

Public Document Pack



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR ARCHWILIO A LLYWODRAETHU	AUDIT AND GOVERNANCE COMMITTEE
DYDD MAWRTH, 15 MAWRTH am 2 o'r gloch y prynhawn	TUESDAY, 15 MARCH 2016 at 2.00 pm
YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR, LLANGFNI	COMMITTEE ROOM 1, COUNCIL OFFICES, LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

Annibynnol / Independent

Jim Evans, Dafydd Rhys Thomas and Richard Owain Jones

Plaid Cymru / The Party of Wales

John Griffith (Is-Gadeirydd/Vice-Chair), Alun W Mummery and Nicola Roberts

Grwp Chwyldroad/Revolutionist Group

Sedd Wag/Vacant Seat

Heb Ymaelodi / Unaffiliated

R Ll Jones (Cadeirydd/Chair)

AELODAU LLEYG / LAY MEMBERS

Mrs Sharon Warnes and Mr Richard Barker

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 8 DECEMBER, 2015 MEETING (Pages 1 - 8)

To submit the minutes of the previous meetings of the Audit and Governance Committee held on the following dates –

- 8 December, 2015
- 18 February, 2016 (extraordinary)

3 WORKING IN PARTNERSHIP: ROLE OF THE COMMITTEE IN MONITORING PARTNERSHIPS (Pages 9 - 20)

To present the report of the Health and Social Care Impact Officer.

4 INFORMATION GOVERNANCE (Pages 21 - 26)

To present the report of the Head of Council Business.

5 ICT DISASTER RECOVERY AND BUSINESS CONTINUITY

To present an oral update with regard to ICT Disaster Recovery and Business Continuity.

6 EXTERNAL AUDIT - PERFORMANCE WORK PROGRAMME UPDATE (Pages 27 - 66)

- To present the External Audit Performance Work Programme Update
- To present Anglesey's Financial Resilience Assessment Report
- To present the Grants Certification and Returns report (*Copy to follow*)

7 AUDIT OF GRANTS (Pages 67 - 70)

To present the report of the Head of Resources and Section 151.

8 INTERNAL AUDIT - PROGRESS REPORT (Pages 71 - 118)

To present the Internal Audit Progress report.

9 INTERNAL AUDIT STRATEGIC PLAN 2016/17 - 2018/19 AND PERIODIC PLAN 2016/17 (Pages 119 - 156)

To present the report of the Internal Audit Manager.

10 TREASURY MANAGEMENT MID-YEAR REVIEW 2015/16 (Pages 157 - 174)

To present the report of the Head of Resources and Section 151 Officer.

11 **ANNUAL REPORT TO COUNCIL** (Pages 175 - 194)

To present the Committee's Annual Report for 2015/16 prior to its submission to the County Council in May, 2016.

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AUDIT AND GOVERNANCE COMMITTEE

Minutes of the meeting held on 8 December, 2015

PRESENT:	Councillor R.Llewelyn Jones (Chair) Councillor John Griffith (Vice-Chair) Councillors Alun Mummery, Richard Owain Jones, Peter Rogers, Dafydd Rhys Thomas Lay Members: Mr Richard Barker, Mrs Sharon Warnes
IN ATTENDANCE:	Chief Executive (for item 3) Head of Resources and Section 151 Officer Chief Public Protection Officer (for item 3) Head of Internal Audit (MH) Audit Manager (SP) Committee Officer (ATH)
APOLOGIES:	Mr Andy Bruce (WAO), Mr Martin George (PwC), Mrs Lynn Pamment (PwC)
ALSO PRESENT:	Councillor H.Eifion Jones (Portfolio Member for Finance), Councillor Richard Dew (Portfolio Member for Planning)

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES 23 SEPTEMBER, 2015 MEETING

The minutes of the previous meeting of the Audit and Governance Committee held on 23 September, 2015 were submitted and confirmed as correct.

Arising thereon –

- The Head of Resources and Section 151 Officer confirmed that prior to departing his post, the Interim Head of Resources and Section 151 Officer wrote to the Chief Constable to seek assurance that the investigation into the attempted fraud against the Isle of Anglesey County Council (and others) was being progressed. A Chief Inspector locally met with the Head of Resources and the Audit Manager last week to give a full report regarding what the investigation had entailed and the outcome thereof the details of which the Officer recounted to the Committee. In summary, in such cases the money fraudulently obtained (although in Anglesey's case, no monies were lost) is usually moved from account to account and eventually out of the country. As local authorities have become more alert to the risks of acts of fraud such as this, the perpetrators are targeting other organisations. Given that the Council did not report the attempted fraud for two months the delay diminished the likelihood of a positive result in terms of identifying and apprehending the fraudsters. In future, such acts will be forwarded to and dealt with by Action Fraud.

The Committee noted the information and accepted that the Police had done as much as possible in the circumstances and that it fell to the Authority to learn lessons from the experience particularly with regard to ensuring safeguards are in place and are robust, strengthening internal controls and taking prompt action when anything remiss is discovered.

- With regard to the request made by the Committee at its previous meeting that it be provided with a schedule of the Authority's for sale assets following concerns that they are not being sold quickly enough, the Head of Resources and Section 151 Officer said that whilst such a schedule exists it is a substantial document with a high level of detail which might not meet with what the Committee is looking for in terms of summary information about the Council's for sale assets and their marketing. The Officer referred the Committee to a published report by the Scrutiny Outcome Panel on the disposal of assets which is to be considered by the Executive on 14 December and which documents the Panel's findings and recommendations following its examination of how the Authority deals with its assets, including the process of selling assets.

The Committee accepted the Officer's advice and agreed that its Members would individually reference the report of the Scrutiny Outcome Panel.

3. FOOD STANDARDS AGENCY AUDIT

The report of the Chief Public Protection Officer incorporating the report of the Food Standards Agency on the Food and Feed Law Enforcement Service on the Isle of Anglesey following an audit that was undertaken in July, 2014 was presented for the Committee's consideration. The report also included the Action Plan that was drawn up to address the recommendations made by the Food Standards Agency along with an update on the progress made in implementing those recommendations.

The Chief Public Protection Officer reported that the audit covered the Isle of Anglesey's arrangements for the delivery of food hygiene, food standards and feed law enforcement services which functions are delivered by the Public Protection section of Planning and Public Protection Division. The work at the time was delivered by officers in the Environmental Health and Trading Standards teams. The FSA's formal report was received on 21st July, 2015. The Officer referred to the audit findings and recommendations as summarised under paragraph 2.2 of the report in response to which a detailed Action Plan was formulated (Annexe A to the FSA Report). Work on addressing the recommendations began following the informal feedback session delivered by the FSA Auditors on 18 July, 2014. The Action Plan has been a live document and has been updated on a regular basis as the agreed actions have been completed; the latest version is provided at Appendix 1.

The Officer informed the Committee that the majority of the recommendations made were of a procedural nature and have been addressed. However, the adequacy of staff resources to carry out Food Hygiene, Food Standards and Feed Hygiene inspections remains a concern and current analysis shows a staff resource gap of 2 officers. The service is in the process of transformation in order to address such challenges; notwithstanding it is likely that even with a more agile, modern and flexible workforce there will remain a resource gap. The mitigation is to ensure well evidenced and informed prioritisations of the use of staff. As the streamlined approach is yet to be tested and the transformation process is incomplete, a short-term solution is being made through agency cover. The FSA will return to formally assess progress against the full report before 31 March 2016.

The Committee considered the report and raised the following issues thereon –

- Whether in comparison with other comparable authorities the staffing situation is an issue particular to this authority and whether there is a timescale for reaping benefits from planned training to enable officers to become multi-functional. The Chief Public Protection Officer said that staffing is a general issue. The Public Protection restructure is due to be completed in January, 2016 after which attention will be given to training and working practices. One of the issues with regard to Food Hygiene is that officers need to be qualified environmental health officers and also to be able to demonstrate ongoing competence so there has to be a regular training régime which will have to be extended to other members of the team.
- Whether collaborative working is a potential solution to staffing difficulties particularly as regards drawing on resources to cover absences e.g. maternity leave. The Chief Public Protection Officer said that some aspects of enforcement and regulation can be delivered across a wider base but that inspection work especially with regard to Food Hygiene tends to be localised. Cross border authorisations have been introduced to enable officers to work in any of the six North Wales authorities. However given that competence is key in relation to Food Hygiene what is being

explored is the possibility of combining specialist services so expertise can be shared and called upon when required.

