

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR LLYWODRAETHU AC ARCHWILIO</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DYDD MAWRTH, 20 EBRILL, 2021 am 2:00 y. p.</b>	<b>TUESDAY, 20 APRIL 2021 at 2.00 pm</b>
<b>CYFARFOD RHITHIOL</b>	<b>VIRTUAL MEETING</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **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, Peter Rogers (*Cadeirydd/Chair*)

## **AELOD LLEYG / LAY MEMBER**

Dilwyn Evans (*Is-Gadeirydd/Vice-Chair*)

## 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 - 14)**

To present the minutes of the previous meeting of the Governance and Audit Committee held on 9 February, 2021.

**3     UPDATE ON INTERNAL AUDIT STRATEGY AND PRIORITIES 2020/21 (Pages 15 - 20)**

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

**4     OUTSTANDING INTERNAL AUDIT ISSUES AND RISKS (Pages 21 - 32)**

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

**5     DRAFT INTERNAL AUDIT STRATEGY 2021/22 (Pages 33 - 48)**

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

**6     EXTERNAL AUDIT: 2021 DRAFT AUDIT PLAN - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 49 - 64)**

To present the report of External Audit.

**7     CONSTITUTIONAL CHANGES AFFECTING THE GOVERNANCE AND AUDIT COMMITTEE (Pages 65 - 68)**

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

**8     PROCURING WELL-BEING IN WALES REPORT (Pages 69 - 76)**

To present the report of the Programme, Business Planning and Performance Manager.

**9     FORWARD WORK PROGRAMME (Pages 77 - 80)**

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

## AUDIT AND GOVERNANCE COMMITTEE

### Minutes of the virtual meeting held on 9 February, 2021

<b>PRESENT:</b>	Councillor Peter Rogers (Chair) Mr Dilwyn Evans (Lay Member)(Vice-Chair)
	Councillors John Griffith, G.O. Jones, R. Llewelyn Jones, Dylan Rees, Alun Roberts, Margaret M. Roberts.
<b>IN ATTENDANCE:</b>	Director of Function (Resources) and Section 151 Officer Head of Internal Audit & Risk (MP) Principal Auditor (NW) Commercial Leisure Manager (GR) (for item 8) Committee Officer (ATH)
<b>APOLOGIES:</b>	Councillor Richard Griffiths, Mrs Annwen Morgan (Chief Executive), Mr Dylan Williams (Deputy Chief Executive)
<b>ALSO PRESENT:</b>	Councillor Robin Williams (Portfolio Member for Finance), Councillor Llinos Medi (Leader and Portfolio Member for Social Services), Mr Alan Hughes (Audit Wales) Senior Auditor (NR), Senior Auditor (BJ), Head of Democratic Services (JHJ), Mr Gareth Wyn Williams, Local Democracy Reporter

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Due to temporary connection issues experienced by Councillor Peter Rogers, the Committee's Chair, Mr Dilwyn Evans was elected Chair to start the meeting and took the first item on the agenda. The remainder of the meeting was chaired by Councillor Rogers.

#### 1. ELECTION OF VICE-CHAIR

Mr Dilwyn Evans was elected Vice-Chair of the Audit and Governance Committee.

On his appointment Mr Dilwyn Evans referred to his predecessor in the post of Vice-Chair and fellow lay member on the Committee, Mr Jon Mendoza who had since resigned as a member of the Committee commenting that he had enjoyed working alongside Mr Mendoza during his time on the Audit and Governance Committee.

#### 2. DECLARATION OF INTEREST

Councillor Peter Rogers declared a personal interest in item 10 on the agenda.

Councillor Rogers paid his own tribute to former Lay Member and Vice-Chair, Mr Jon Mendoza saying that he appreciated and was grateful for the latter's contribution as an independent member of the Committee. Those sentiments were echoed by the remainder of the Committee's members.

**It was resolved that the Chair on behalf of the Committee, write to Mr Jon Mendoza to thank him for his contribution to the Audit and Governance Committee during his period as Lay Member and to wish him well for the future.**

### **3. REPLACEMENT OF LAY MEMBER ON THE AUDIT AND GOVERNANCE COMMITTEE**

The report of the Director of Function (Resources)/Section 151 Officer setting out the considerations with regard to the replacement of Lay Member of the Audit and Governance Committee was presented for the Committee's consideration. The matter had arisen following the resignation of Mr Jonathon Mendoza as Lay Member of the Committee with his last meeting being on 1 December, 2020.

The Director of Function (Resources)/Section 151 Officer reported that the Local Government (Wales) Measure 2011 required the Local Authority to ensure at least one member of its Audit Committee is a lay member. The Isle of Anglesey County Council has extended this requirement; its Constitution provides for the Audit and Governance Committee to consist of two lay members to serve for a fixed term to coincide with the length of the Council i.e. 5 years, currently until May, 2022. The Local Government and Elections (Wales) Act 2021 passed on 20 January, 2021 introduces changes to the Audit and Governance Committee in the form of a new name, additional functions and responsibilities and the Act also amends the Committee's membership making it a requirement that one third of its members be lay members. If the Committee continues with 8 elected members, there would therefore be a requirement for 4 lay members. The Chair will also be required to be a lay member. Whilst the date on which the new provisions will commence remains to be confirmed, following enquiries made with Welsh Government by the WLGA it is understood that it is intended that the Committee's new name and new functions/ responsibilities will come into effect as from April 2021 and that the changes to membership will become effective as from May, 2022. The Council will therefore have to undertake a recruitment exercise in 2022 to recruit the lay members in preparation for this change.

In light of the above, the Committee was asked to consider whether it wished to recruit a replacement lay member for the remainder of the term to be served i.e. until May 2022 or for the Council's Constitution to be changed to reduce the number of lay members required to one until the new legislation commences.

In considering the matter, the Committee sought clarification of the recruitment timescale and the likelihood of success given the current pandemic related constraints and the shortened term of service until May 2022 which might be a disincentive to apply for potential applicants.

The Director of Function (Resources)/Section 151 Office advised that the recruitment process does take time from initial advertisement through to appointment meaning that a replacement is unlikely to be appointed before April/May. Added to that are the costs of advertising the position as well as the time needed for any appointee to settle in and to become familiar with the way the Committee operates over the limited number of meetings that will be held in the time the term of office will cover before the recruitment process begins again. For practical reasons therefore, he believed that the second option which is to continue with one member and amend the Constitution accordingly until such time as the new legislation becomes effective is the best option in the circumstances.

Although the majority of the Committee's members agreed that the second option i.e. to amend the Constitution to allow the Committee to continue with one lay member until the changes with regard to its composition come into effect - prospectively in May 2022 - when the Committee could then start afresh with new membership is the more reasonable way forward, a minority of the members thought that despite the practical issues in seeking to recruit at this time the additional expertise, knowledge and independent perspective which a second lay member could bring to the Committee would be to its advantage and accordingly they were in favour of undertaking recruitment for that reason.

In the vote which followed, the proposal to amend the Constitution to reduce the number of lay members required on the Audit and Governance Committee from two to one was carried.

**It was resolved to ask the Council to amend the Council's Constitution to reduce the number of lay members required on the Audit and Governance Committee from two lay members to one, until such time as the provisions of the new legislation come into effect.**

#### **4. MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting of the Audit and Governance Committee held on 1 December, 2020 were presented and were confirmed as correct.

Arising thereon –

The Head of Audit and Risk referred to the point raised in the discussion on the Cyber Security Annual Report for 2019/20 about ensuring that non-councillor members of the Council's Committees who have access to a range of information are included in cyber security training and protocols, and she clarified that having made enquiries with the HR Training and Development Team she could confirm that two members of the Audit and Governance Committee have to date completed the cyber security awareness E-learning module. She added that as undertaking this training is mandatory, members who have yet to complete the module are advised to schedule time to do so. In order to facilitate the process she would contact the HR Training and Development Team to ask that a reminder be circulated to the Committee's members along with guidance on accessing the E-Learning Portal.

**ACTION: Head of Audit and Risk to contact the HR Training and Development Team to request that members of the Audit and Governance Committee who have not yet completed the Cyber Security awareness E-learning module be reminded to do so and that guidance on accessing the E-Learning Portal be also provided.**

#### **5. ISLE OF ANGLESEY COUNTY COUNCIL – ANNUAL AUDIT SUMMARY**

The Annual Audit Summary report for 2020 for the Isle of Anglesey County by Audit Wales was presented for the Committee's consideration. The report shows the audit work completed since the last Annual Improvement Report issued in July, 2019 which it replaces and references pieces of work relating specifically to the Council including reports issued by other Inspectorates as well as national studies and inspections.

In presenting the Audit Summary Mr Alan Hughes, Audit Wales confirmed that the report provides a synopsis of the year's audit work at the Council and nationally and its outcome, and that there are no new issues or concerns to report arising therefrom.

In considering the report the following points were raised by the Committee –

- The projected demographic changes on Anglesey highlighted in the key facts section of the summary report and their implications for service planning. The Committee noted that the Island's population is projected to decrease by 0.6% between 2020 and 2040 from 69,896 to 69,499, including a 10.5% decrease in the number of children, an 8.3% decrease in the number of the working-age population and a 22.7% increase in the number of people aged 65 and over.

The Director of Function (Resources)/Section 151 Officer in acknowledging the point said that changes in demography influence the amount of funding the Council receives from Welsh Government through the funding formula since population characteristics are

a factor in how funding is distributed among local authorities. In recent years the more rural councils to the North and West of Wales have fared less well than councils in the South in relation to the funding formula due mainly to demographic changes which have seen an increasing proportion of the working age population moving to larger urban centres. Consequently this drift has implications for those council areas which have experienced a fall in the working population as this is then reflected in the amount of money they receive as part of the Revenue Support Grant. In the long term the decrease in funding as a result of population changes can lead to problems as those councils who lose out have to make up the shortfall either by cutting services or by raising taxes so demographic changes have implications for the Council's budget as well as for service planning.

- The delays in certifying Housing benefits claims. The Committee further noted that the auditors highlight that the volume of errors identified is higher than they would have expected and are recurrent thereby raising concerns about quality control arrangements and the basis for identifying and addressing the training needs of staff working in this area. The Committee enquired about progress in bringing the position up to date and also sought assurance with regard to the training and quality arrangements issues raised.

The Director of Function (Resources/Section 151 Officer advised that Audit Wales has completed its work on the 2017/18 Housing Benefit grant subsidy claim and the audit letter to be forwarded to the Department of Works and Pension in order for the subsidy to be released has been agreed and finalised. The substantive testing work on the 2018/19 and 2019/20 subsidy claims is ongoing with the objective being to complete the work and issue the audit letter for the 2018/19 subsidy claim by the end of March, 2021 and by the end of May, 2021 for the 2019/20 subsidy claim. If this timeline is achieved work can then focus on completing the 2020/21 subsidy claim by November, 2021 which is the customary schedule. The Officer added that the situation is much improved and progress has been made; the Authority's staff in this area and the auditors have developed a good mutual understanding of what is required and what needs to be done to get there. He was therefore confident that the situation will have been brought up to date in the next three months and that the outstanding subsidies amounting to approximately £5m can be released back to the Authority by the DWP.

In respect of quality control and training issues, these are not able to be remediated until the work on all three years of subsidy claims has been completed as this will show whether errors are one off mistakes within a single year or whether they are part of a recurring pattern and could therefore be indicative of fundamental weaknesses that need to be addressed by a programme of training. The DWP expects the Authority to quality assess the claims process; also the Service's Performance Team focuses attention on any issues arising from the subsidy to ensure that subsidy related problems are dealt with going forwards.

Mr Alan Hughes in reaffirming the timeline for the expected completion of the Housing Benefit grant subsidy audit work agreed that any recurrent errors suggest the need for training; however because of the time lapse between the end of the financial year and when the audit work is undertaken – around November, the same errors are likely to reoccur until such time as training to rectify those errors is implemented – it is therefore possible that the same errors will be identified by the audit of the 2020/21 Housing Benefit grant subsidy claim.

**It was resolved to accept the Annual Audit Summary report for 2020 and to note the contents.**

**NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE.**

**6. UPDATE ON THE INTERNAL AUDIT STRATEGY AND PRIORITIES 2020/21**

The report of the Head of Audit and Risk providing an update as at 27 January 2021 on the work of Internal Audit since the last report to Committee on Internal Audit activity in December, 2020 was presented for the Committee's consideration. The report outlined the current workload of the Internal Audit Service together with the priorities for the short to medium term.

