided valuable learning; an enthusiastic and dedicated team, supplemented by two new members of staff, new risk management software and upgraded action tracking software, will place the internal audit team in a **good position to ensure delivery of its plan** and continue to support the Council as a key component of its governance structure.

APPENDIX A: SUMMARY OF INTERNAL AUDIT WORK

Service / Section	Title	Source	Corporate Risk Rating (Residual)	Proposed Days	Actual Days as at 31/03/19	Assurance Rating	Target / Actual Date of Reporting to Committee
CORPORATE-WIDE							
Corporate	Welfare Reform	Corporate Risk Register	C2 YM10	10	10	Work in Progress	July 2019
Corporate	Corporate Safeguarding	Corporate Risk Register	D2 ³ YM11	7	7	Reasonable Assurance	December 2018
Corporate	CONTEST (Countering Terrorism and Preventing Radicalisation)	Corporate Risk Register	E1 YM27	10	8	Work in Progress	July 2019
Corporate	Payment Card Industry Data Security Standards (PCIDSS)	Corporate Risk Register	D1 YM34	15	10	Work in Progress	July 2019
Corporate	General Data Protection Regulations (GDPR)	Corporate Risk Register	C2 YM31	8	8	Reasonable Assurance	December 2018
Corporate	Corporate Procurement	Corporate Risk Register	D2 - YM20 D2 - YM22	18	18	Reasonable Assurance	December 2018
Corporate	Risk Management	New process implemented October 2017. New 4Risk software rolled out September 2018.	n/a	n/a	n/a	Level 3 'Managed' ⁴	February 2019

³ Residual Risk reduced from C1 (Red) to D2 (Amber)

⁴ Conclusion of an independent Health Check, conducted by Zurich Municipal based on their maturity model, which incorporates five levels of maturity

Service / Section	Title	Source	Corporate Risk Rating (Residual)	Proposed Days	Actual Days as at 31/03/19	Assurance Rating	Target / Actual Date of Reporting to Committee
RESOURCES							
Resources	Income – Sundry Debtors Follow Up	Key Financial System - external audit assurance	n/a	18	18	Limited Assurance	December 2018
TRANSFORMATION							
ICT	IT Audit - Cyber Security	Corporate Risk Register	C1 YM28	20	20	Reasonable Assurance	February 2019
HR	Recruitment & Retention	Corporate Risk Register	C2 YM5	15	15	Reasonable Assurance	April 2019
REGULATION & ECONOMIC DEVELOPMENT							
Regulation & Economic Development	Leisure Services - Governance and Control	Head of Service Request - major structural changes. Carried forward from 2017/18	n/a	15	24	Reasonable Assurance	April 2019
HIGHWAYS, WASTE & PROPERTY SERVICES							
Highways	Highways Contract Monitoring Arrangements	Head of Service request	n/a	10	10	Substantial Assurance	September 2018
HOUSING							
Housing	Gypsies and Travellers (Requirements of the Housing Act 2014)	Corporate Risk Register	C2 YM29	10	14	Reasonable Assurance	April 2019
ADULT SERVICES							
Adults	Deprivation of Liberty Safeguards	Corporate Risk Register	C2 YM25	9	9	Reasonable Assurance	July 2018
Adults	Direct Payments	Head of Service request (carried forward from 2017/18)	n/a	20	20	Limited Assurance	September 2018 April 2019

Service / Section	Title	Source	Corporate Risk Rating (Residual)	Proposed Days	Actual Days as at 31/03/19	Assurance Rating	Target / Actual Date of Reporting to Committee
LEARNING							
Learning	General Data Protection Regulations (GDPR) - Implementation within Schools	Corporate Risk Register. Will be the subject of an independent Health Check by our insurers.	C2 YM38	0	9	Work in Progress	April 2019 July 2019
Learning	Primary Schools Thematic Reviews - Schools Income Collection	Head of Service request	n/a	20	20	Limited Assurance	September 2018 December 2018
GRANT CERTIFICATION							
	Rent Smart Wales Grant	Grant requirement	n/a	10	10	Substantial Assurance	July 2018
	School Uniform Grant					Reasonable Assurance	September 2018
	Education Improvement Grant					Substantial Assurance	September 2018
	Pupil Development Grant					Substantial Assurance	September 2018
	TOTAL AUDIT DAYS			225	230		
CHARGEABLE NON PROGRAMMED DAYS (PRODUCTIVE)							
	Follow Up Work	Several limited assurance reports requiring follow up, includes reporting and administering 4Action		70	75		
	National Fraud Initiative			10	13		
	General Counter Fraud Work, enquiries and referrals			50	46		
	Closure of Previous Year's Work			19	19		

Service / Section	Title	Source	Corporate Risk Rating (Residual)	Proposed Days	Actual Days as at 31/03/19	Assurance Rating	Target / Actual Date of Reporting to Committee
	Corporate consultancy			65	74		
	Audit & Governance Committee, including training for members			40	33		
	Management Review			25	23		
	TOTAL			279	283		
NON CHARGEABLE DAYS (NON-PRODUCTIVE)							
	Risk & Insurance			20	19		
	General Administration			40	40		
	Personal Development & Review, 121 & Team Meetings			20	11		
	Management, including liaison with External Audit and audit plan preparation			39	39		
	Leave, including annual, statutory, special and sick leave			362	360		
	Training and Development for staff, including induction and Welsh lessons			111	114		
	TOTAL			592	583		
	TOTAL RESOURCE REQUIREMENT			1096	1096		