- The Committee noted with concern that the service is hampered by underlying issues of capacity and scale and by uncompetitive levels of pay which make recruitment more difficult. The Committee sought assurance that retraining officers to be able to undertake other aspects of the work will not place an additional burden on staff. The Chief Public Protection Officer that whilst risks are high as regards staff leaving, Public Protection staff retention levels are good and there is a process of staff development and succession planning. Difficulties are more likely to arise in circumstances where staff might leave quickly. As regards covering a range of duties the Officer said that one touch regulation should reduce pressures as regards demand and it is also a matter of prioritising the workload to deliver in accordance with the regulations.
- The Committee queried whether the income of approximately £12k which the service received for the Food Standards Agency for carrying out inspections is a fair reflection of the costs involved. The Chief Public Protection Officer said that Feed Hygiene is a much smaller aspect of the service than Food Hygiene which involves in the region of 500 visits per annum (compared to 100 for Feed Hygiene). The former is important in terms of maintaining the integrity of the food chain. However, it is not considered that the income derived from the inspection work is adequate to recoup the costs which the work entails.

It was resolved to accept the Food Standards Agency Audit report and to note its contents.

ACTION ENSUING: The Committee to be provided with an update on progress against the Action Plan.

4. EXTERNAL AUDIT – ANNUAL AUDIT LETTER

The Annual Audit Letter for 2014/15 was submitted and was noted by the Committee.

The Audit Letter confirmed the following –

- That the Isle of Anglesey County Council complied with its responsibilities relating to financial reporting and use of resources.
- That the Auditor General for Wales is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.
- That the Auditor General for Wales issued a certificate confirming that the audit of the accounts had been completed on 30 September, 2015.
- That work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015/16 accounts or key financial systems.

NO FURTHER ACTION ENSUING

5. EXTERNAL AUDIT – CERTIFICATE OF COMPLIANCE

- The Wales Audit Office Certificate of Compliance confirming that the Isle of Anglesey County Council has discharged its duties under the Local Government (Wales) Measure 2009 to publish an assessment of its 2014/15 performance before 31 October, 2015 in the financial year, was presented and was noted by the Committee.
- The External Audit Performance Work Programme update was presented and was noted.

NO FURTHER ACTION ENSUING

6. INTERNAL AUDIT PROGRESS REPORT

The report of the Internal Audit Section on the work of the Internal Audit Service during the period from 1 April to 31 October, 2015 was presented for the Committee's consideration.

The Committee considered the information presented and highlighted the following matters –

- With reference to performance targets, the Committee noted that progress has been hampered by a higher than expected level of sickness within the service and that the Team has been carrying a vacancy (which it was informed had since been filled). The Committee sought assurance that the Internal Audit Service has adequate staff resources to be able to carry out its duties effectively including the fulfilment of the Audit Plan and whether if needed there might be recourse in the short term to an audit officer at Conwy County Borough Council's as the provider of the internal audit management function at Anglesey.

The Head of Internal Audit said that sickness absence is unpredictable and therefore difficult to plan for. The arrangement with Conwy County Borough Council was not intended to enable an officer resource to be parachuted in to bridge a gap and that the resources already available within Anglesey's Internal Audit Service must be managed as effectively as possible. The issue for the Head of Internal Audit and Head of Resources is whether the Internal Audit function in Anglesey is sufficiently equipped to provide adequate coverage of activities on Anglesey to provide the level of assurance required at the year end. The service seeks to meet the requirements of the Audit Plan as mandated but the situation can change for example, because of additional unplanned work; it is the role of the Head of Internal Audit to ensure that the level of audit coverage by the end of the year is adequate to provide a sound basis for the opinion on the level of assurance that Internal Audit provides.

The Head of Resources and Section 151 Officer said that the Section 151 Officer and External Audit need to be satisfied that Internal Audit is able to provide them with the necessary level of assurance otherwise consideration will have to be given to putting in additional resources into Internal Audit. That point has not been reached. The Finance Service has engaged a trainee accountant who is spending periods of work in all the Finance sections and who as part of the training programme will shortly be moving to Internal Audit thus providing the service with some extra coverage.

- The Committee sought clarification of the extent and impact on the Audit Plan of unplanned audit work especially that pertaining to grant work as outlined in Appendix B to the report, and queried whether given these grants are known and ongoing and are not ad-hoc, work on them should be factored into the Audit Plan. The Audit Manager said that the grant work involves work formerly undertaken by External Audit and the administration fee is inbuilt in the grant. The Head of Resources and Section 151 Officer said that the work is unplanned as regards its timing; the Officer suggested, and it was agreed that the Committee be provided with a report setting out the process for auditing grants and how the expectations of the Wales Audit Office are met.
- The Committee referred to the summary of audit recommendations and assurance levels as at Appendix D and the key messages therefrom and it sought clarification of the situation in relation to recommendations that remain unimplemented. The Head of Resources and Section 151 Officer said that with regard to recommendations relating to the Finance Service which show as unimplemented, the follow up audits will demonstrate that many of these will have been actioned either as recommended or in alternative ways that still address the weakness identified. In relation to debtors, a great deal of work has been undertaken to address this issue and to reduce the debtor balance through recovery actions or by writing off unrecoverable debts. Services are now in possession of far more accurate information on the level of debt within their respective services and systems such as direct debit and pre-payment are geared towards facilitating the prompt collection of income.
- The Committee noted that ICT Disaster Recovery and Business Continuity are still deemed to be areas where the assurance level is limited and it noted both as areas of recurring concern for the Committee. The Committee took the view that it should now be exercising its authority to hold Management to account for the inadequate response to Internal Audit recommendations to improve the system of controls in these two areas and because of the risks involved, they should also be flagged up with the Senior Leadership Team as requiring attention. The Audit Manager said that she would endeavour to complete the follow up audits on ICT Disaster Recovery and Business Continuity in time for the next Audit Committee meeting in February, 2016.
- The Committee noted that the assurance level for Information Governance is judged to be reasonable whilst the key messages from the Annual Review of Compliance remain largely

negative. The Committee was informed that the scope of the reviews undertaken by the ICO's Office in 2012 and 2013/14 which was concerned with Data Protection Governance and Records Management was different to that undertaken by Internal Audit which looked at compliance with existing policies. The ICO's enforcement notice was issued after the publication of the draft IA review report. Work on information governance including addressing both the recommendations relating to the enforcement notice and the recommendations of the Internal Audit review is being done under the oversight of a board. It was suggested and agreed that the Committee be provided with an update on Information Governance compliance issues at its next meeting so that it is clear regarding where the Authority is at on this matter.

It was resolved to accept the progress report and to note its contents.

ACTIONS ENSUING:

- **That the follow up audits in relation to ICT Disaster Recovery and Business Continuity be presented to the Audit and Governance Committee's next meeting.**
- **That the ICT Business Transformation Manager be asked to attend the next meeting to brief the Committee on progress to date on the above two areas.**
- **That the Senior Leadership Team be made aware of the Committee's continuing concern with regard to ICT Disaster Recovery and Business Continuity as high risk areas requiring attention.**
- **That the Head of Council Business be asked to update the Committee at its next meeting on the position with regard to Information Governance compliance.**
- **That the Head of Resources and Section 151 Officer provide the Committee at its next meeting with a report on the process for auditing grants and how the expectations of the Wales Audit Office are met.**

7. REVISION OF INTERNAL AUDIT PROTOCOL

The report of the Head of Internal Audit incorporating a revised Internal Audit Protocol was presented for the Committee's consideration and comment.