The Head of Internal Audit and Risk updated the Committee on the following aspects of Internal Audit's work –

- The assurance work completed since the last update with reference to the table at paragraph 5 of the report. Of the six audits listed in the table, three had resulted in a Substantial Assurance rating; two had resulted in a Reasonable Assurance rating and one audit – Payments: Supplier Maintenance had resulted in a Limited Assurance rating. (In accordance with agreed practice the Limited Assurance report and accompanying action plan was issued separately to the Committee's members and relevant Portfolio Holders).
- Work in progress as illustrated by the table in paragraph 8 of the report which provides information regarding the audits underway, the stage reached at the time of writing and the anticipated reporting date. These will be prioritised for completion by the end of year whilst still ensuring that Internal Audit remains agile to react to any work at short notice as well as any request from the Senior Leadership Team. The previously identified priority areas for audit will be carried forward into the Internal Audit Strategy for 2021/22.
- The biennial National Fraud Initiative exercise which is underway. The first tranche of matches which involved matching Council Tax Single Person Discount and Electoral Register data to identify any fraudulent claims have been received. An initial review of the matches has highlighted a data quality issue which Internal Audit is currently investigating. The remainder of the matches is expected to be released in February, 2021.
- Overdue actions confirming that work is progressing to support services with implementing all outstanding actions as shown in the 4action dashboard at Appendix 1 to the report. Services have been working hard to address outstanding Issues/Risks leaving only three actions overdue relating to guidelines around Universal Credit, the payment of housing rent by standing order and independent check of payroll exception reports.
- Providing assistance to the Learning Service with developing new guidance about the proper operation and arrangements of school funds following the Internal Audit review of School Unofficial Funds which resulted in a Limited Assurance rating. Two training events for head teachers and governors on their responsibilities as regards the proper operation of a school fund have been provided and Internal Audit has also offered to arrange and fund an independent audit of funds where the head teacher is struggling to appoint an auditor or has not had the fund audited for some years.
- Providing assistance with three investigations at the request of Human Resources.

In the ensuing discussion the following points were raised by the Committee-

- That with regard to the Limited Assurance Internal Audit review of Payments – Supplier Maintenance and Payment, whether the issues raised in relation to duplicate accounts and/or payments merit a more urgent timescale for action than 31 December, 2021 given the nature of the risk. It was further suggested

that where addressing risks/issues involves more than one service, then a senior manager might be tasked with overseeing the progress of actions to ensure that completion dates are kept and that issues are resolved especially when those actions relate to matters of income and expenditure where the risk of fraud and error is high.

The Head of Audit and Risk clarified that whilst the due date for addressing the more critical issues/risks raised is by end of the current financial year the date for others has been put back. A number of the actions are to be undertaken collaboratively e.g. with Human Resources and also with the services themselves and are therefore likely to take more time to complete. Addressing the issues raised by the audit review also entails a cultural change ensuring that everyone involved in the payments chain has proper regard for agreed processes and procedures and follows them closely and consistently.

The Director of Function (Resources)/Section 151 Officer explained that the Civica financial system is fed information from Council staff across a range of services and schools some of whom due to frequency of use are more familiar with it than others; ensuring that all staff who access the system are properly versed in how the system works and appreciate why they have to follow certain practices in operating the system is problematic given the limited resources available. Whilst a programme of training was provided on the system's introduction, the Civica Team now comprises 4 members of staff who are mainly responsible for running and maintaining the system hence the amount of resource that can be made available to provide training for staff who are new to the system and to refresh the knowledge of those who use the system periodically only is challenging. Many of the control issues raised by the audit relate to shortcomings in procedural compliance stemming from a lack of understanding of the Civica system e.g. the need to raise purchase orders for every item of expenditure and to check goods received and invoices against purchase orders to ensure that the quantity and price are correct prior to payment. Not following the appropriate procedures or only following them in part can increase the risk of duplicate and/or fraudulent payments being made.

The matter is now being approached as a project headed by a Finance Manager who has been assigned to take the remedial actions forward on a project basis; and whilst issues that signify significant internal control weakness have a shorter timeframe for rectification, issues relating to training and to improving procedural awareness and understanding will likely take longer to fully address, based on current staffing, workload and remote working arrangements. Internal Audit has been asked to undertake an audit review with regard to identification of duplicate invoices and recovery of duplicate payments.

Responding to a further comment about the reduction over time in financial administration staff within services being a factor in the weaknesses identified, the Director of Function (Resources) in agreeing that that will have contributed to a lack of understanding and appreciation of why compliance with financial procedures is important, advised that budget monitoring reports and the accounts verification process are also additional end of process controls which will highlight any anomalies and/or discrepancies.

The Head of Audit and Risk confirmed that the internal audit review of duplicate invoices/payments is being conducted in consultation with a software provider who is carrying out an in-depth examination of invoices paid; a meeting to



discuss the outcome is scheduled for this coming Thursday and will be reported back to the Committee in April.

- With reference to the School Unofficial Funds the Committee asked for an update on the provision of guidance to schools on the operation and arrangements of the funds and also sought clarification with regard to the uptake for the two training events for head teachers and governors.

The Head of Audit and Risk confirmed that the guidance was circulated to schools around two months ago. A training event for school governors was held in December, 2020 and another session is planned for the coming June; the take-up to date has not been especially good. The Internal Audit Service has also assisted two schools with their audit of school funds and is working with the Learning Service to identify the status of the fund in each school and how recently they have been audited, if at all.

**It was resolved to note Internal Audit's assurance provision and priorities going forward.**

**NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE**

## **7. INTERNAL AUDIT ASSURANCE PROVISION**

The report of the Head of Audit and Risk in relation to the current arrangements for ensuring the Head of Audit and Risk will have sufficient assurance to support the Internal Audit Annual Opinion for 2020/21 to ensure no limitation of scope was presented for the Committee's consideration and approval.

The Head of Audit and Risk reported that the impact of dealing with Covid-19 on all public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21 this being a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) where the Head of Audit and Risk is required to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

In recognition of the considerable challenges under which local government bodies are currently operating in having to make difficult decisions about the best use of their available staff and financial resources to meet critical needs whilst the professional and regulatory expectations to ensure that internal audit arrangements conform with PSIAS have not changed, CIPFA has prepared guidance for internal auditors working in or for local government in the UK. The guidance details six key requirements for local government bodies that heads of internal audit or the chief audit executive, leadership teams and audit committees should follow; these are set out in paragraph 5 of the report. The Head of Audit and Risk has therefore revised and agreed the Internal Audit Team's priorities to cover the new risks and changes from the impact of Covid-19 with the Senior Leadership Team (SLT) to ensure that there will be no limitation of scope and that Internal Audit will have sufficient assurance to support the annual opinion. The key pieces of work that will contribute to the assurance are Corporate Risk register audits; Review of Covid-19 Emergency response (Self-Assessment) and Follow-up completed between April and June, 2020 and Emergency Management Assurance (First-line assurance) currently at fieldwork stage. As the risks continue to change and the risk registers are reviewed and updated by the SLT, Internal Audit will revise its priorities accordingly.

When delivering the risk-based audit strategy, the Head of Audit and Risk supported by the SLT has made every effort to make best use of available internal audit resources during the pandemic including by implementing the measures detailed in paragraph 10 of the report.

The Committee sought clarity on how limitation of scope is defined and applied. The Head of Audit and Risk clarified that a limitation of scope should be considered if it is deemed not enough work has been carried out to provide assurance in the three key areas relating to the Council's governance, risk management and internal control processes. Whilst the amount of work required to provide a full assurance opinion is left to professional judgement within each organisation, the CIPFA guidance is clear that efforts should not be made to provide assurance in circumstances where resources have been so limited that such assurance cannot be supported. The CIPFA guidance also suggests the possible wording to be used depending on the type of limitation and the area in which the limitation arises. However, it is the Head of Audit's view that having undertaken significant critical work during the year as well having prioritised the areas of greatest risk, a full assurance opinion can be provided and there will be no limitation of scope.

**It was resolved –**

- **To approve the arrangements for ensuring the Head of Audit and Risk will have sufficient assurance to support the Internal Audit Annual Opinion for 2020/21, and**
- **To note that there will be no limitation of scope.**

**NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE**

## **8. DELIVERING WITH LESS: LEISURE SERVICES – ISLE OF ANGLESEY COUNTY COUNCIL**

The report of External Audit setting out the findings of a follow-up review to the Auditor General's 2015 national report – Delivering with Less – Leisure Services was presented for the Committee's consideration. The report considers the impact of reductions in local government funding on the Council's leisure services and the effectiveness of the Council's arrangements for delivering those services.

Mr Alan Hughes, Audit Wales referred to the context of the report and clarified that the fieldwork was completed and the contents of the report finalised prior to the onset of Covid-19 hence no reference is made to the impact of the pandemic on the leisure service; with this in mind it was agreed that the report should be released with this caveat. Overall the report is positive in its messages and concludes that the Council has continued to deliver its leisure centres with less resources and it has a clear vision for the future of the service, but that run down facilities pose a financial challenge. In detail, the report finds that –

- There has been a reduction in the Council's leisure service resources since 2014-15 and the service net cost has decreased. The leisure service budget has reduced by 77% in the last four years partly offset by an increase in income of 31% and a fall in expenditure of 11%.
- The Council has a clear vision for its leisure service and is effectively considering the service's financial sustainability. The Council recognises its run down leisure centres are a risk. The Council has considered the requirements of the Well-Being of Future Generations (Wales) Act 2015 in setting priorities and developing its new strategy for leisure services and is able to demonstrate examples of improved well-being through leisure. As part of that strategy the Council has focused on taking a more commercial approach to leisure by investing in its facilities and growing membership and income to make the service more self-sustaining; this is beginning to have an impact with income at the Plas Arthur Leisure Centre in Llangefni exceeding expenditure by 9% in 2018/19.

The Council has also reviewed and compared potential delivery options for its leisure service.

- The Council has robust performance monitoring and governance arrangements but recognises it could improve its understanding of the outcomes achieved. The Council has a clear accountability structure for its leisure service and a management information dashboard system that allows officers to monitor performance. However, the Council recognises it could make further use of its data and technology to improve understanding of the effects of its service e.g. to identify non users and target their services more effectively and by further analysis of data to reach a better understanding of the outcomes of different activities.
- Most service users are satisfied with the leisure service and the Council uses customer feedback to inform the design and delivery of the service. Most respondents to the survey by External Audit were happy with the Council's leisure service with 50% of the view that the quality of the service had improved in recent years and 83% of the view that the service provides good value for money.

Mr Alan Hughes added that since the report was drafted, the Council has in March, 2020 determined to make a capital investment in leisure which alleviates some of the concerns raised by the audit with regard to the condition of leisure buildings.

In welcoming the overall tenor of the report which it found very encouraging, the Committee raised the following issues –

- Whether External Audit finds that the Council made the right decision in continuing to deliver its leisure service in-house. Mr Alan Hughes said that the process undertaken internally by the Council shows that the Council evaluated the available options for the future delivery of its leisure service and that some of the factors that might have led other authorities to go down alternative delivery routes e.g. for non-domestic tax advantages were not so apparent locally. The Council came to a reasonable conclusion in light of local conditions.
- That the pandemic has shown the importance of leisure and physical activities in supporting people's mental and physical well-being and that this should be a key consideration for the future. In light of this and the likely strain on the Council's budget after the pandemic should not the Council be doing more with the Llangefni Golf Course which is currently unused in terms of realising the asset and thereby releasing much needed funds to support the Youth Service for example.

The Commercial Leisure Service Manager advised that work is going on with regard to assessing the options for the Llangefni Golf Course with the hope that should it be sold, the proceeds can be reinvested in youth and leisure services. In more general terms the report is to be welcomed since the demand on leisure services especially on the Exercise Referral scheme team is likely to increase significantly following the pandemic as the Health Board continues to utilise the scheme to address community health issues among the older population and increasingly among younger people; in addition Covid 19 has also shown the value of working in collaboration and has provided opportunities for strengthening the partnership with the Health Board. The pandemic has further shown how much leisure centres are appreciated by their users and as feedback indicates, how much they been missed when they have had to close. During the periods of enforced closure, Leisure Service staff have alternatively been involved in the range of community support work that has gone on throughout the emergency. The Commercial Leisure Manager said that he was confident that the recovery will see the Leisure Service adapting and coming back stronger.

- In noting that the report recognises that the Council's leisure buildings are run down and in need of refurbishment, the Committee sought clarity with regard to the prospects for the Council being able to modernise and update its leisure centres.