APPENDIX B: DEFINITION OF ASSURANCE RATINGS 2018-19⁵

Level of Assurance	Definition	Management Intervention
Substantial Assurance	Arrangements for governance, risk management and internal control are good.	No or only low impact management action is required.
	No significant or material errors were found.	Findings, which are easily addressed by line management.
Reasonable Assurance	Arrangements for governance, risk management and/or internal control are reasonable.	Management action of moderate to low impact is required.
	Some inconsistency in application and opportunities still exist to mitigate against further risks.	Findings are containable at service level.
Limited Assurance	Arrangements for governance, risk management and internal control are limited.	Management action of high to moderate impact is required.
	There are gaps in the process that leave the service exposed to risks. Objectives are not being met or met without achieving value for money.	Findings that need to be resolved by heads of service and SLT may need to be informed.
Minimal Assurance	Arrangements for governance, risk management and internal control are significantly flawed.	High impact management action is required in a number of areas.
	Key controls are considered insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls and errors and omissions have been detected.	Weaknesses in control that require the immediate attention of SLT, with possible Executive intervention.

⁵ These definitions have been revised for 2019-20

APPENDIX C: PERFORMANCE MEASURES – COMPARISON AGAINST TARGET AND BENCHMARKED WITH WELSH CHIEF AUDITORS GROUP (WCAG)

PERFORMANCE MEASURE	WCAG AVERAGE 2017/18	TARGET 2017/18	ACTUAL 2017/18	TARGET 2018/19	ACTUAL 2018/19
Percentage of internal audit Issues / Risks implemented within the agreed timescale (Critical, Major and Moderate priority)	n/a	90%	91%	90%	89%
Percentage of audits completed within the planned time	73%	80%	86%	90%	92%
Percentage of clients' responses expressing at least 'satisfaction' with the conduct of audit assignments	98%	100%	100%	100%	100%
Percentage of directly chargeable time against total available (productivity indicator)	67%	65%	59%	65%	47%
Average actual number of days between the closing meeting and the issue of the draft report	6 days	6.5 days	6.8	6.5 days	3.7 days
Average actual number of days between receipt of the response to the draft report and issue of final report	3 days	2 days	1.6	2 days	2.8 days
The percentage of corporate risks (red and amber residual risks) reviewed by Internal Audit	n/a	New	New	80%	58%

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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

AUDIT & GOVERNANCE COMMITTEE

FORWARD WORK PROGRAMME

23 April 2019

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

Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
July 2019 September 2019 December 2019 February 2020	Internal Audit Update	An update on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
July 2019 September 2019 December 2019 February 2020	External Audit Update	An update on External Audit's work: <ul style="list-style-type: none"> • Performance Audit • Financial Audit 	Performance Audit Lead – Wales Audit Office Alan.Thomas@audit.wales Financial Audit Manager – Deloitte cedge@deloitte.co.uk
July 2019	Draft Report of the Head of Function (Resources) / S151 Officer regarding the Annual Finance and Governance Statement 2018/19	The Audit and Governance Committee is requested to comment on the content of the draft Annual Finance and Governance Report 2018/19 and contribute to the evaluations, conclusions and recommendations proposed to further develop or strengthen elements of the Council's governance arrangements during 2019/20.	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk Programme, Business Planning & Performance Manager GethinMorgan@ynysmon.gov.uk
July 2019	Annual Insurance Performance Report 2018/19	Annual performance report on insurance activity	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
July 2019	Annual Treasury Management Report 2018/19	The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity for 2018/19.	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk

Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
September 2019 February 2020	Outstanding Internal Audit Issues / Risks	A report of all outstanding internal audit Issues / Risks	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
September 2019 February 2020	Corporate Risk Register	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.	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk Insurance & Risk Manager JulieJones@ynysmon.gov.uk
September 2019 February 2020	Progress made on External Regulatory Reports	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
September 2019	Report of the Head of Function (Resources) regarding the Annual Finance and Governance Report 2018/19	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 2018/19, including the Statement of Accounts 2018/19, • 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

Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
September 2019	Annual ICT Security Report 2018/19	Annual report of the ICT Business Transformation Manager on digital data security/cyber security threats to the Council and the arrangements in place to manage those risks.	ICT Business Transformation Manager JohnThomas@ynysmon.gov.uk
September 2019	Annual Corporate Health and Safety Report 2018/19	Annual report of the Chief Public Protection Officer	Corporate Health and Safety Advisor StephenNicoll@ynysmon.gov.uk
September 2019	Internal Audit Charter	The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Charter, which the Audit and Governance Committee must approve. Although not due for review until 2021, the Charter will be updated for changes to the internal audit approach.	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
December 2019	Review of the Audit and Governance Committee's Terms of Reference	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.	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk
December 2019	Review of the Risk Management Strategy and Framework	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.	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk

Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
December 2019	Mid-year Report on Treasury Management for 2019/20	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
February 2020	Internal Audit Strategy 2020/21	The Public Sector Internal Audit Standards (2017) requires the chief audit executive to present the Internal Audit Strategy to the Audit and Governance Committee for approval.	Head of Internal Audit & Risk MarionPryor@ynysmon.gov.uk
February 2020	Treasury Management Strategy 2020/21 and Actual Prudential Indicators for 2020/21	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 2020/21 in accordance with the requirements of the Prudential Code.	Head of Function (Resources) / S151 Officer MarcJones@ynysmon.gov.uk

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