The Audit Manager reported that no enhancement of the internal control framework can be made or reductions in associated risks until recommendations are implemented in full. A Follow-Up and Monitoring process to provide assurance that the agreed recommendations are implemented within the timescales set out in the Final Report Action Plan is outlined in paragraphs 10 and 11 of the Internal Audit Protocol as presented. The Follow-Up procedures for establishments (Elderly and Children's Homes, Day Care Centres, Leisure Centres, Libraries, Museums etc.) are the same apart from school audits which are explained at paragraph 6, page 13 of the Protocol.

With regard to the work of Internal Audit and specifically the Audit Work Plan the Committee noted that in approving the Audit Plan it would be helpful if it were to be given the opportunity earlier in the process to provide an input at scoping stage so that it can be satisfied that areas which it has identified as problematic or where findings suggest closer monitoring of the system of internal controls is required are covered by the Plan and address the needs arising. Currently the work plan is presented as a "fait accompli." The Audit Manager said that the Work Plan is not fixed and that she would bring the Audit Strategic Plan to the next Committee.

It was resolved to accept the Internal Audit Protocol as presented.

NO FURTHER ACTION ENSUING

**Councillor R.Llewelyn Jones
Chair**

DRAFT

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the extraordinary meeting held on 18 February, 2016

PRESENT:	Councillor John Griffith (Vice-Chair) (In the Chair) Councillors Jim Evans, Richard Owain Jones, Alun W.Mummery, Peter Rogers, Dafydd Rhys Thomas. Lay Members: Mrs Sharon Warnes, Mr Richard Barker
IN ATTENDANCE:	Head of Resources and Section 151 Officer Capital & Treasury Management Accountant (GR) Head of Audit and Procurement (MH) Audit Manager (SP) Committee Officer (ATH)
APOLOGIES:	Councillor R.Llewelyn Jones

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17

The report of the Head of Resources and Section 151 Officer incorporating the Treasury Management Strategy Statement for 2016/17 was presented for the Committee's consideration and endorsement.

The Head of Resources reported that the Treasury Management Strategy Statement which includes the Annual Investment Strategy, the annual Minimum Revenue Provision Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation is an integral component of the documentation to be presented to the Executive and the County Council as part of the 2016/17 Budget adoption process. A key part of the treasury management operation is to ensure that the Council's cash flow is adequately planned, with cash being available when it is needed. The second main function of the treasury management service is the funding of the Council's capital plans; these provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending obligations. (Details of the Council's capital expenditure plans were provided under the table in paragraph 2 of the report).

The Head of Resources informed the Committee that there have been no material changes to the policies contained within the Strategy from those presented the previous year. The Council's external treasury management advisors – Capita Asset Services - have confirmed that the Strategy Statement reflects the Council's position and is compliant with CIPFA Code of Practice for Treasury Management. The Officer then proceeded to elaborate on the following key elements of the Strategy, what they signified and the Council's approach in relation to each –

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed)
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time)
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function)
- the capital plans (including the associated prudential indicators)

The Committee was afforded the opportunity to ask questions of the Officer with regard to the Strategy and it sought clarification of certain points including provisions within the Council's capital expenditure plans and their revenue implications. Based on the written report and the Officer's oral presentation, the Committee noted the following:

- That the Council's overall capital programmes are limited to what is affordable, in terms both of actual spend and revenue implications.
- That with regard to borrowing, the Council is taking a prudent approach and is currently maintaining an under borrowed position.
- That the Council will not borrow more than, or in advance of its needs, solely in order to profit from the investment of the extra sums borrowed.
- That as regards the potential to generate savings by switching from long-term debt to short-term debt, a recent review of debt rescheduling showed that it would cost the Council more to reschedule debt than it would save in interest due to the significant early repayment premiums imposed by the PWLB.
- That the Council's investment policy has regard to the relevant guidance and its investment priorities are security first, liquidity second and then return.
- That the Authority does not currently have documented Treasury Management Practices (TMPs). The Committee recommends therefore that this matter be resolved during 2016/17 to bring the Authority into line with CIPFA recommended practice on Treasury Management.

The Committee accepted the Treasury Management Strategy Statement and policies as presented as reflecting the Council's position and as representing a prudent approach to the wider economic situation and outlook.

It was resolved –

- **To note the contents of the covering report.**
- **To endorse the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) [Annex A] for 2016/17.**
- **To recommend to the Executive that steps are taken to ensure that the Authority's Treasury Management Practices are documented in line with CIPFA recommended practice on Treasury Management and presented at the earliest opportunity to the relevant committees in accordance with the proposed Treasury Management Scheme of Delegation for 2016/17.**

NO FURTHER ACTION ARISING

**Councillor John Griffith
(Chair)**

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	AUDIT AND GOVERNANCE COMMITTEE
Date:	15 March, 2016
Subject:	WORKING IN PARTNERSHIP – Role of the Committee in monitoring partnerships
Portfolio Holder(s):	Cllr Alwyn Rowlands, Portfolio Holder (Transformation, Performance, Corporate Plan and Human Resources)
Head of Service:	Annwen Morgan, Assistant Chief Executive
Report Author:	Anwen Davies, Health & Social Care Impact Officer
Tel:	AnwenDavies@ynysmon.gov.uk (01248 752578)
E-mail:	Julie Jones, Risk Manager JulieJones@ynysmon.gov.uk (01248 752609)
Local Members:	Not Applicable

A - Recommendation/s and Reason/s
<p>1 BACKGROUND / CONTEXT</p> <p>1.1 Working in partnership has become an integral part of Local Authorities' working practices and there is evidence that this has led to developing a relationship of trust and has enabled the development of robust frameworks to deliver tangible outcomes for our customers, citizens and communities. Whilst partnership working can bring significant benefits, can respond to complex challenges and provide flexibility, innovation and additional resources to service delivery, it is not easy and can carry significant risks (often associated with complexity and ambiguity) unless delivered within a robust governance framework;</p> <p>1.2 The 2014/15¹ Annual Governance Statement summarised our partnership governance arrangements as a significant governance issue: <i>".... The Council does not have a formal Partnership Framework in place to provide assurance that all partnerships have adequate governance, management and performance arrangements in place to meet their stated objectives and that they provide value for money in relation to the Council's financial and other resources invested in them..."</i></p> <p>The Wales Audit Office concluded in the Corporate Assessment Report² that the Council plays a prominent role in collaboration and contributes well to partnership working. Collaboration and partnership working at all levels (local to international) is essential to enable the Council to achieve its ambitious investment and new job creation;</p> <p>1.3 A report was completed recently by the Internal Audit Unit on the governance arrangements of our partnership working³ which provides a driver to progress some</p>

¹ Annual Governance Statement 2014/15 (dated May, 2015)

² Annual Improvement Report 2014/15 (incorporating the Corporate Assessment Report 2015), Wales Audit Office December, 2015

³ Internal Audit Report : Partnerships – Governance Arrangements 003.15/16 (February, 2016)

key development areas. This will therefore enable the Council to further develop its corporate approach to partnerships (strategic and operational, internal and external). The audit report contained 6 recommendations which are summarised in paragraph 3 below.

2 ALIGNMENT WITH THE COUNCIL'S STRATEGIC PRIORITIES

2.1 The Authority's improvement plans for the current term up to 2017 are detailed in our Corporate Plan⁴ and the Transformation Plan⁵. One of the Council's main objectives is a commitment to developing partnerships in order to provide effective and efficient services of good quality that are highly valued;

2.2 Our Self-Assessment⁶ states that Partnership and collaboration are integral to how the Council strives to achieve its ambition and its transformation programme. For a Council of its size, it is an important way of building capacity and is fundamental to our approach to delivering on joint priorities. We believe that successful partnership working is essential in order to provide better services for our customers and a successful Anglesey. Increasingly, our success as a Council will be judged on the basis of how well we work with others to improve the well-being of our citizens.

Our transformation work over the past 2 years has enhanced our status within the local government family in Wales and we are now fully involved in partnership work within that framework.