The Director of Function (Resources)/Section 151 Officer advised that the Council is aware that money needs to be spent on its leisure centres and that it did commission an outside company to review the service and to assess how best to bring the facilities up to standard. The problem of ageing facilities is compounded by the fact that three of the four leisure centres were built around the same time and are all now coming to the end of their lifespan. Holyhead Leisure Centre is in a slightly worse condition than the centres in Amlwch and Llangefni but replacing it would cost in the region of £15m to £20m which is capital investment on a level that is very difficult to make in the current circumstances. Had Wylfa Newydd proceeded then funds for a new centre in Amlwch and possibly in Holyhead could have become available through that process allowing the Council to then address issues in Plas Arthur in Llangefni. As it is, the strategy is to maintain and where possible, update the leisure centres to extend their lifespan for another ten years in the hope that the financial situation will by then have improved. If the Llangefni Golf Course is sold, then a decision in principle has been made to use the funds for the Plas Arthur Leisure Centre and options for Amlwch and Holyhead are being considered. However, the Council's property assets also includes schools and the Council headquarters which need to be maintained and updated; a long term strategy for these and other Council buildings will have to be developed and agreed.

- Following on from the above the Committee queried whether it would be feasible to link refurbishing the leisure centres with the Schools' Modernisation Programme.

The Director of Function (Resources)/Section 151 Officer advised that one way of continuing to fund the Schools Modernisation Programme which Welsh Government is looking at is the Mutual Investment Model (MIM) . Under the MIM private sector partners build and maintain public assets with the Council, supported by funding from Welsh Government paying an annual fee to the private partner over a set period to cover the cost of construction, maintenance and financing the project. At the end of the period, the asset transfers to the Council. The MIM is being considered for projects to the value of £15m upwards which could make it appropriate for a scheme involving Amlwch Secondary School although the inclusion of the leisure centre within that scheme would have to be discussed with Welsh Government as the model is only being considered for educational facilities at present. The Council has entered into an agreement with the body that will deliver MIM projects which gives it the opportunity to participate in a MIM project in future if it so wishes.

Responding to a question about a facilities upgrade in the context of the International Island Games which Anglesey has won the right to host, the Commercial Leisure Manager advised that the bid for the Island Games was made and approved on the basis of the current facilities and that no additional funds should be expected in the wake of being awarded the Games. Whilst some of the Islands which have staged the Games previously have spent a sizeable amount of money on upgrading their facilities, this has depended on the local financial situation.

**It was resolved to accept the report and to note the contents.**

**NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE**

## 9. TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2021/22 was presented for the Committee's consideration. The Statement sets out the Council's strategy for the forthcoming financial year with regard to borrowing and investment and the constraints on borrowing, determines the prudential indicators and the Council's risk appetite and also its approach to investments.

The Director of Function (Resources)/Section 151 Officer in highlighting the main points from the report as follows, confirmed that there are no proposed amendments to the core principles of the 2020/21 Statement –

- The external context in the form of the wider economic situation as that impacts on investment interest rates, the cost of borrowing and the financial strength of counterparties. A full summary of the economic outlook was set out in Appendix 3 to the report and a distillation of the main points provided in section 3. Having considered the available information and having taken advice from the Council's Treasury Management Advisors, the table at paragraph 3.2 of the report set out the Council's view on interest rate levels to March, 2024 which are not expected to change significantly in that period.
- The Council's current external borrowing position as set out in the table at paragraph 4.1.1 of the report which shows that it has approximately £122m of loans with PWLB and £2.6m of loans with Salix a publicly funded scheme that provides interest free loans for energy efficiency improvements.
- The proposed capital expenditure programme for 2021/22 to 2023/24 as set out in section 5.6 of the report including proposed capital spend, how this is to be financed and the balance to be funded from borrowing - £7.553m for the Schools Modernisation Programme
- The impact of the Council's capital expenditure plans and the Minimum Revenue Provision (MRP) charge on the Capital Financing Requirement (CFR) and the level of external and internal borrowing as shown in Table 4 of the report.
- The Minimum Revenue Provision – the charge which the Council is required to make to the revenue account each year to ensure that there are sufficient funds available to repay debt as it falls due. The MRP Policy is detailed in Appendix 6 to the report and has not changed since it was substantially revised in 2018.
- The Council is currently maintaining an under borrowed position. This approach is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered. As part of its strategy, the ability to externally borrow to repay the reserves and balances if needed is important. Table 4 indicates that £8.884m may need to be externally borrowed if urgently required which is the amount of Council reserves and balances used in the past to fund the capital programme instead of taking out borrowing.
- The Council will not borrow more than or in advance of its needs solely to profit from the investment of the extra sums borrowed. In determining whether borrowing will be undertaken in advance of need, the Council will have regard to the factors set out in paragraph 6.4.2 of the report.
- Rescheduling of current borrowing in the Council's debt portfolio is unlikely to occur due to the very large differences between premature redemption rates and the new borrowing making it uneconomical to do so.
- The overriding strategy for the management of funds is ensuring first of all the security of the deposit, secondly the liquidity and thirdly the return on investment.
- The guidance from Welsh Government and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the means set out in section 7.2. of the report in terms of creditworthy counterparties, lending limits and credit ratings which are monitored daily.

- Section 8 of the report set out the governance and control arrangement with regard to treasury management processes, decisions and performance.
- Appendix 11 to the report contains the Prudential and Treasury Indicators which cover affordability and prudence and set out the limits for capital expenditure, external debt and the structure of the debt.

In considering the information presented the Committee discussed the Council's capital expenditure plans specifically whether the Council would achieve its planned capital expenditure for 2020/21 when only £11m was shown to have been spent against a reported figure of £33.7m when the Committee last met in December and whether in light of historic underspends on the capital budget the Council is being realistic in its forward plans for capital expenditure.

The Director of Function (Resources)/Section 151 Officer in referring to the Quarter 3 capital budget monitoring report that would be presented to the Executive on 1 March, 2021 clarified that the projected spend from a total budget of £56m is £34m. Of the £22m underspend, £8m relates to the HRA none of which involves borrowing as the expenditure is funded from HRA reserves; £7.7m relates to the Schools' Modernisation Programme funded by a combination of grants, and supported and unsupported borrowing; £1m relates to economic development made up of European grant funding which is secure and £2m relates to flood alleviation scheme works funded by 85% Welsh Government grants and 15% Council resources. Table 4 of the Treasury Management Strategy Statement report will be updated to reflect the current position ahead of its submission to the Executive. With regard to realising capital expenditure, a range of issues can lead to delay in the progress of capital projects against the approved profile and spend and the Council may be over optimistic about the prospects of its capital programme as regards time, delivery and external factors beyond its control. However, as the capital programme is approved ahead of the year in which the expenditure will take place the view can be taken that it is better to enter schemes for inclusion in the programme at the start of the year on the basis that they will be delivered than to have to go back to seek approval for schemes mid-year because of unutilised capital and capacity.

In response to further questions, the Director of Function (Resources)/Section 151 Officer confirmed that the Council does have regard to inflation rates based on advice provided by its Treasury Management Advisors (Appendix 3 refers) but that inflation is a more prominent factor on the revenue side rather than the capital side. The Officer also clarified that the impact on forecast borrowing of being over optimistic about the delivery of the capital programme is not so great as in practice on a day to day basis the Council uses the cash it holds to fund capital expenditure to avoid borrowing and the interest costs that go with it until such time as it then has borrow externally to replace the cash it has spent. The Officer also provided assurance that in using cash reserves to fund capital expenditure, cash flow management safeguards will not allow cash flow to reduce below a certain level and the Section 151 Officer will take steps to ensure that the Council holds a minimum balance of £10m in accessible deposit accounts at any given time.

#### **It was resolved -**

- **To accept the Treasury Management Strategy for 2021/22 and to forward the strategy to the Executive for approval subject to Table 4 being updated to reflect the current position.**
- **To note the increase in transaction limits in Appendix 8 to the report.**

## **NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE**

### **10. INTERNAL AUDIT CHARTER**

The report of the Head of Audit and Risk incorporating the Internal Audit Charter was presented for the Committee's consideration.

The Head of Audit and Risk reported that the Public Sector Internal Audit Standards provide for a periodic review of the Internal Audit Charter with final approval residing with the Audit and Governance Committee. The Committee last reviewed and approved the Charter in September, 2018. Whilst a review of the Charter by the Head of Audit and Risk has not identified any significant changes it should be noted that the statement on page 11 of the report with regard to Internal Audit resources that the service structure with all posts filled equates to 1,250 days applies only if the posts filled are full-time. At present, it has only been possible to recruit on a part time basis to back fill for one of the secondments meaning that the 1,250 days is currently reduced to 953 days. When the secondment ends it is intended to retain the part time hours to make up the difference.

In response to a question about preserving objectivity the Head of Audit and Risk clarified that arrangements are in place to limit the impairment of independence and objectivity due to the Head of Audit and Risk's line management of the Risk Management and Insurance Service. The Head of Audit and Risk will not scope or review internal audit activity relating to this service area and the reports will instead be signed off by the Director of Function (Resources)/Section 151 Officer.

**It was resolved to note the review and to approve the continued appropriateness of the Internal Audit Charter.**

## **NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE**

### **11. FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating the Committee's Forward Work Programme to April, 2021 was presented for the Committee's consideration.

The Head of Audit and Risk advised that the Work Programme is limited to the April, 2021 meeting due to the uncertainty arising from the Local Government and Elections (Wales) Act 2021 which will come into force in April, 2021; the Act introduces new duties and responsibilities to the Audit and Governance Committee which will have to be incorporated into the Committee's work programme subsequently.

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

**Councillor Peter Rogers  
Chair**

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	20 April 2021
<b>Pwnc: Subject:</b>	An Update on the Internal Audit Strategy and Priorities for 2020-21
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<p><b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b>            In accordance with the Council's 'Strategy for Committee Meetings', this report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p>	

## Introduction

1. Because of the current pandemic, the Council has had to prioritise its resources and the efforts of its workforce, so maintaining 'business as usual' has been difficult. However, although half of the Internal Audit team was redeployed within the organisation until late August 2020, 'internal auditing' has continued and has been directed to the areas of greatest value and risk to the organisation, responding to requests for assurance from the Senior Leadership Team, and undertaking mandatory grant audits.
2. We have therefore provided this brief update, as at 6 April 2021, on the audits completed since the last update as at 27 January 2021, the current workload of internal audit and our priorities for the short to medium term going forward.

## Recommendation

3. That the Governance and Audit Committee notes Internal Audit's assurance provision and priorities going forward.

## CURRENT CONTEXT

- There needs to be a flexible approach to ensuring audit work meets the needs of the Council in this ever-changing risk and control environment. The internal audit team's workload is therefore being kept under constant review, in close consultation with the Risk and Insurance Manager and the Senior Leadership Team.

## ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

Audit Area	Date of Final Report	Assurance Level	Catastrophic	Major	Moderate
Primary Schools Themed Audit - Income Collection - Second Follow up	March 2021	Reasonable	0	0	0

## WORK IN PROGRESS

- There are a number of audits currently underway, which we will prioritise for completion so that they support the Annual Internal Audit Opinion for 2020-21.