3 THE SCOPE OF PARTNERSHIP WORK STREAMS

Our partnership work streams cover the following elements:

- 3.1** Develop a partnerships policy document [**policy**]
- 3.2** Develop a partnerships toolkit that will provide guidelines for establishing and developing partnerships [**toolkit**]
- 3.3** Compiling a central, corporate register of partnerships [**register**]
- 3.4** Developing monitoring arrangements for partnerships in order to keep track of outcomes and financial matters [**monitoring and reporting on performance**]
- 3.5** Establishing the role of the Audit and Governance Committee in relation to reviewing partnership governance arrangements including monitoring risk registers [**assurance and risk management**]
- 3.6** Conduct an annual review of key partnerships [**annual review**].

4 POLICY DOCUMENT – WORKING IN PARTNERSHIP

- 4.1** The Council has extensive experience of working in partnership, be it on a local, regional or national level⁷.
- 4.2** The policy document (**APPENDIX 1**)⁸ summarizes the Council's vision for partnership working and focuses on partnerships where the Council chooses to work with other organisations in the private, public or voluntary sector. It does not address the links made through the procurement process. The policy supplements the individual partnership statements that already exist e.g. the Isle of Anglesey Compact (a partnership agreement with the Voluntary Sector), the Shared Community Charter with the Town and Community Councils on Anglesey.

⁴ Isle of Anglesey County Council Corporate Plan 2013-2017

⁵ Isle of Anglesey County Council Transformation Plan

⁶ Isle of Anglesey County Council Self Assessment Report January, 2015

⁷ Annual Improvement Report 2014/15 (includes Corporate Assessment Report 2015), WAO December 2015

⁸ To be adopted by the Executive at its meeting of 14/03/16

5 ROLE OF THE AUDIT & GOVERNANCE COMMITTEE

- 5.1** One of the partnership work-streams entails establishing a role for this Committee in reviewing partnership governance arrangements – this to include an overview of the risk registers relating to the significant key partnerships;
- 5.2** Paragraph 3.4.8.3 of the Council’s Constitution defines this Committee’s responsibility in reviewing the Authority’s risk management arrangements with paragraph 3.4.8.3.4 specifically noting:
“Review the risk profile of the Council and assurances that action is being taken on risk related issues, including those relating to significant partnerships.”

The role of this Committee does not therefore include reviewing the contribution and outcomes of partnerships but rather ensuring that key partnerships adequately manage risk;

- 5.3** There will be risks for the Council and its services which are associated with partnership working and it is essential that Service Risk Registers and also the Corporate Risk Register consider and record those risks;
- 5.4** In addition, individual partnerships will also have their own risks. It is essential that the partnership governance arrangements indicate how any risks will be recorded and reported to the Council and also to other members of the partnership. Whilst the partnership toolkit will recommend that partnerships use the Council’s risk register format and scoring system, it is not possible to enforce this as other members of the partnership will have their own arrangements;
- 5.5 Next Steps:** the intention in moving forward will therefore be to follow the steps below:
- Identify the partnerships that are key to the Council;
 - Ensure that the risks to the Council which are associated with being in partnership are included in our service and corporate risk registers;
 - That an appropriate risk register exists for all the key partnerships;
 - Ensure that the significant risks and the management of them are reported to this Committee.

It is intended to report to this Committee on the risks to the Council of being in partnership and to do so as part of the current arrangements for reporting and managing risk. The current process includes one report on the risk process at the beginning of each year and two further reports during the year on the corporate risks. It is therefore proposed that the annual report should also include a section on the partnerships process and that a specific report on partnership risks be submitted to this Committee before the end of each financial year.

6. RECOMMENDATIONS

The Audit and Governance Committee is requested to accept the:

- 6.1** Responsibility in relation to risk associated with the significant key partnerships;
- 6.2** Process and timeline for reporting to the Committee on the risk associated with the significant key partnerships.

B - What other options did you consider and why did you reject them and / or opt for this option?

Not Applicable.

Q - Why is this a decision for the Executive?

Not Applicable.

CH – Is this decision consistent with policy approved by the full Council?

Yes.

D – Is this this decision within the budget approved by the full Council?

Unknown.

DD - Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (Mandatory)	The Senior Leadership Team considered the report at its meeting on 22/02/16 and the comments have been incorporated in the final version.
2	Finance / Section 151 (Mandatory)	The Head of Function (Resources) / S151 Officer contributed as a member of the Senior Leadership Team.
3	Legal / Monitoring Officer (Mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information and Communication Technology (ICT)	
7	Scrutiny	The Partnership and Regeneration Scrutiny Committee (12/04/16) will consider the robustness of the Policy Document and the role of Scrutiny in monitoring partnerships.
8	Local Members	Not Applicable
9	Any external / other bodies	

E - Risks and any mitigation (if applicable)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	Not Applicable
4	Environmental	Not Applicable
5	Equality	Not Applicable
6	Outcome agreements	Not Applicable
7	Other	Not Applicable

F – Appendices:

Policy Document – Working in Partnership (**Appendix 1**)

FF - Background Papers (please contact the author of the report for further information):

Anwen Davies, Health and Social Care Impact Officer & Julie Jones, Risk Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7TW



WORKING IN PARTNERSHIP

POLICY DOCUMENT

This policy has been formulated within the context of the following documents by the Isle of Anglesey County Council:

1. Partnerships toolkit (providing guidelines for establishing and developing partnerships)
2. A corporate, central register of partnerships
3. Partnership monitoring arrangements (to keep track of outcomes and financial matters)
4. Arrangements for annual reviews of key partnerships.

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APPENDIX

Corporate Plan: themes and priorities

Appendix 1

1. Introduction and context

The Isle of Anglesey County Council has extensive experience of working in partnership, be it on a local, regional or national level¹. With increasing pressure on public finances, it is imperative that the Council ensures that clear guidelines are in place for determining when to establish partnerships, which service(s) and the outcomes expected of them and for the sound management of the relationship in order to:

- enable us to deliver on our Corporate Plan and strategic priorities (**Appendix1**). Also, to improve the experience and outcomes for those individuals who use our services
- evidence value for money or cost efficiency in our future investments and ensure clear and measurable outcomes
- respond to partnership risks and ensure that areas for development are addressed
- have clarity around accountability and monitoring arrangements
- identify any scope to rationalise partnerships and ensure a clear procedure for bringing any arrangements to an end.

This document focuses on partnerships where the Council chooses to work with other organisations in the private, public or voluntary sector. It does not address the links made through the procurement process².

This policy therefore summarises the Council's vision for partnership working and supplements the individual partnership statements that already exist eg Isle of Anglesey Compact (partnership agreement with the Voluntary Sector), the Shared Community Charter with the Town and Community Councils on the Isle of Anglesey.

2. Definition of partnership

The term partnership is being used increasingly in the public, private and voluntary sectors and therefore has many definitions. In the context of this policy document, a partnership is defined as:

A joint working arrangement where the partners are otherwise independent bodies, agree to co-operate to achieve a common goal of community cohesion and to achieve it, create an organisational structure or process and agreed programme.

A partnership is therefore a collaborative arrangement that could include any one or more of the following elements where partners:

- Agree to work together to achieve common objectives and outcomes for the community
- establish a new structure to achieve objectives and outcomes and where appropriate, create a new organisational structure separate to their own organisation
- plan and implement a jointly agreed programme, which may well involve joint staffing and/or resources
- share accountability, information, risks and benefits
- may be required by statute to come together for the purposes of joint working.

Collaboration describes the creation of sustainable relationships with a supplier(s) in the public, private or voluntary sectors or a social enterprise to deliver services, carry out projects or acquire supplies and equipment. The benefits include better planning, integration of services for customers, access to new and scarce skills, economies of scale, community benefits or joint investment eg job creation or other positive impacts on the local economy.

Based on this definition of partnership, the key partnerships in which the Council are involved are listed in a corporate, central register which is reviewed annually (**the current Register is on the Council's website**).