Audit Area	Service	Reason for Audit	Stage	Anticipated Reporting Date
IT Audit	Corporate	High risk – Covid 19 related; 2020/21 assurance provision	Draft Report issued – 'Limited Assurance'; developing Action Plan with senior management	June 2021
The Identification of Duplicate Invoices and Recovery of Duplicate Payments	Resources	Director of Function (Resources) and Section 151 Officer request	Draft Report Issued – 'Limited Assurance'; developing Action Plan with senior management	June 2021
Emergency Management Assurance (First-line assurance)	Corporate	High risk – Covid 19 related; 2020/21 assurance provision	Analysing results	June 2021

## WORK ROLLED FORWARD TO 2021/22

6. There are a number of audits currently underway, which we have rolled forward to 2021/22.

Audit Area	Service	Reason for Audit	Stage
Housing – Allocations	Housing	Requested by the Executive	Fieldwork – rolled forward to 2021/22
Housing – Homelessness	Housing	High risk – Covid 19 related; requested to prioritise by the Deputy Chief Executive	Fieldwork – rolled forward to 2021/22 and scope extended to consider the impact of Covid-19
Recovering Council Debts	Resources	Director of Function (Resources) and Section 151 Officer request	Fieldwork – rolled forward to 2021/22 and scope extended to consider the impact of Covid-19
Special Care Payments to Social Care Workforce	Resources	Director of Function (Resources) and Section 151 Officer request	'Parked' due to extension of payment deadline – rolled forward to 2021/22

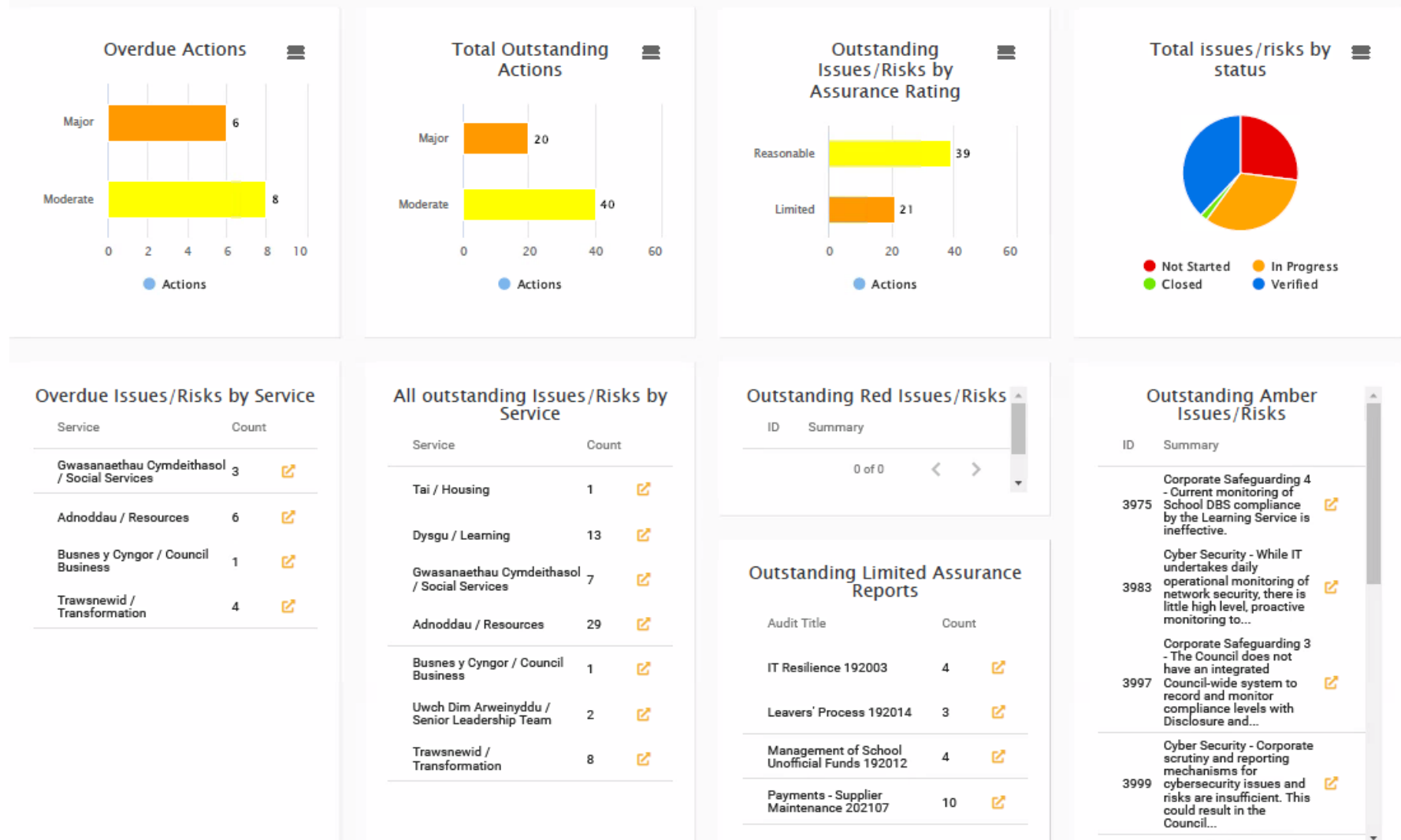
## OVERDUE ACTIONS

7. Work is progressing to support services with implementing all outstanding actions. The 4action dashboard at [Appendix 1](#) provides the situation as at 6 April 2021, but we have provided a more detailed report separately.
8. Services have been working hard to address outstanding 'Issues/Risks' leaving currently 16 actions overdue. This is a result of a number of actions being due on 31 March 2021, including those made during the IT Resilience and Cyber Security audits, which we will formally follow up during April 2021. The remainder include guidelines around Universal Credit, the payment of housing rent by standing order, independent checks of payroll exception reports, a local code of governance, training for non-financial managers, issues around direct payments in social services, and arrangements for staff leaving the Council's employment.

## INVESTIGATIONS

9. Although not strictly internal audit work, due to the training and skill set of the team, Human Resources has asked us to assist with three investigations, two of which we have concluded and one that is ongoing.

# APPENDIX 1 – OVERDUE ACTIONS (4ACTION DASHBOARD) AS AT 6 APRIL 2021



ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	20 April 2021	
<b>Subject:</b>	Outstanding 'Issues/Risks'	
<b>Head of Service:</b>	Marc Jones Director of Resources / Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>	Nanette Williams Principal Auditor 01248 751809 <a href="mailto:NanetteWilliams@ynysmon.gov.uk">NanetteWilliams@ynysmon.gov.uk</a>
<b>Nature and Reason for Reporting:</b> The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions. This report provides an update on the status and detail of the outstanding risks that Internal Audit has raised.		

## 1. INTRODUCTION

- 1.1. In March 2020, the Council implemented a new and upgraded version of its action tracking system 4action. This has facilitated more effective monitoring and reporting on issues/risks identified during audit work.
- 1.2. We have developed a dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. The Head of Audit and Risk regularly shares this dashboard with the Governance and Audit Committee as part of her internal audit update reports.
- 1.3. Prior to the upgrade of the 4action system, the Governance and Audit Committee received a report of all the outstanding 'Issues/Risks' twice a year. This will be the first time we have presented a detailed report to the Committee, outlining overall performance in addressing audit actions, since the implementation of the new 4action system.

## 2. RECOMMENDATION

- 2.1. That the Governance and Audit Committee:
  - notes the Council's progress in addressing the outstanding Internal Audit 'Issues/Risks'.
  - determines the frequency it requires a more detailed report of this nature.



# OUTSTANDING ISSUES / RISKS

APRIL 2021

Marion Pryor BA MA CMIIA CPFA, Head of Audit & Risk

Nanette Williams BA (Hons) CMIIA, Principal Auditor



# TABLE OF CONTENTS

INTRODUCTION _____	3
CURRENT PERFORMANCE _____	4

## INTRODUCTION

This year has seen the first full year following the implementation of a new and upgraded version of the Council's action tracking system 4action. We are pleased to report that the new system has proved very successful in improving our internal audit follow up and action tracking processes.

We have developed and refined our dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and allows us to effectively track and report this information. We continuously monitor 'overdue' actions and so are able to promptly obtain updates from management on their progress with addressing them.

We have also developed a bespoke service dashboard to assist Heads of Service and their management teams in monitoring and providing updates on their actions. We are currently piloting this with the Resources service and if successful will continue to roll out further across the Council during 2021-22. Unfortunately, the Covid-19 emergency has limited our ability to roll out the new 4action system to services and provide training etc. so that management are able to fully utilise its functionalities. As the pandemic subsides, we will resume this work.



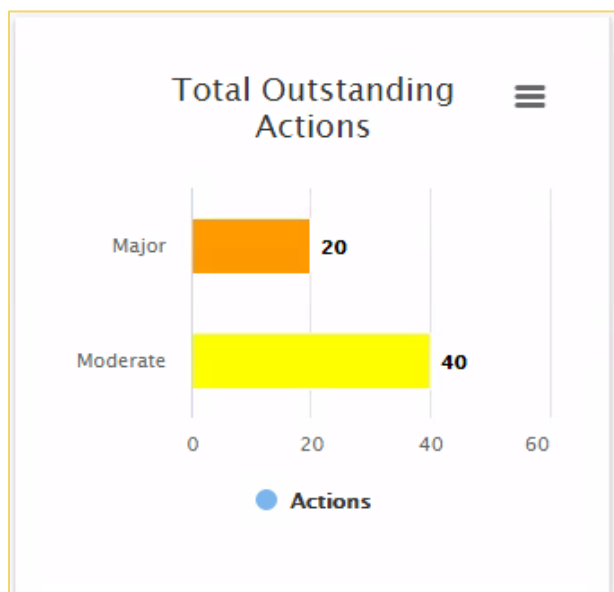
## CURRENT PERFORMANCE

The following seven graphs show the position of outstanding actions across the Council as at 31 March 2021. Inevitably, the impact of the Covid-19 emergency on some services has affected their ability to address their outstanding actions over the past year.

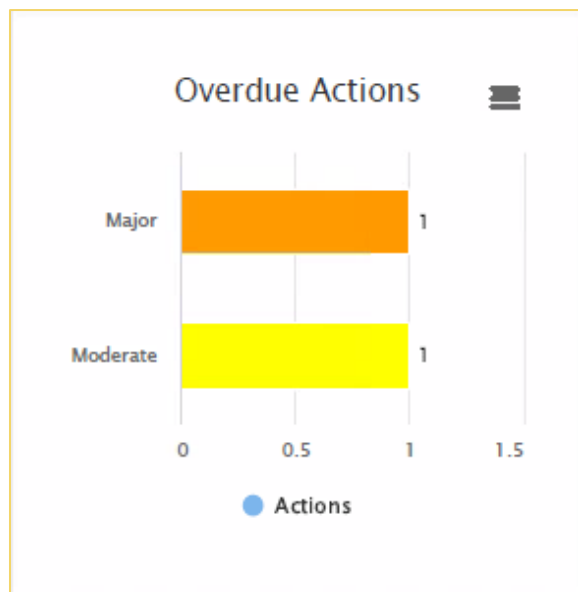
It should be noted that no 'Red' issues/risks were raised during the year and there are no Red 'issues/risks' currently outstanding.

### Outstanding and Overdue Actions

1



2



As at 31 March 2021, we are tracking 60 outstanding actions in 4action. Of these, 20 are rated 'major' (amber) and 40 'moderate' (yellow) in risk priority, as shown in graph 1.

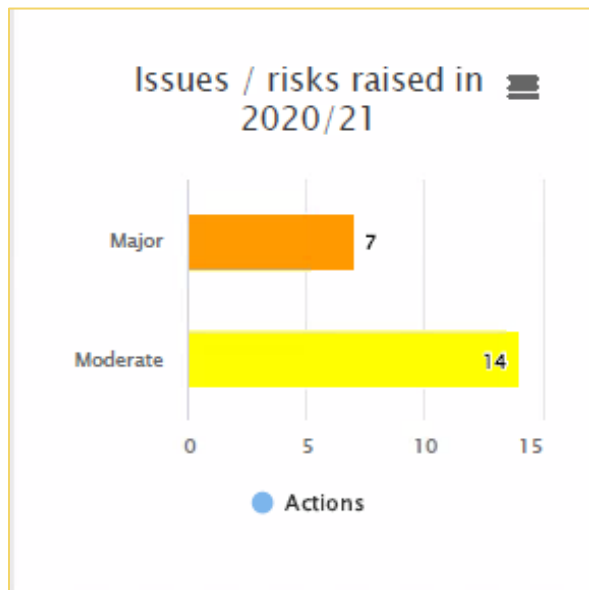
We actively monitor all actions and pursue them with management when they become overdue to ensure they are addressed. There are currently two actions that have reached their target date and have become 'overdue', as shown in graph 2.

The overdue 'major' rated action relates to training for IT staff with regards their responsibilities in the event of an IT incident requiring recovery action. Work is underway to address this and as we will shortly be carrying out a formal follow up of the IT Resilience audit in April 2021, we will determine progress for this action at this time.

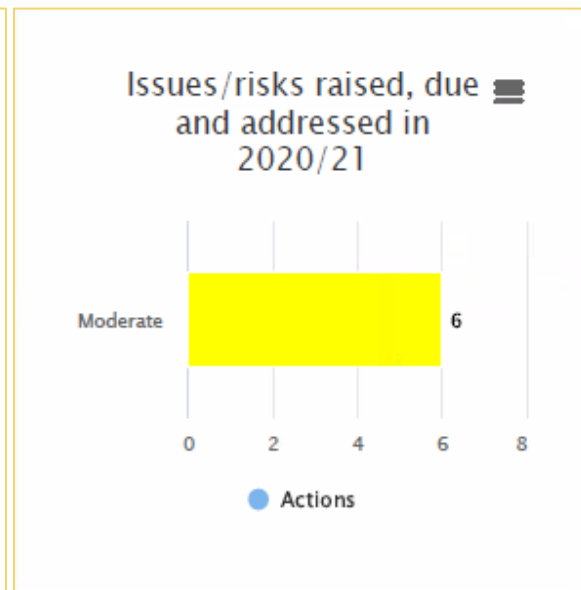
The overdue 'moderate' rated action relates to the need for regular, independent, checks of payroll reports. This action is now mostly complete with the process and responsibility for these checks established. However, it now needs to embed within the service as a routine task.

## Issues / Risks Raised and Due in 2020/21

3



4



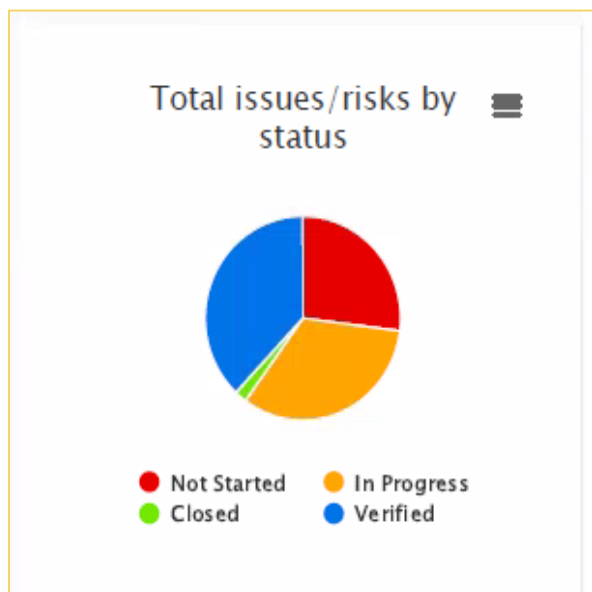
As a result of our internal audit work in 2020-21, we raised a total of 21 'issues/risks' that required management attention. Of these, we classified 7 as 'major' and 14 as 'moderate'.

Of the actions that we raised and subsequently became due for completion in 2020-21, management had addressed six of moderate risk priority before 31 March 2021. This represents 100% performance in this area.

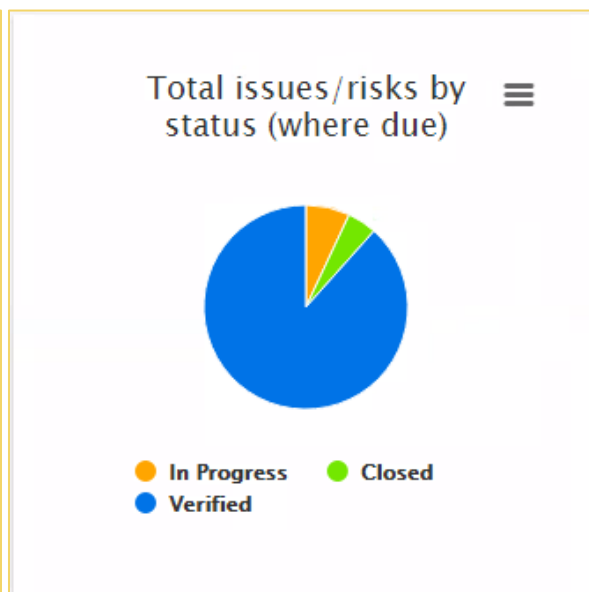
All six related to the Covid-19 self-assessment audit that we carried out in the early stages of the pandemic in April 2020. The purpose of the review was to determine whether the Council had safe, robust, effective and fit for purpose emergency response arrangements at this early stage of the emergency. We followed up the action plan in May 2020 and found that management had addressed all six.

## Status of Issues / Risks

5



6



The graphs above show the current *status* of all actions, i.e. whether they are ‘in progress’, ‘not started’ or ‘closed’ if the action has been addressed. We verify all ‘closed’ actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

Graph 5 shows the status of all actions irrespective of the date management agreed to address them by. It shows that management have now addressed 40% of them. Internal audit have verified 38% of these. The remaining 2% relate to actions from an audit of IT Resilience, which as detailed earlier, we will be following up formally in April 2021. We will verify completion of these actions during this piece of work.

Around half of the actions shown here as ‘not started’, relate to two audits finalised towards the end of the year, namely, ‘Payments - Supplier Maintenance’ and ‘Corporate Parenting Panel’. Therefore, actions identified as a result of these audits are not yet due for completion.

In contrast, Graph 6 shows the status of all actions that have reached their target date. It shows that of these, management has addressed over 90%, with work in progress for the remainder. We must note however, that we will on occasions extend target dates for some actions, but only if the service can demonstrate a legitimate reason for the extension, e.g. it becomes clear that the original target date is unachievable, as significantly more work is needed to address the issue/risk.

Due to the Covid-19 emergency, we have extended several target deadlines for services whose priority over the last 12 months has clearly been focused on responding to the pandemic.

## Outstanding Issues / Risks by Year

7



As detailed above, there are 60 outstanding actions that have yet to be fully completed.

These are spread between 2014/15 and 2020/21. While the graph indicates the majority relate to the last two financial years, it does however highlight a small number of old actions that management has yet to fully address. The 'oldest' dating back to 2014/15 and relates to the need for regular, independent, checks of payroll reports, as detailed earlier in this report. As reported, work is well underway to address this and management has assured us it will be completed shortly.

The outstanding action from 2015/16 relates to the requirement for services to provide assurance that their procurement activity is effective in the annual service challenge process. Again, work is underway to address this and we expect this will be addressed in time for the next service challenge process.

It should be noted that both of these 'old' actions are rated 'moderate' in risk priority. However, we will endeavour to pursue all outstanding actions to ensure completion.

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	20 April 2021
<b>Subject:</b>	Draft Internal Audit Strategy 2021-22
<b>Head of Service:</b>	Marc Jones, Director of Function (Resources) / Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Report Author:</b>	Marion Pryor, Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<p><b>Nature and Reason for Reporting:</b>                      This report submits the draft Internal Audit Strategy for 2021-22 for the Governance and Audit Committee's consideration to determine if it meets the Council's assurance requirements. The Public Sector Internal Audit Standards require the chief audit executive to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, which the Governance and Audit Committee must approve (Standard 1110).</p>	

## 1. Introduction

- 1.1. The proposed Internal Audit Strategy for 2021-22 is attached for review and consideration by the Committee.

## 2. Background

- 2.1. The Public Sector Internal Audit Standards (PSIAS) require me, as the chief audit executive, to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals. In prioritising our finite resource, we have to undertake sufficient work to enable me to deliver an annual internal audit opinion for the Council to inform its Annual Governance Statement.
- 2.2. As its basis, I have used the corporate risk register to determine the priorities for internal audit activity. In addition, I have met with the Senior Leadership Team and heads of service to discuss their views on the proposed areas for review and their areas of concern.
- 2.3. Due to the uncertainty around the current situation, I will keep the priorities under review, as necessary, adjusting them in response to changes in the Council's business, risks, operations and programmes to ensure that they remain relevant. I will report changes to the Director of Function (Resources) and Section 151 Officer and the Governance and Audit Committee.

## 3. Recommendation

- 3.1. That the Governance and Audit Committee considers the Internal Audit Strategy for 2021-22 and considers whether the approach and priorities outlined fulfil the Council's assurance needs.



# DRAFT INTERNAL AUDIT STRATEGY 2021-22 APRIL 2021

**Marion Pryor BA MA CMIIA CPFA**

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01248 752611





# TABLE OF CONTENTS

FOREWORD - CURRENT CONTEXT	3
INTRODUCTION	4
SERVICE STRUCTURE, CAPACITY AND TRAINING	5
Training	6
AUDIT APPROACH	7
Risk-based Audit Approach	7
Assurance Mapping	7
Agile audit	8
PRIORITIES	9
Corporate risk register	9
Covid-19 risk register	10
Fraud	10
Adult Social Care Finance	11
Grant Funding	11
IT Audit	11
Council Tax and Non-domestic Rates Refunds	11
Gas Safety Inspection	12
Continuous monitoring	12
Outstanding Work from 2020-21	12
FOLLOW UP	13
PERFORMANCE MEASURES	14
Benchmarking	14
CHALLENGES GOING FORWARDS	15

## FOREWORD – CURRENT CONTEXT

The unprecedented circumstances of the global coronavirus pandemic have undoubtedly shaped the outlook for 2021-22. However, coronavirus itself is not a principal risk. Rather than posing new threats, it has exacerbated existing risks, putting them in a new light and forcing the Council to think about them differently or assign to them new levels of priority. For example, cyber and data security is a perennial risk but widespread homeworking has meant that cybersecurity has taken on a new dimension, as the Council's IT infrastructure and perimeter wall were swiftly adapted. Inevitably, phishing attempts and social engineering incidents have soared as 'bad actors' have attempted to exploit security weaknesses following the decampment of staff into their homes.

Well-established risk management and internal control systems have therefore been critical amid the large-scale operational disruption. We rapidly evaluated what we could deliver in 2020-2021; we frequently revisited agreed audit priorities with the Senior Leadership Team to determine new priorities. We worked off-plan, knowing that our initial proposals for 2020-21 had quickly become outdated. By exploiting our already nimble approach, we provided real-time assurance that was targeted at the risks of greatest concern.

We anticipate exploiting this more nimble, agile approach indefinitely by continuing to be forward-looking, proactive and staying as close to the organisation as possible to understand both its risks and its needs. We will use our limited resources wisely to maintain a delicate balance of managing immediate, short and long-term assurance needs. Increasingly, this involves not only operational considerations but also strategic risks and factors in the external environment acting upon the organisation.

The Governance and Audit Committee and the Strategic Leadership Team will depend on this independent, agile and top-down viewpoint for insights into the organisation and its risks during what remains a significantly challenging period.

# INTRODUCTION

Internal Audit is an independent and objective internal team that provides assurance and advice to all levels of management and elected and lay members on the quality of operations within the Council.

We operate to the Public Sector Internal Audit Standards<sup>1</sup> (PSIAS), which define internal auditing as:

**Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.**

An important aspect of internal auditing is the extent to which it helps the organisation to achieve its objectives and improve. This means that our work must focus on the things that matter to the organisation, and the opinions and improvement suggestions that we provide must help the organisation and be valued by stakeholders. The service's objectives are therefore as follows:

- To provide independent assurance and advice to management and elected and lay members on risk management, governance and internal control
- To develop and promote our role to make a significant contribution to the Council's aim to modernise, deliver efficiencies and improve services for our customers
- To add value in all areas of our work, providing excellent service to our customers

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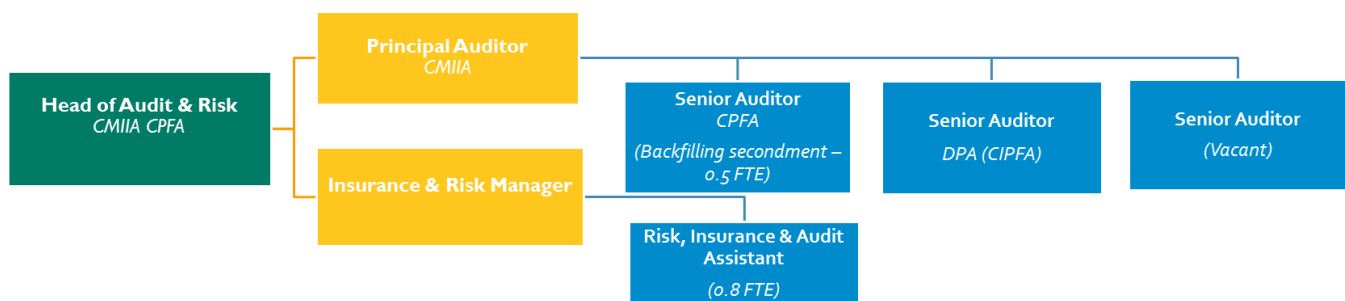
<sup>1</sup> The Relevant Internal Audit Standard Setters (CIPFA, Department of Health, Welsh Government, Department of Finance (NI), HM Treasury and the Scottish Government) issue the Public Sector Internal Audit Standards (2017) and are mandatory for all local and central government bodies.

# SERVICE STRUCTURE, CAPACITY AND TRAINING

The Internal Audit function has undergone significant change in recent years; with the integration of the Internal Audit and Risk Management teams, adopting a fully risk-based approach, the 'three lines model' and more recently adopting an 'agile audit' approach, has improved the assurance it provides to the Council.

The team has responded well; staff have changed their skill sets, delivered more complex and strategic-level audits in less time, and managed higher workloads. Staff turnover is still an issue, despite a recent recruitment exercise. We are currently carrying 1.5 FTE vacancies at Senior Auditor level due to a secondment and an internal transfer, and 0.2 FTE at Audit Assistant level due to flexible working.

However, the team continues to include a wealth of internal and external audit experience, along with an excellent mix of professional qualifications, including CIPFA<sup>2</sup> and CIIA<sup>3</sup>, and academic qualifications in Change Management, Business and Accountancy.