¹ Annual Improvement Report 2014/15 (incorporating the Corporate Assessment Report 2015), Wales Audit Office December, 2015

² Circumstances in which the Council would provide an opportunity to a range of organisations or individuals to provide their services for a specific purpose through a competitive process with the Council selecting one provider and confirming the arrangements by agreement

3. Why work in partnership?

There needs to be absolute clarity as to the circumstances under which it is appropriate for the Council to work in partnership with others and that this be considered in a completely transparent manner – by measuring against a set of criteria.

There are a number of reasons why working in partnership benefits the Council and the communities of Anglesey:

- I. **Strategic planning** – some matters extend beyond the boundaries of individual local councils and it could be beneficial for a number of councils (and possibly other organisations) to work together to have a greater influence. For example:
 - North Wales Councils collaborating with Further Education Colleges because their catchment areas are much broader than those of any individual council
 - Councils in the North working together with strategic partners to achieve economic growth by focusing on infrastructure, education and skills and the supply chain (North Wales Economic Ambition Board)
 - Isle of Anglesey and Gwynedd Councils working together to establish a local services board and partnership unit for the North West to provide strategic support across a number of partnerships.
- II. **Sharing resources and expertise** – some areas are specialised and there are benefits in public bodies working together and sharing resources and expertise rather than working separately. For example:
 - Raising standards in our schools requires specialist support and is a difficult area for the Council to justify creating a dedicated resource because the nature of the work is constantly changing with different schools needing different support from time to time. North Wales local authorities therefore receive a specialist service from a regional service³
 - There are some aspects in the area of Planning⁴ where it is appropriate to share resources with neighbouring councils. As a result, a joint planning policy unit has been created with Gwynedd Council to discharge these duties.
- III. **Working across sectors** – it is essential that the Council works effectively in conjunction with partners to provide a high quality service to the residents of the Island. For example:
 - Jointly planned services in the field of health and social care. To this end, the Council is working with the Betsi Cadwaladr University Health Board to ensure co-ordinated care for individuals who need support.
- IV. **Local collaboration** – there are national bodies that have responsibilities on Anglesey such as Natural Resources Wales, the Wales Probation Service. Also, there is joint working already happening through a number of networks such as the Voluntary Sector Liaison Committee, Engagement and Consultation Board and the Town & Community Councils Forum. Where our interests coincide and where there are opportunities to collaborate, it makes sense for us to work together to make the best use of public finances.

4. Criteria for selecting partnerships

In considering whether or not to work in partnership with other organisations, it is important that we consider each request or opportunity against a number of criteria. With the restrictions and pressure on public finances intensifying, we should not continue with partnerships merely because they have existed historically. There must be clarity as to why we should continue with any partnership, ensuring that we work with the most appropriate bodies. Therefore, any partnership should be measured against a set of criteria:

³ GwE- North Wales Schools Effectiveness and Improvement Service

⁴ For example creating a Local Development Plan

- A. **Aim** – clarity regarding the purpose of any partnership is essential. It should be ensured that any activity corresponds with the direction of the Council's Corporate Plan and contributes to the priorities that have been identified and endorsed by the County Council.
- B. **Value for Money** – an important benchmark in establishing or determining whether to continue with most partnerships. However, in some circumstances other criteria will be more important for example ensuring community resilience. In such circumstances, this should be made clear in the documents requesting permission to establish a partnership.
- C. **Resilience** – it is crucial that services are resilient, particularly if they offer services to the public. Any partnership should therefore ensure that its contribution is delivered in a manner that reinforces the Council's ability to provide high quality and reliable services for their users.
- D. **Accessing grants** – an increasing number of grants now make it essential for organisations to work in partnership eg from Welsh Government, Europe and other organisations. However, the fact that grant funding is available is not always a sufficient reason in itself to establish or commit to a partnership. Often, there are long term implications to receiving grants such as – the need for resources to maintain the original investment, the implications for the workforce who are directly involved in a grant funded scheme. It is therefore crucial that any such partnership can evidence how it contributes to the other criteria namely the aim, value for money and resilience.
- E. **Added value** – there are also broader benefits to working in partnership by bringing together local knowledge and expertise, using new methods of working and sharing resources and good practice in order to get the best value from the money that we spend. It is important that we encourage organisations to look at what other bodies offer and to identify the most efficient ways of working together in order to develop community resilience.

5. Adhering to Council policies

It should be ensured that any partnership either adopts the Council's policies or similar policies of other partners or policies that are consistent with those of the County Council. In particular, it should be ensured that any partnership adheres to the following policies:

- Equality Strategy
- Welsh Language Standards
- Health and Safety
- Information Governance
- Safeguarding
- Workforce
- Well-being Statement⁵

6. Governance and performance management arrangements

Once the Council has decided to establish a partnership or continue in partnership, demonstrating clearly how the criteria were addressed, it must be ensured that Governance and Performance Management arrangements are firmly embedded before the work commences, or in exceptional circumstances, within 2 months of forming the partnership.

It must be ensured that the following elements are in place:

- I. **Agreement** – a document that clearly outlines all the partners, the aim of the partnership and the service(s) provided must be available to all partners. This can be a Contract, a Service Level Agreement or a Memorandum of Joint Understanding, depending on the nature of the partnership.

⁵ Well-being of Future Generations (Wales) Act 2015 & Social Services and Well-being (Wales) Act 2014

- II. Clear and measurable outcomes** – the outcomes to be expected of any partnership should be clear from the outset. For partnerships that feed into the Council's Performance Outcomes or those collected nationally, it should be ensured that the wording and the method of data collection is consistent with the guidance available for this type of activity.
- III. Resources and funding** – as a rule, there will be an expectation upon the Council to contribute to a partnership either in the form of staff, a financial contribution or by attending meetings to provide input to the work. These expectations should be clearly laid out before agreeing to participate in any partnership. Partnership expectations could change over time and the partnership's arrangements will need to be reviewed if that happens in order to agree to any changes.
- IV. Governance** – clear and robust governance arrangements will be needed for any partnership. Those arrangements will vary depending on the nature of the partnership and the resources the Council will be contributing. Whatever the nature of the partnership, there should be clear procedures in place to manage the work and ensure adherence to the original agreement. Processes must be in place to ensure that the work programme is being implemented, that there is a clear process of identifying and mitigating risks, issues of integrity, propriety and value for money.
- V. Reports** – it is expected that an annual report is provided clarifying how the partnership has achieved against the aim and the agreed work programme. The annual report should be commensurate with the nature of the partnership – for example a one or two page report may be sufficient for some partnerships but a more detailed report would be expected in other cases. This should be agreed when establishing the partnership.
- VI. Reviews** – the Council should periodically review the value it receives from each of the partnerships. This review will vary from partnership to partnership and will depend on the nature of the work and the contribution of the Council. Each partnership should be reviewed at least once every three years and the frequency of reviews should be agreed with the other partners when setting up the partnership.

APPENDIX 1

CORPORATE PLAN 2014-2017

Key Themes:

THEME 1: professional and well-run

THEME 2: innovative, ambitious and outward-looking

THEME 3: Customer, Citizen and Community focused

THEME 4: valuing and developing our People

THEME 5: committed to Partnership

THEME 6: achieving

Priorities:

1. Transforming Social Care for Older Adults
2. Regenerating Our Communities and Developing our Economy
3. Improving Education, Skills and Modernising our Schools
4. Increasing our Housing Options and Reducing Poverty
5. Transforming our Leisure and Libraries Provision
6. Becoming Customer, Citizen and Community focused
7. Transforming our Information and Communication Technologies

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Audit and Governance Committee
Date	15 March 2016 @ 2pm
Subject	Information Governance – ICO’s Enforcement Notice
Lead Officer	Lynn Ball, Head of Function (Council Business)/Monitoring Officer
Contact Officer	Lynn Ball, Head of Function (Council Business)/Monitoring Officer lbxcs@anglesey.gov.uk 01248 752586
Nature and reason for reporting – At the request of the Committee	

Introduction

Public authorities hold a significant amount of information about individuals. How we use that information, and our obligations to keep that information safe, creates risks. The main statutory driver is the Data Protection Act 1998, and a significant breach, or repeated lower level breaches, may result in a significant monetary penalty, up to a maximum of £500k. Additionally, if data about individuals is wrongly shared or disclosed, thereby causing them harm, they are entitled to compensation; with the potential for substantial awards depending on the level of harm and distress caused.

Since 2013, the Council has invested significantly in improving its compliance with the Data Protection Act and has in place the relevant policies and procedures to support compliance with the Act by managing the risks inherent in creating, storing and using information about living individuals. Arrangements are in place to ensure that all staff are trained appropriately and that compliance is monitored; although these two areas require further embedding.

Background

The Council was required to sign formal Undertakings with the Information Commissioner, the UK regulator for the Data Protection Act, in January 2011 and December 2012. Following a significant number of data security incidents, within a short timeframe, the Information Commissioner’s Office (ICO), in 2012, undertook a consensual audit of the Council’s arrangements for data protection. The ICO issued its report in 2013 which contained a number of recommendations. The Council established a Corporate Information Governance Project Board to formulate and

deliver an Action Plan to implement the required improvements. This was agreed with the ICO.

Almost a 100 agreed objectives had been fully realised by the time of the re-audit by the ICO in 2014. The re-audit recognised improvements on the earlier findings but an additional 66 activities were required by the ICO, the vast majority of which constituted additional recommendations over and above those achieved following the original audit in 2013.

The Project having concluded, in November 2014 the Council established a Corporate Information Governance Board (CIGB), chaired by the Senior Information Risk Owner (SIRO), as a vehicle for delivering the new Action Plan arising from the re-audit. These included short and medium term objectives followed by ongoing oversight and responsibility for data protection compliance.

Despite evidence of clear progress in achieving the new objectives, the Council was still issued with an Enforcement Notice by the ICO in October 2015. This occurred even though the Council had been able to provide significant evidence to demonstrate that it had deployed time and resources into implementing the changes required by the ICO, as identified in both audits.

The issues highlighted in the Enforcement Notice's nine recommendations are now the subject of a third Action Plan, devised by the CIGB, and being implemented by a sub-group of the CIGB. Work and resources have had to be reprioritised to ensure that the activities that would best defend the Council in the event of a further data breach, are completed first

Progress

The Enforcement Notice Action Plan contains 41 actions which are required to implement the nine recommendations. The ICO required the Council to implement the recommendations within 3 months, however, in some cases, this was impossible. Nevertheless, the Council has provided to the ICO a copy of the Action Plan, showing the status of each action, and current position. A summary is provided as **Enclosure 1** to this report.

It is not necessary to refer to all the outcomes of the Enforcement Notice, however, in order to demonstrate how the assurance capability of the Council has improved, three issues are highlighted.

Data Security Incidents – Compliance With Policy

The Council already had robust and mature mechanisms for identifying, containing and reporting data security incidents as well as scoring the severity of those incidents. Compliance with the Council's Policy on Security Incidents is monitored. This means that the first recommendation of the Enforcement Notice is met.

Policy Management and Compliance

A suitable system to ensure that policies related to Information Governance are current, updated, readily available, and capable of providing suitable corporate reporting, was identified by the ICO in 2011 as an area for improvement. In 2015 the Council released funding for the acquisition of such a product.

The procurement process has been completed and the Council has now signed a Software Licence Agreement to acquire an appropriate system, together with e-learning opportunities. An Implementation Plan is currently being devised.

There will be a pilot involving a number of corporate services which are ensuring that all key policies are being updated, on an agreed template, and that executive summaries are also being devised. This will be available to all staff (and Members), with individual Services (and named individuals) being responsible for updating policies at certain key intervals.

The concept of “click to accept” (confirming that a policy has been read and understood) will only be utilised for certain key policies.

The CIGB hope that this product will be perceived as a useful repository for staff to access up to date policies across all corporate services rather than just an enforcement tool. There will be opportunities to extend the system at a later date, within Services, and individual teams, to share key documents that are relevant to their work.

Clear-Desk Audits

It is important that the information about people which Council staff need to use in the course of their duties is not left lying about when it is not being used, rendering it vulnerable to inappropriate access. The Council now has a clear-desk and clear-screen policy, which is monitored by the Heads of Service undertaking unannounced walk-around audits. These audits are monitored by a performance indicator; together with a number of other performance indicators relevant to information governance.

In conclusion, the CIGB will continue to monitor the actions which are underway on the current Action Plan, until they are completed. Thereafter the work will be re-prioritised. Until then the Policy Management System is the priority. We see this as the lynch pin for defending the Council in the event of any further reportable data breaches. The new system will be called The Policy Portal.

1. Data protection KPI's and measures are monitored and acted upon (including the number and nature of information security incidents)	Data protection KPIs are now in place and reported.
2. There is a mandatory data protection training programme for all staff (including new starters) and refresher training on an annual basis	There is a mandatory data protection training programme in place and the Council is looking to develop an e-learning package.
3. Completion of any such training is monitored and properly documented	Completion of training is now monitored and properly documented. The Council is currently discussing the implementation of a policy acceptance system with its service provider.
4. Policies (including the Records Management Policy) are being read, understood and complied with by all staff	The Council is currently discussing the implementation of a policy acceptance system with its service provider and, in addition, has undertaken a manual sign-up process to provide assurance.
5. Information is backed up to an external server on a daily basis	This is now done.
6. Back-ups are tested periodically to ensure that they have not degraded and that information is recoverable	This is now done.
7. Physical access rights are revoked promptly when staff leave and periodically reviewed to ensure that appropriate controls are in place.	The issue of access rights is being considered as part of a business re-engineering of the starters and leavers process which is being undertaken to provide assurance in this area.
8. The lack of adequate storage solutions for manual records is addressed	This is now addressed, with the Council's Corporate Information Governance Board retaining oversight of departmental record action plans.
9. Consistent and regular monitoring is undertaken to enforce the clear desk policy	This is now in place and monitored by a performance indicator.

Isle of Anglesey County Council – Performance work programme update for Audit Committee 15th March 2016

Local Government Studies – Update August 2015

This part of the briefing provides an update on progress on delivering the all Wales Local Government studies programme and other centrally managed projects. Each study relates to local government only unless the commentary below specifically references work on National Parks and/or Fire and Rescue Authorities.

1. 2014-15 Local Government Studies

Independence of older people

The report was published on 15 October 2015. [The report is available on our website.](#)

Delivering with Less – Leisure

Published on 3 December 2015. [The report is available on our website.](#)

2. 2015-16 Local Government Studies

Community Safety

The national report is in the drafting stage with a planned publication date after the pre-election purdah ends on 6 May 2016.

The strategic approach of councils to income generation and charging

This study is being delivered under our annual “delivering with less” programme and the study will involve an audit of councils’ strategic approach to charging; the approval process for setting and reviewing charging within a council; the impact of charging on services and service users; and the legislative basis for charging.

The study is progressing:

- i. Fieldwork sites complete at Monmouthshire, Gwynedd, Merthyr, Powys and Caerphilly and Newport.
- ii. All surveys will be complete by February 2016.
- iii. Income profiles for all Welsh councils are being finalised, drawing information from published data and work to compare performance of councils in Scotland and England is phased for the next stage of this project.
- iv. A summary note on the legal basis for charging is being produced and is currently at its second iteration.

The study is due for completion by early April when report drafting will commence.

Anglesey is not a fieldwork site but has contributed with data along with all councils.

Council funding of third-sector services

Again, under the theme of delivering with less, this study will look at the level of investment in voluntary sector services to benchmark findings against an LGDU reviews conducted on behalf of the WCVA dating from 2001-02. The review will include the measures used to judge the effectiveness of funding in a tracer area, which will be agreed with the WCVA; review decision making processes to determine whether the principles of good governance in funding third sector services are being followed. The project is underway with fieldwork at selected councils and a survey. Anglesey is not a fieldwork site.

3. 2016-17 Local Government Studies

Consultation on the list of potential study topics for the next three years has closed and a report is being drafted on the future programme..