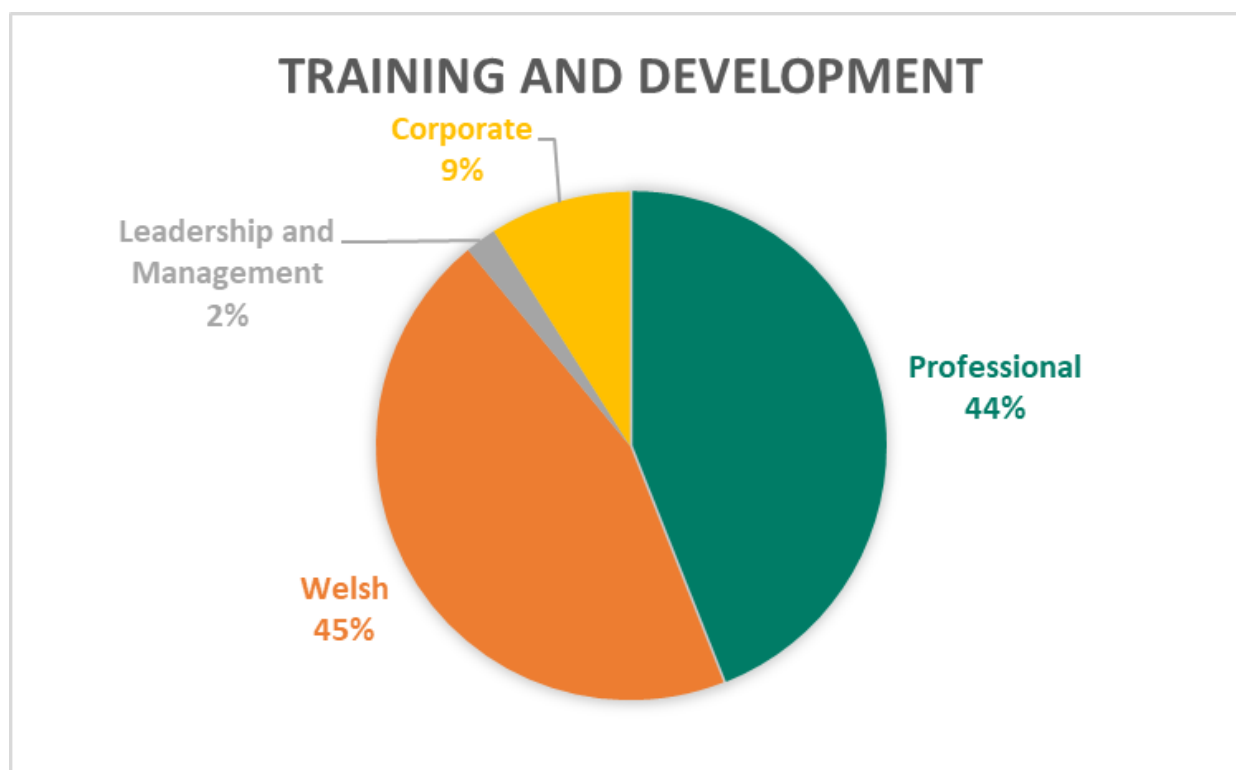
Internal Audit & Risk Management, April 2021

<sup>2</sup> Chartered Institute of Public Finance and Accountancy

<sup>3</sup> Chartered Institute of Internal Auditors

## Training

The service will continue to invest to ensure the team continues their professional development and stays abreast of emerging risks and developments. We will also participate in the mandatory corporate training, where required. The team will invest around 100 days in training and development during 2021-22, consisting of:



# AUDIT APPROACH

The Internal Audit profession has undergone radical change since its days as compliance checkers when auditing was mostly focused on evaluating the past and ensuring compliance. Compliance is management's responsibility. Auditing has evolved, moving through 'systems-based' to 'risk-based' audit, and more recently adopting an 'agile-audit' approach to help organisations look forward and address issues that could affect performance.

## Risk-based Audit Approach

Standard 2010 of the Public Sector Internal Audit Standards states that the chief audit executive must establish a risk-based approach to determine the priorities of the internal audit activity, consistent with the organisation's goals.

Consequently, a professional internal audit activity can best achieve its mission as a cornerstone of governance by positioning its work in the context of the organisation's own risk management framework. Therefore, we have aligned our internal audit activity with the corporate risk registers.

To provide a more flexible approach and to take account of changes in the organisation and the risk environment, we also meet with senior management to discuss their latest risks, concerns and requirements. In this way, we are fully up to date with, and aware of, emerging issues and are able to focus our resources in areas of greatest priority and risk.

## Assurance Mapping

Internal audit is uniquely positioned within the organisation to provide holistic assurance to the Governance and Audit Committee and senior management on the effectiveness of internal controls, governance and risk management.

The 'three lines model' 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.

We use our risk management software (4risk) to record the 'three lines':

- First Line - Management: Operational functions and support functions such as HR and Finance
- Second Line - Management, e.g. Legal, Information Security, Quality Assurance, Health & Safety, Enterprise Risk Management / Risk
- Third Line - overall assurance provided by internal, external or other regulatory bodies and Governing Body (Accountability)

We will work with the first and second line to secure these assurances, and the Council's Corporate Business and Performance Team, to support the Council's Annual Governance Statement.

## **Agile audit**

The main difference between agile auditing and traditional auditing is flexibility. Instead of rigid, single-phase planning, agile auditing centres around fluid, iterative planning on an ongoing basis. In traditional audit, planning happens months if not years in advance, which can render the 'plan' out of date before it is even approved.

The elastic planning cycle of agile audit allows teams to prioritise tasks based on risks and the organisation's needs. Instead of following a rigid internal audit plan, there is a continually updated backlog of audits and projects.

In agile auditing, there is a core focus on collaboration and communication between the audit team and stakeholders throughout the entire experience. While audit quality is always a key consideration, the priority is on speed and efficiency over delivering a perfectly polished project at the end. Communication is more frequent and informal and there are no surprises.

The more we know, and the sooner we know it, the better we can help the organisation address potential control and risk issues. This helps to limit the negative impact on customers, staff and members.

# PRIORITIES

## Corporate risk register

To ensure we are concentrating on what matters most to the Council, the majority of the internal audit activity will be a review of the red and amber residual risks on the corporate risk register. These will be the priority areas for internal audit review. Currently, the corporate risk register includes seven risks where the Council has assessed both the inherent and residual risk as red. These are:

- The risk that key services cannot be provided following a **major event** (e.g. civil emergency, major flooding, pandemic, foot and mouth, major contractor ceasing to trade etc.) (new)
- The risk of a **cyber-attack** having a significant impact on the Council's ability to deliver front line and support services
- The risk that **IT failure** significantly impacts service delivery
- The risk that the UK's **withdrawal from the EU (Brexit)** will negatively impact the Isle of Anglesey
- The risk that the real term **reduction in the Council's funding** continues and leads to statutory services being curtailed, priorities not being achieved, investments not being made, and increased staffing pressures
- The risk that Anglesey will not fully **recover from the Covid-19 crisis** (new)
- The risk that the Council's physical assets (e.g. buildings, roads, IT network) will not be **fit for purpose** if the Council cannot invest sufficiently to sustain and develop them (new)

The remaining 10 red inherent risks which have an amber-rated residual risk include health and safety, recruitment and retention, safeguarding, demographic change, schools modernisation, infrastructure, Gypsies and Traveller sites, poverty, Ash die-back and climate change.



## Covid-19 risk register

We will also review the management of the Covid-19 risk register to ensure that the Senior Leadership Team continues to effectively manage the risks associated with the pandemic.

## Fraud

The current pandemic creates an environment ripe for fraud. The CIPFA 'Fraud and Corruption tracker' 2019-20 highlights the highest areas of fraud (by value) as:

- Housing fraud (51%)
- Council Tax fraud (15%)
- Business Rate fraud (3%)
- Disabled Parking Concession (3%)
- Other fraud risks include adult social care, procurement, payroll, expenses and mandate fraud, which the Council experienced in early 2020.

A recent report from the Association of Certified Fraud Examiners provides insights on how fraud reporting hotlines and employee training can improve detection. It shows that employees are the best source of fraud reporting and that most reports come through online reporting mechanisms. Fraud awareness training has a considerable impact on reporting.

During 2021-22, we will therefore deliver training and an eLearning package to raise awareness and proactively identify fraud in the organisation and explore the development of an online reporting mechanism.

We will undertake targeted counter fraud activities, including a review of procurement fraud, and continue to support the Welsh Government with its National Fraud Initiative.

We will also continue with the review of the Council's approach to counter fraud, anti-bribery and corruption, anti-money laundering and terrorism financing and will update the Fraud Response Plan accordingly.

## **Adult Social Care Finance**

There is a widening social care funding gap, which puts critical pressure on the Council to manage its income and expenditure in this area. There is an increasing demand for services and assistance, but reduced resources and capacity to deliver. There is also a direct financial cost to local authorities and a reputational risk from the failure to meet statutory requirements.

At the request of the former Director of Social Services, we will review the charging framework for adult social care services.

## **Grant Funding**

The Council is increasingly funded by one-off grants, often received at short notice. Therefore, we will conduct a review of the Council's preparedness to respond to grant funding opportunities.

## **IT Audit**

Government has rated IT as one of the top four risks to UK national security. With three IT-related risks in the corporate risk register, IT is clearly a significant risk (and opportunity) for the Council. There are substantial risks of being hacked, being unable to use key systems or access key data, all potentially leading to reputational loss, fines in relation to GDPR breaches and a loss of service to vulnerable clients.

With attacks becoming more sophisticated and being seen as big business for criminals, the Council must take proactive action. Having completed three significant pieces of work in this area, we have exhausted our technical capabilities. We have therefore commissioned the IT Department of Salford City Council to undertake a programme of work to provide the Council with the assurance that its IT vulnerabilities are being effectively managed.

## **Council Tax and Non-domestic Rates Refunds**

An audit of duplicate payments conducted during 2020-21 highlighted potential duplicate payments and control weaknesses in the system for refunding council tax and non-domestic rates. We will review the system to ensure only legitimate refunds are paid.

## Gas Safety Inspection

At the request of the Head of Housing, we will review the gas safety inspection and administration process to provide assurance that the Council is meeting its statutory obligations.

## Continuous monitoring

In early 2021, we purchased software to enable us to analyse large volumes of data quickly and easily. We used the software when conducting the audit of duplicate payments in the Payments function, which helped us to identify over £178k of duplicate payments.

As well as analysing data during other audits, we will continue to work with colleagues in the Payments function to identify duplicate payments and other failures in the purchasing and payment processes.

Through this continuous monitoring, we will identify potential control failures, and the financial ramifications, sooner. Whether it saves the Council money, or it is not a significant loss, discovering control failures early allows for timely remediation and action.

## Outstanding Work from 2020-21

Due to the pandemic, half of the internal audit team were seconded to supporting the front-line response to the emergency. This significantly affected our ability to undertake the work that we had identified before the pandemic took hold and some work was set aside. We will therefore restart this work:

- Housing allocations
- Homelessness (scope extended to include the impact of Covid-19)
- Recovering Council Debts (scope extended to include the impact of Covid-19)
- Purchasing Cards in Schools

## FOLLOW UP

Standard 2500 states that the chief audit executive must establish a follow-up process to monitor and ensure that management has effectively addressed the risks raised or that senior management has accepted the risk of not taking action.

Competing priorities, budget limitations and other factors may prevent managers from addressing Issues/Risks in the agreed timeline or as previously designed to mitigate the risk.

Managers who do not address Issues/Risks arising from internal audit work expose the organisation to risk. By following up, this helps to prevent it becoming an issue.

In accordance with our agreed Internal Audit Charter, we will formally follow up all Issues/Risks included within audit reports with a 'Limited' or 'No' Assurance rating. Where reports continue to attract a 'Limited' or 'No' Assurance rating, the Governance and Audit Committee may invite the risk owner or head of service to attend a meeting to discuss the report.

We will help the organisation to track the implementation of all actions and will log all agreed actions on an internal tracking system (4action).

## PERFORMANCE MEASURES

Risk-based internal audit is at the cutting edge of internal audit practice. It is a dynamic process and therefore more difficult to manage than traditional methodologies. Monitoring progress against a plan that is constantly changing is a challenge. However, the rewards outweigh these difficulties and we have reviewed our performance measures to ensure the difficulties in measuring internal audit's effectiveness are taken into account.

We have in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit service. We have adopted a reduced and streamlined suite of performance measures to determine the effectiveness of our work, which can be seen in the table below.

Performance Indicator	Target 2021/22	Performance 2020/21	Performance 2019/20	Performance 2018/19
Red and Amber Residual Risks in the Corporate Risk Register audited <sup>4</sup>	80%	28%	50%	29%
Audits completed within six months	100%	85%	93%	Not measured
Clients responses at least 'satisfied'	100%	100%	100%	100%
Number of staff	5.0 FTE	2.6 FTE <sup>5</sup>	4.0 FTE	4.0 FTE

### Benchmarking

Externally, where relevant, we will continue to benchmark our performance against the other 21 members of the Welsh Chief Auditors Group.