4. Improvement audit assessment work for 2015-16

This part of the briefing provides an update on progress on delivering the audit and assessment work at Anglesey (some studies will also include other North Wales and Welsh councils).

Assessment of performance audit

The certificate was issued in November and the Council's Performance Report complies with Welsh Government guidance and the LG Measure.

Financial resilience review

The review is complete and the local report was issued to the Council in January 2016. A national summary will be produced in Spring 2016.

Governance review

This work will focus on a review of sickness absence management. Timing – March 2016.

Performance management review

A study across all six North Wales councils on benchmarking social services costs against performance. The study includes CSSIW involvement and discussions with council staff. Timing – September to December 2015. A meeting between WAO, Council lead officers and CSSIW was held on 21 December 2015 to discuss potential outcomes from an analysis of the indicators. A summary of the analysis was produced and sent to all councils involved, and as agreed, will be used for Council information only.

Annual Improvement Report

Annual summary and assessment by the Auditor General and other regulators. Timing – Produced by the end of March 2016.

5. Improvement audit assessment work for 2014-15

Corporate Assessment

The final report was published on 2 December and will be presented to the Council on 9 December 2015.

6. Follow up on national recommendations

The Wales Audit Office is following up on recommendations made in national studies reports published during 2014-2015 by way of a survey to all councils in the autumn of 2015. This will enable the evaluation of progress on recommendations at each council, inform local planning for 2016-2017, and give a national picture of the implementation of WAO recommendations. A summary will be included in the Council's Annual Improvement Report for 2016.

7. National Value-for Money studies

A separate table has been produced which identifies the national studies the Wales Audit Office has produced or is planning through the 2015-16 period.

The following table provides an update on other LG related studies.

LG study	Output	Completion	Status	Comments
Welfare Reform	Inquiry	Jul-15	Published	Report published 8.1.15. PAC Inquiry completed and report published.
Safeguarding	Report	Jul-15	Published	Report published 21.7.15
Independence of older people	Report	Sep-15	Published	Report published 15.10.15
Delivering with less: Leisure	Report	Aug-15	Published	Report published 3.12.15
Community Safety	Report	Jun-16	Drawing Conclusions	Drafting stage and publication due post purdah.
Strategic approach to income generation and charging	Report	Jul-16	Fieldwork	Drawing conclusions
Council funding of third sector services	Report	Aug-16	Project set up	Fieldwork

WAO Regulatory Work Activity - VFM Studies update

Study	Output	Completion	Status	Comments/relevance to LG
WG investment in next generation broadband infrastructure	Report	May 2015	Published	Views invited from Councils and half responded. Third party clearance is including extracts relating to some named councils.
Governance in NHS Wales	Memorandum for PAC	May 2015	Published	
GP prescribing	Memorandum for PAC	May 2015	Published	
Regional Education Consortia	Report	June 2015	Published	Fieldwork included interviews with consortia officers and leaders and representatives of other councils including Chief Execs, Members, Audit Chairs and monitoring officers. The report contained recommendations for the Welsh Government and the individual regional consortia. Evidence collected in the course of the study will also be made available to inform annual improvement reports in local government.
Orthopaedic services	Report	June 2015	Published	

Regeneration Investment Fund for Wales	Report	July 2015	Published	Reactive investigation in response to concerns raised with the AGW. PAC inquiry on-going.
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Study	Output	Completion	Status	Comments/relevance to LG
Financial Management and Governance in Community and Town Councils 2013-14	Report	September 2015	Published 16 Sept 2015	This report considers the progress made by local councils to address these weaknesses and highlights areas the Auditor General will focus on for the audit of the 2015-16 accounts
Picture of Public Services	Report	December 2015	Published 17 December 2015	Public Service Leaders Survey: Summary Report published 28 Jan 2016.
WG acquisition and ownership of Cardiff Airport	Report	Jan 2016	Published 27 Jan 2016	Views invited from Cardiff, Vale of Glamorgan and WLGA as part of the fieldwork.
Development of Natural Resources Wales	Report		Published 4 Feb 2016	The study team will draw on stakeholder views expressed as part of a recent consultation by the National Assembly's Environment and Sustainability Committee.
Operating theatres	Report	Feb 2016	Clearance	
NHS waiting lists and private practice	Report		Published 11 Feb 2016	
Wales Life Sciences Investment Fund	Report	March 2016	Clearance	Reactive examination in response to concerns raised with the AGW.
Welsh Government responses to audit recommendations	Memorandum for PAC	Spring 2016	Drafting	The output from this work is now likely to take the form of a memorandum for PAC to support PAC's own legacy reporting in March 2016.

Study	Output	Completion	Status	Comments/relevance to LG
Rail services	Report	Spring 2016	Drafting	
Coastal flood and erosion risk management	Report	Spring 2016	Drafting	Has included some evidence gathering across LG, including a survey of coastal authorities and some follow up enquiries with a selection of councils. (Pembrokeshire; Monmouthshire; Swansea; Gwynedd; Ceredigion; Newport).
Governance of the National Library of Wales	Report	Spring 2016	Fieldwork	Reactive examination in response to concerns raised with the AGW.
Welsh Government oversight of further education institutions' finances and delivery	Report	Autumn 2016	Fieldwork	New value for money study.
Public procurement (including development of the National Procurement Service)	Report	Winter 2016	Scoping stage	Likely to include some evidence gathering across LG. Details are to be confirmed.

Study	Output	Completion	Status	Comments/relevance to LG
Early intervention and public behaviour change	Report	Spring/Summer 2017	Fieldwork	Our programme of good practice work includes a project that will aim to explore the range of behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. The project will include a range of engagement events and the development of a community of practice to share learning and experience. We anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and it would not be prepared until the first half of 2017. This work will invite input and participation from across Welsh public services.
WG interventions in local government	To be confirmed	To be confirmed	Scoping	Plans for this work are being revisited in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales, and also to consider the implications for the work of plans for local government reform.

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	AUDIT COMMITTEE
DATE:	15 March 2016
SUBJECT:	FINANCIAL RESILIENCE ASSESSMENT – ANGLESEY COUNTY COUNCIL (WALES AUDIT OFFICE - JANUARY 2016)
PORTFOLIO HOLDER(S):	COUNCILLOR HYWEL EIFION JONES
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR: TEL: E-MAIL:	GETHIN MORGAN 01248 752111 GethinMorgan@anglesey.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

- 1.1** The Wales Audit Office (WAO) carried out an assessment during the period May to October 2015, and followed up issues highlighted in the 2014-15 financial position work. The focus of the work was on delivery of 2014-15 savings plans, and the 2015-16 financial planning period.
- 1.2** The work focused on answering the following question: Is the Isle of Anglesey County Council managing budget reductions effectively to ensure financial resilience? In this report they also considered whether:
- financial planning arrangements effectively support financial resilience;
 - financial control effectively supports financial resilience; and
 - financial governance effectively supports financial resilience.
- 1.3** The assessment concluded that whilst the Council faces some significant financial challenges, our current arrangements for achieving financial resilience are appropriate and continuing to improve.
- 1.4** Wales Audit Office came to this conclusion based on their findings in relation to financial planning, financial control, and financial governance arrangements.
- 1.5** WAO rated the risk to the Council's delivery of its financial plan for each of these elements as follows:

- Financial planning - Low risk
- Financial control - Low risk
- Financial governance - Low risk

1.6 As such, there were no recommendations or proposals for improvement as the report concluded that the Council is aware of the need to strengthen some of its arrangements and that we have already done so in several areas.

RECOMMENDATIONS

1.7 The Committee is asked to accept the findings of the financial resilience assessment report and note the conclusion as to the overall low risks to the council, as well as acknowledge that the council continues to address the proposals for improvement contained in the local review of financial management arrangements, as reported by the Wales Audit Office in February 2015

B - What other options did you consider and why did you reject them and/or opt for this option?

n/a

C - Why is this a decision for the Executive?

This matter is delegated to the Executive

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

Yes

DD - Who did you consult?

What did they say?