<sup>4</sup> Due to the fairly stable nature of these risks, this will be measured over a rolling 24-month period from 2021-22

<sup>5</sup> 0.7 FTE supporting Covid-19; 0.4 FTE lost to long-term sickness; 1.7 FTE lost to vacancies and flexible working

## CHALLENGES GOING FORWARDS

In a small team, staff absence can have a significant impact. Ongoing long-term absence, vacancies due to secondment and internal promotion, and redeployment to the Covid-19 emergency response functions continue to reduce significantly the resource available to deliver the internal audit activity.

However, the experience from last year has provided valuable learning. A new, enthusiastic and dedicated team, and new action tracking software, has placed the internal audit team in a good position to ensure delivery of its strategy. Consequently, it will continue to support the Council as a key component of its governance structure, **enabling the Head of Audit and Risk to fulfil the requirement to produce an annual internal audit opinion, to support the Annual Governance Statement.**

## 2021 Audit Plan – Isle of Anglesey County Council

Audit year: 2020-21

Date issued: March 2021

Document reference: 2315A2021-22

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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.



# Contents

2021 Audit Plan	
About this document	4
My duties	4
Impact of COVID-19	5
Audit of financial statements	5
Performance audit	9
Certification of grant claims and returns	11
Statutory audit functions	11
Fee, audit team and timetable	11

DRAFT

# 2021 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit Isle of Anglesey County Council's (the Council) financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- 6 However, due to the changes arising from the Local Government and Elections (Wales) Act 2021, I will no longer have these duties during 2021-22 and thereafter. Therefore, I am not planning to discharge these duties as part of my 2021-22 audit programme.

## Sustainable development principle

- 7 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 8 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 9 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 10 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 11 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the authority as the 2021 position becomes clearer.

## Audit of financial statements

- 12 It is my responsibility to issue a certificate and report on the financial statements. This includes:
- an opinion on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 13 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support the preparation of Whole of Government Accounts;

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary); and
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 14 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 Committee prior to completion of the audit.
- 15 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 16 There have been no limitations imposed on me in planning the scope of this audit. If there have been limitations imposed, these should be stated here or at an appropriate place in the body of the document.
- 17 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

## Audit of financial statements risks

- 18 The following table sets out the significant risks I have identified for the audit of the Council.

### Exhibit 1: financial statement audit risks

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

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>

#### Impact of COVID-19

The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.

We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.

The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts.

Examples of audit risks include:

- Incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements
- Fraud/error risks
- Potential year-end valuation uncertainty
- Estimation of accrued annual leave provisions

We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.

Audit risk	Proposed audit response
<b>Other audit risks</b>	
<p><b>McCloud judgement</b></p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020. The Government recently announced that the underpin will be the deferred choice model and final details are expected to be published during 2021.</p> <p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the outcome of the consultation to be applied in the Local Government pension schemes.</p>

## Other matters

- 19 There are two further matters on which my audit team will undertake early work in preparation for the 2021-22 audit.

### Exhibit 2: Other matters

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

<b>Other matters</b>	
<p>CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The authority will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>

## Other matters

The Local Government and Elections Act received Royal Assent on 20 January 2021. Included in its provisions is the establishment of a Corporate Joint Committee (CJC) to deliver services currently provided by the authority.

My team will undertake an early review of the preparations the authority is making for accounting arrangements related to the transfer of services to the CJC.

## Performance audit

- 20 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 21 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 22 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 23 Given the high degree of commonality in the risks facing councils at this time I also intend to deliver a number of thematic projects examining risks common to all councils.
- 24 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 25 In my consultation I have set out and sought views on proposals to:
- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
  - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
  - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 26 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.

- 27 In view of the above factors I intend to retain a high degree of flexibility in my local performance audit programme and will continue to update the Council as the audit programme changes.
- 28 For 2021-22 this work is set out below.

### Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Further details to follow
Assurance and Risk Assessment	<p>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.</p> <p>At Isle of Anglesey County Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• financial position;</li> <li>• recovery planning;</li> <li>• implications of the Local Government and Elections (Wales) Act 2021, including self-assessment arrangements and the development of corporate joint committees; and</li> <li>• the Carbon Reduction Plan.</li> </ul>
Thematic work – Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.



## Certification of grant claims and returns

29 I have been requested to undertake certification work on the Council's grant claims and returns as set out in **Exhibit 4**.

### Exhibit 4: summary of grant claim certification work

This table summarises my 2020-21 programme of grant claim certification work

Name of scheme	Total value (Based on 2019-20 claim)
Housing Benefit Subsidy	£17 million
Non-Domestic Rates Return	£14.6 million
Teachers' Pensions Return	£6.8 million

## Statutory audit functions

30 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.

31 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

32 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, 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 document;
- 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.

33 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

34 Your estimated fee for 2021 is set out in **Exhibit 5**. This represents no change to your actual 2020 fee.

### Exhibit 5: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	192,000	192,000
Performance audit work <sup>3</sup>	100,390	100,390
Grant certification work <sup>4</sup>	35,000-45,000	35,000-45,000
Total fee	337,390	337,390

35 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.

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

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2020 to October 2021.

<sup>3</sup> Payable April 2021 to March 2022.

<sup>4</sup> Payable as work is undertaken.

## Audit team

37 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

### Exhibit 6: 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	029 20320566	<a href="mailto:derwyn.owen@audit.wales">derwyn.owen@audit.wales</a>
Yvonne Thomas	Audit Manager (Financial Audit)	029 22677830	<a href="mailto:yvonne.thomas@audit.wales">yvonne.thomas@audit.wales</a>
Gareth Evans	Audit Lead (Financial Audit)	029 20829309	<a href="mailto:gareth.evans@audit.wales">gareth.evans@audit.wales</a>
Jeremy Evans	Audit Manager (Performance Audit)	07825 052861	<a href="mailto:jeremy.evans@audit.wales">jeremy.evans@audit.wales</a>
Alan Hughes	Audit Lead (Performance Audit)	029 20829349	<a href="mailto:alan.hughes@audit.wales">alan.hughes@audit.wales</a>

## Timetable

- 38 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 39 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date

with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

**Exhibit 7: Audit timetable**

Planned output	Work undertaken	Report finalised
<b>2021 Audit Plan</b>	January and February 2021	March 2021
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Financial Accounts Memorandum</li> </ul>	June to August 2021	September 2021  September 2021  October 2021
<b>Performance audit work:</b>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	
<b>Grants certification work</b>	October 2021 to January 2022	February 2022
<b>Annual Audit Summary</b>	N/A	December 2021
<b>2022 Audit Plan</b>	January and February 2022	March 2022

40 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.





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	20 April 2021
<b>Pwnc: Subject:</b>	Constitutional changes affecting the Governance and Audit Committee
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> To provide members of the Governance and Audit Committee with details of constitutional changes affecting it due to the resignation of a lay member and the Local Government and Elections (Wales) Act 2021.	

## Introduction

1. Following the resignation of a lay member of the Governance and Audit Committee, the Committee made a request to amend the Council's Constitution accordingly.
2. At its meeting of 9 March 2021, Council resolved to amend the Council's Constitution to reduce the number of lay members required on the Governance and Audit Committee from two lay members to one, until the provisions of new legislation come into effect.
3. The new legislation referred to was the Local Government and Elections (Wales) Act 2021. The Senedd passed the Local Government and Elections (Wales) Bill on 18 November 2020, exactly a year after it was introduced in 2019. The Bill received Royal Assent on 20 January 2021 and the final agreed wording is available at:  
<https://business.senedd.wales/mglIssueHistoryHome.aspx?Ild=26688>
4. The Act is substantial and covers a range of topics from electoral reform, public participation, governance and performance through to regional working.
5. The 'Coming into Force' provisions of the Act are complex, with some provisions coming into force within days of Royal Assent, others within two

months and the majority via Ministerial statutory instruments; the dates of which are not all yet known.

6. In general, it is anticipated that performance and governance arrangements will commence from April 2021 (with the final performance report from the 2009 Measure published by 31 October 2021). Subject to a decision by the Council, the first peer review may take place soon after the local government election in May 2022.
7. The Director of Function (Council Business) / Monitoring Officer provided the Council with an update on 9 March 2021, which can be accessed at:

<http://democracy.anglesey.gov.uk/documents/s16895/Local%20Government%20and%20Elections%20Wales%20Act%202021.pdf?LLL=0>

### **Specific changes affecting this Committee as a result of the Act**

8. In terms of the reforms affecting the Governance and Audit Committee, the Act introduces reforms of the performance and governance regime, including a repeal of the 2009 Measure duties, and other reforms detailed below:

#### **Change of name (section 115)**

9. The Act changes the name of the Committee to 'Governance and Audit Committee'. The change of name came into force by statutory instrument.

#### **Complaints (section 115)**

10. The Act introduces a requirement for the Committee to review and assess the Council's ability to handle complaints effectively, and make reports and recommendations in relation to the same.

#### **Committee membership composition and proceedings (sections 116-118)**

11. The Act requires that:

- one-third of the Committee members are lay persons and two-thirds are members of the Council
- a member of the Committee is to be appointed by the Committee as its Chair (and must be a lay person); and
- a member of the Committee is to be appointed by the Committee as its Deputy Chair (and must not be a member of the local authority's executive or an assistant to its executive).

12. A 'lay person' is defined by section 117 of the Act as a person who is:

- not a member or an officer of any local authority



- has not at any time in the period of twelve months ending with the date of that person's appointment been a member or an officer of any local authority; and
- not the spouse or civil partner of a member or an officer of any local authority.

### **Appointment of Chair and Deputy Chair (sections 116 and 118)**

13. The Committee will have a duty to appoint its own Chair and Deputy Chair. In the absence of the Chair, the Deputy Chair shall chair any Committee meeting and, in the absence of both the Chair and Deputy Chair, only non-members of the executive can chair meetings. Again, these sections of the Act shall come into force by statutory instrument (the anticipated commencement date is May 2022).

### **Principal Council Performance (sections 91-93)**

14. A principal council must compile a self-assessment report for each financial year, which must be made available to the Governance and Audit Committee as a draft document. The Committee must review the draft self-assessment report and may make recommendations for changes.

15. If the Council does not make the requested changes, the reasons must be set out in the report. Within four weeks of finalising the report, the Council must:

- publish the report;
- make the report available to the Council's Governance and Audit Committee; and
- send the report to the Auditor General for Wales, Her Majesty's Chief Inspector of Education and Training in Wales, and Welsh Ministers.

16. The Council must arrange a panel performance assessment at least once during each electoral cycle. The panel must consult with local people, businesses, staff and trade unions on whether the council is meeting the performance requirements. A panel performance assessment must report:

- its conclusions as to whether the Council is meeting the performance requirements; and
- recommend actions required to improve performance.

17. This report and the Council's response (the principal council has a duty to provide a response to the report of the panel performance assessment) needs to be published and shared with the Governance and Audit Committee for comment.

## **Recommendation**

18. That the Governance and Audit Committee notes the changes to the Council's Constitution following its request, and the reforms introduced by the Local Government and Elections (Wales) Act 2021.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	20 April 2021
<b>Subject:</b>	Procuring Well-being in Wales Report, commissioned by Future Generations Commissioner for Wales – Isle of Anglesey County Council’s Response
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Report Author:</b>	Gethin Morgan Business Planning, Programme and Performance Manager 01248 752111 <a href="mailto:GethinMorgan@ynysmon.gov.uk">GethinMorgan@ynysmon.gov.uk</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>The Procuring Well-being in Wales Report published by the Future Generations Commissioner in February of 2021 outlines the extent to which the Wellbeing of Future Generations Act is informing commissioning and procurement decisions across all 44 public bodies in Wales.</p> <p>It also provides a set of recommendations which the Isle of Anglesey County Council is required to consider.</p> <p>This report and the associated papers demonstrates this consideration and outlines how the County Council expects to implement those recommendations over a set time-period.</p>	

## **Introduction**

The Well-being of Future Generations Wales Act (2015) (hereby referred to as ‘the Act’) provides the public sector with an opportunity to transform the way procurement is planned and delivered in Wales. By moving from a process-driven approach towards an outcomes-based approach, it is proposed we can ensure the £6.3 billion spent annually by the public sector in Wales delivers the best outcomes across all four dimensions of well-being (economic, social, environmental, and cultural) for current and future generations.

Procurement is one of the seven corporate areas for change in the Act’s statutory guidance (Shared Purpose: Shared Future, SPSF 1: Core Guidance) and it must be

a key area of focus for public bodies in meeting their obligations under the Act, including setting, and taking all reasonable steps to meet, their organisational well-being objectives.

If it is accepted (as it should be, as it is set out in the statutory guidance) that the way in which resources are spent through procurement is a reasonable step, then a public body's procurement strategy should be setting out clearly how they are procuring in a way which helps them to meet their organisational well-being objectives, and in turn contributing to the seven national well-being goals. It should also evidence how the clear alignment with the four dimensions of well-being (cultural, economic, social and environmental) and how they have applied the five ways of working in the Act which are planning for the long term, prevention, integration, collaboration and involvement. This should be reported through the outcomes that are achieved.

Working in partnership with Cardiff University, the Future Generations Office has completed research to establish the extent to which the Act is informing commissioning and procurement decisions across all 44 public bodies in Wales.

The resulting paper <https://www.futuregenerations.wales/wp-content/uploads/2021/02/ENG-Section-20-Procurement-Review.pdf> outlines the findings and the attached action plan (Appendix 1) demonstrates how the Isle of Anglesey will implement the actions accordingly.

## **Recommendation**

1. That the Audit and Governance Committee notes the findings of the paper <https://www.futuregenerations.wales/wp-content/uploads/2021/02/ENG-Section-20-Procurement-Review.pdf>
2. That the Audit and Governance Committee approves the Council's response to the associated recommendations published.

**APPENDIX 1 - PROCURING WELL-BEING IN WALES – COMMISSIONED BY FUTURE GENERATIONS COMMISSIONER FOR WALES**  
**REPORT ACTION PLAN**

RECOMMENDATION	ISLE OF ANGLESEY CC RESPONSE	TARGET DATE OF IMPLEMENTATION
<b>RECOMMENDATIONS FOR WELSH GOVERNMENT</b>		
<p><b>Welsh Government should establish a Procurement Centre of Excellence</b> for improving coordination, collaboration and providing practical support to public bodies in the exercise of their procurement functions, specifically in relation to the Act. Development of this Centre of Excellence would require a comprehensive review and reform of the existing procurement landscape (structures, networks, partnerships and initiatives) and be resourced to build capacity and support implementation.</p>	<p>The Council will respond any consultation / request for information which Welsh Government request as they set up the Procurement Centre of Excellence.</p> <p>The Council is committed to respond to any reform proposed by the Procurement Centre of Excellence</p>	<p>Implementation date to be determined by Welsh Government</p>
<p>The new <b>Programme for Government</b> should clearly set out how Welsh Government will provide strategic leadership and commitment to supporting and achieving wider outcomes from procurement, using language that is consistent with the Act.</p>	<p>The Council is committed to respond to achieve the wider procurement outcomes that are set by the Welsh Government</p>	<p>Implementation date to be determined by Welsh Government</p>
<p>Welsh Government’s new Procurement Policy Statement should clearly demonstrate how it will support public bodies to deliver the aspirations of the Act in public sector procurement in Wales. This Statement, along with progress to deliver the commitments, should be reviewed annually.</p>	<p>The Council will take advantage of any support provided by Welsh Government that allows the Council to better deliver the aspirations of the Act</p>	<p>Implementation date to be determined by Welsh Government</p>

**APPENDIX 1 - PROCURING WELL-BEING IN WALES – COMMISSIONED BY FUTURE GENERATIONS COMMISSIONER FOR WALES**

**REPORT ACTION PLAN**

RECOMMENDATION	ISLE OF ANGLESEY CC RESPONSE	TARGET DATE OF IMPLEMENTATION
<p>Welsh Government should revisit (and consider revising) all national procurement frameworks to ensure they align with, and contribute to, the seven national well-being goals and apply the five ways of working set out in the Act.</p>	<p>The Council currently utilises national procurement frameworks where they are applicable and provide a benefit to the Council.</p> <p>We will assess the changes made to the national procurement frameworks as and when the need to use a framework arises to ensure that any changes made are consistent with the Council’s Procurement Strategy</p>	<p>As and when national procurement frameworks are used</p>
<p>Welsh Government should <b>review all guidance and toolkits</b> that are currently in place to support sustainable procurement and measure/monitor community benefits and/or social value, and publish a clear plan outlining how these will be revised / consolidated to enable a consistent approach for public bodies to report on the well-being outcomes being achieved.</p>	<p>The Council are currently assessing the need for an improved Procurement / Contract Management system to enable the Council to measure, monitor and report on community benefits and social value. It is also the aim of the new system that it will incorporate the TOMs Framework to provide the Council with the ability to measure and report on social value.</p> <p>The assessment of each system will consider whether it can easily be adapted to take account of any changes made by Welsh Government in response to this recommendation.</p>	<p>Dependant on the issuing of revised guidance and toolkits by Welsh Government</p>
<p>In order to meet carbon emission targets every public body should set out clearly how they have considered the <b>carbon impact of their procurement decisions</b> and in the case of construction or infrastructure contracts should clearly require schemes to be net zero and/or carbon neutral.</p>	<p>Work has commenced on a programme of work to move the Council towards being carbon neutral. £50k has been allocated in the 2021/22 revenue budget to commence the programme.</p> <p>Further work will take place during 2021/22 to identify how this will be achieved with the aim of the new Council endorsing the plan following the elections in May 2022.</p>	<p>December 2022</p>

**APPENDIX 1 - PROCURING WELL-BEING IN WALES – COMMISSIONED BY FUTURE GENERATIONS COMMISSIONER FOR WALES**

**REPORT ACTION PLAN**

RECOMMENDATION	ISLE OF ANGLESEY CC RESPONSE	TARGET DATE OF IMPLEMENTATION
<p>The Procurement Centre of Excellence should review and reform structures for national accountability and establish an appropriate mechanism to scrutinise progress on implementation. Welsh Government should <b>report annually</b> on how overall national public spend is contributing to the national well-being goals.</p> <p>In addition, their annual report (on progress with the Act) should clearly set out how all of their own procurement spend and grant spend is contributing to meeting their well-being objectives, and in turn the seven national well-being goals.</p>	<p>This is clearly a recommendation for Welsh Government but it will require information from the Council to be incorporated into the report.</p> <p>The implementation of a Procurement / Contract Management system should allow the Council to provide the necessary information</p>	<p>Implementation date to be determined by the Procurement Centre of Excellence</p>
<p>The Procurement Centre of Excellence should develop a mechanism or tool to assist public bodies to monitor and report consistently on the Act (possibly building on the work being done on social value and the new TOMS framework) demonstrating <b>how their procurement spend is meeting the well-being goals and objectives.</b></p>	<p>The Council will take advantage of any mechanisms or tools that become available which allow the Council to better monitor compliance with the requirements of the Act</p>	<p>Implementation date to be determined by the Procurement Centre of Excellence</p>
<p>Welsh Government should monitor progress by public bodies in Wales. This must be reported within the annual reports on delivery of their well-being objectives for both Welsh Government in respect of the overall outcomes being delivered across Wales and by individual public bodies.</p>	<p>This is clearly a recommendation for Welsh Government but it will require information from the Council to be incorporated into the report.</p> <p>The implementation of a Procurement / Contract Management system should allow the Council to provide the necessary information.</p>	<p>Implementation date to be determined by Welsh Government</p>

**APPENDIX 1 - PROCURING WELL-BEING IN WALES – COMMISSIONED BY FUTURE GENERATIONS COMMISSIONER FOR WALES**  
**REPORT ACTION PLAN**

RECOMMENDATION	ISLE OF ANGLESEY CC RESPONSE	TARGET DATE OF IMPLEMENTATION
<b>RECOMMENDATIONS FOR PUBLIC BODIES, INCLUDING WELSH GOVERNMENT</b>		
<p>Senior leadership should review their procurement approach and activities to identify opportunities to maximise the social, economic, environmental and cultural impact of spending decisions, setting clear steps that show how procurement is supporting the delivery of their organisational well-being objectives.</p>	<p>The implementation of a new Procurement / Contract Management system along with other review work which will be undertaken by the Procurement Team will provide the Council with a baseline position in respect of its procurement approach.</p> <p>This information will then feed into a revised Procurement Strategy which will be developed to compliment the Council’s Corporate Plan for the 5 years following on from the election in May 2022.</p> <p>The revised Procurement Strategy will take account of the points raised in the recommendation</p>	<p>December 2022</p>
<p>Once a mechanism or tool is developed and adopted by Welsh Government (as recommended above), each public body should be using it to <b>clearly monitor and report on its activities</b>, both in individual procurement exercises and overall, <b>how their procurement spend is meeting their well-being goals and objectives</b>.</p> <p>This must be reported within the annual reports on delivery of their well-being objectives.</p> <p>In order to avoid confusion of language and link clearly to the statutory requirements of the Act the terminology should be revised to mirror the language of the Act.</p>	<p>The Council is committed to implementing the recommendation once Welsh Government have concluded their review and set out the reporting requirements for local authorities</p>	<p>Implementation date to be determined by Welsh Government</p>



**APPENDIX 1 - PROCURING WELL-BEING IN WALES – COMMISSIONED BY FUTURE GENERATIONS COMMISSIONER FOR WALES**  
**REPORT ACTION PLAN**

<b>RECOMMENDATION</b>	<b>ISLE OF ANGLESEY CC RESPONSE</b>	<b>TARGET DATE OF IMPLEMENTATION</b>
<p>The Procurement Centre of Excellence established by Welsh Government will act as a central portal to support cross-sector collaboration and implementation. In collaboration with others Welsh Government should review existing groups and networks to better coordinate activity across local government, health, PSBs and regions, along with third sector and private sector.</p>	<p>The Council will take advantage of any support that becomes available from the Procurement Centre of Excellence</p>	<p>Implementation date to be determined by the Procurement Centre of Excellence</p>
<p>Public Services Boards should prioritise how they can collaborate and use spend to maximise social value, contribute to their well-being objectives, and improve well-being on a local level.</p>	<p>The Council will contribute to the work of the Public Service Board in implementing this recommendation</p>	<p>Implementation date to be determined by the Public Service Board</p>

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CYNGOR SIR  
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ISLE OF ANGLESEY  
COUNTY COUNCIL

## GOVERNANCE & AUDIT COMMITTEE

### FORWARD WORK PROGRAMME

20 April 2021

Contact Officer:	Marion Pryor, Head of Internal Audit & Risk
E-Mail:	<a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
Telephone:	01248 756211

No.	Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
1	25 May 2021	Annual Report of the Governance and Audit Committee – Chair’s Report	<p>The Governance and Audit and 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.</p> <p>The Committee is asked to approve the Chair’s Report for submission to full Council.</p>	<p>Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a></p>
2	25 May 2021	Internal Audit Annual Report 2020/21	<p>The Public Sector Internal Audit Standards requires the chief audit executive to deliver an annual internal audit opinion and report that the Council can use to inform its annual governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.</p> <p>The Committee is asked to note the assurance provided by the Head of Audit &amp; Risk.</p>	<p>Head of Internal Audit &amp; Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a></p>

No.	Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
3	23 June 2021	Draft Report of the Director of Function (Resources) / Section 151 Officer regarding the Annual Finance and Governance Statement 2020/21	The Governance and Audit Committee is requested to comment on the content of the draft Annual Finance and Governance Report 2020/21 and contribute to the evaluations, conclusions and recommendations proposed to further develop or strengthen elements of the Council's governance arrangements during 2021/22.	Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>  Programme, Business Planning & Performance Manager <a href="mailto:GethinMorgan@ynysmon.gov.uk">GethinMorgan@ynysmon.gov.uk</a>
4	20 July 2021	Report of the Director of Function (Resources) regarding the Annual Finance and Governance Report 2020/21	The Governance and Audit Committee is charged with approving the accounts on behalf of the Council. The Committee is therefore required to: <ul style="list-style-type: none"> <li>• approve the Annual Finance and Governance Report 2020/21, including the Statement of Accounts 2020/21,</li> <li>• receive the Appointed Auditor's report on the accounts and the ISA 260, and to approve the Final Letter of Representation.</li> </ul>	Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
5	20 July 2021	Annual Insurance Performance Report 2020/21	The report provides the Committee with information about how the Council has managed its insurance activity over the last five years and its challenges going forwards.  The Committee is asked to consider the assurance provided.	Head of Internal Audit & Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>  Insurance & Risk Manager <a href="mailto:JulieJones@ynysmon.gov.uk">JulieJones@ynysmon.gov.uk</a>

No.	Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
6	20 July 2021	Annual Treasury Management Report 2020/21	<p>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2020/21 (Appendix 8 of the Treasury Management Strategy Statement 2020/21).</p> <p>In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this Committee.</p>	<p>Director of Function (Resources) / Section 151 Officer  <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a></p>