	Who did you consult?	What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	

5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
F	<ul style="list-style-type: none"> Financial Resilience Assessment – Isle of Anglesey County Council (January 2016) 	
FF - Background papers (please contact the author of the Report for any further information):		
	<ul style="list-style-type: none"> Financial Management Arrangements at Anglesey County Council Wales Audit Officer (February 2015) 'The financial resilience of councils in Wales' – Wales Audit Office (April 2015) 	

Isle of Anglesey County Council
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Financial Resilience Assessment

Isle of Anglesey County Council

Audit year: 2015-16

Issued: January 2016

Document reference: 100A2016

Status of report

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Fflur Jones and Andy Bruce

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Whilst the Council faces some significant financial challenges, its current arrangements for achieving financial resilience are appropriate and continuing to improve

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The Council has developed an appropriate corporate framework for financial planning, but could improve the links between its Corporate Plan and Medium Term Financial Plan

Financial control	9
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The Council has greater stability within its finance department and its arrangements for financial control have improved, including; processes for budget setting, consultation with services, councillors and the public

Financial governance	10
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The Council has strengthened its governance arrangements in holding services to account for any variances on financial performance, and the Audit Committee is increasingly effective in challenging officers to provide regular updates on progress

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Summary report

Summary

1. Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services. Good financial management:
 - helps authorities make the right decisions for the short, medium and long term;
 - helps authorities deliver services to meet statutory obligations and the needs of local communities;
 - is essential for good corporate governance;
 - is about managing performance and achieving strategic objectives as much as it is about managing money;
 - underpins service quality and improvement;
 - is the basis of accountability to stakeholders for the stewardship and use of resources; and
 - is a key management discipline.
2. Long term financial management is not about predicting the future; it is about preparing for it. Authorities need to understand future demand, assess the impact of probable changes, review the gap between funding needs and possible income, and develop appropriate savings strategies.
3. Well-considered and detailed long term financial strategies and medium term financial plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning alone encourages an incremental and process-driven approach that can be ineffective in a period of rapid external change.
4. Financial resilience is achieved when an authority has robust systems and processes to effectively manage its financial risks and opportunities, and to secure a stable financial position.
5. Given the continuing pressures on funding, in this review we have considered whether the authority has appropriate arrangements to plan to secure and maintain its financial resilience in the medium term (typically three to five years ahead). While there may be more certainty for the authority over an annual cycle, financial pressures impact beyond the current settlement period. We have considered evidence of the authority's approach to managing its finances in the recent past and over the medium term when reaching our view on the authority's financial resilience.
6. We undertook our assessment during the period May to October 2015, and followed up issues highlighted in the 2014-15 financial position work. The focus of the work was on delivery of 2014-15 savings plans, and the 2015-16 financial planning period.

7. The work focused on answering the following question: **Is the Isle of Anglesey County Council managing budget reductions effectively to ensure financial resilience?** In this report we also consider whether:
- **financial planning arrangements effectively support financial resilience;**
 - **financial control effectively supports financial resilience; and**
 - **financial governance effectively supports financial resilience.**
8. Overall we concluded that **whilst the Council faces some significant financial challenges, its current arrangements for achieving financial resilience are appropriate and continuing to improve.** We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements.
9. This report gives a risk rating for each aspect; financial planning, financial control and financial governance. The descriptors for risk ratings are set out below:

Low risk	Arrangements are adequate (or better) with few shortcomings in systems, process or information. Impact on the authority's ability to deliver its financial plan may be minimal.
Medium risk	There are some shortcomings in systems, process or information that may affect the authority's ability to deliver the desired outcomes of its financial plan.
High risk	There are significant shortcomings in systems, process or information and/or there is a real risk of the authority's financial plan not delivering the desired outcomes.

10. We rate the risk to the Council's delivery of its financial plan for each of these elements as follows:

Low risk	Financial planning
Low risk	Financial control
Low risk	Financial governance

11. As well as drawing conclusions on financial planning, control and governance, [Appendix 1](#) sets out the authority's performance against some key financial indicators. No conclusion is intended to be drawn from these indicators, however they are an important consideration in financial strategy and planning and provide useful context. The key financial indicators are:
- **budgetary performance** – reviewing the history of spending against revenue budgets and an assessment of whether the balance sheet has remained healthy;
 - the level of useable **reserves** providing sufficient cover for any future slippage on revenue expenditure, and whether school balances are being maintained and any school deficits managed;
 - gearing – long-term **borrowing** is linked to the value of property plant and equipment;
 - **liquidity** – an analysis of whether there are sufficient current assets available to cover short term liabilities and working capital requirements and whether the liquidity position has declined as a result of the gearing policy adopted; and

- **workforce** data such as staff numbers, use and costs of agency staff and sickness absence performance.
12. Our April 2015 national report 'The financial resilience of councils in Wales' was based on the fieldwork carried out in all Welsh local authorities. From this work, and from other available material related to aspects of financial management, we have drawn together some key characteristics of good practice to assist practitioners in developing their arrangements. These characteristics can be found in [Appendix 2](#).

Recommendations/proposals for improvement

There are no recommendations or proposals for improvement as the Council is aware of the need to strengthen some of its arrangements and has already done so in several areas. Our local review of financial management arrangements, reported in February 2015, contained four proposals for improvement, which the Council is continuing to address, improving its arrangements.

Detailed report

Whilst the Council faces some significant financial challenges, its current arrangements for achieving financial resilience are appropriate and continuing to improve

Financial planning

The Council has developed an appropriate corporate framework for financial planning, but could improve the links between its Corporate Plan and Medium Term Financial Plan

13. There have been significant improvements in recent years in the way in which the Council manages its financial planning at both corporate and service levels.
14. The Council's vision is clearly expressed in both its Corporate Plan 2013-17 and Transformation Plan 2013-16. There is a framework to deliver the Council's improvement objectives, which are linked to service delivery plans and financial plans.
15. The Council's Medium Term Financial Plan (MTFP) is annually updated and provides extensive information on the Council's financial planning strategy. Although the Council has a number of policies supporting its financial planning arrangements, the MTFP does not explicitly link to the delivery of its Corporate Plan and aims, neither does it include any specific Key Performance Indicators (KPIs).
16. Each Council service is required to produce an annual service delivery plan, based on an analysis of its performance, their role in contributing to the Corporate Plan, and an analysis of any potential risks. However, the quality of annual service delivery plans can vary and the Council recognises a more consistent approach is needed to feed into the financial planning process. To help improve consistency, the Council has adopted a new approach, where heads of services must align their service priorities with corporate objectives and service delivery planning to the budget-setting process.
17. Council services are required to conduct two annual self-assessment reviews. The first focuses on their financial position, which helps inform the MTFP and budget setting process. The second review focuses on the service's annual performance, which helps inform the priorities for the following year. All service review self-assessments are challenged by an appropriate group of officers and members, including the Council Leader, relevant Cabinet, Shadow Cabinet and Scrutiny members.

- 18.** Historically, the Council has a reasonable record of meeting its budgeted targets. It achieved underspends of £1.1 million and £1.2 million in 2012-13 and 2013-14 respectively, although individual services have not always delivered their planned savings. Shortfalls in savings have been mitigated to achieve the final result for the year through savings in other areas above and beyond those identified in savings plans. The Council again delivered a small underspend on its 2014-15 budget of £0.6 million, representing about 0.5 per cent of the budget.
- 19.** The final 2015-16 budget presented to the Council included £4.3 million of savings to meet the budget gap for the 2015-16 revenue budget. The Finance Department, as part of the service challenge process, scrutinised the historical performance of services in meeting their budgets, and challenged the spending plans of those with a track record of spending below budget. Contingency funds have been removed from individual services' budgets and centralised to be used should the need arise.
- 20.** In a change from previous years, services will not be permitted to change their savings plans other than by a formal re-budgeting process. This will help provide greater clarity over whether the Council is successfully delivering its savings plans rather than, as has sometimes been the case in the past, by finding cost savings in areas it had not anticipated. Where savings plans are not simple one-off items, budget managers will be required to comply with project management principles to ensure that savings become firmly embedded year-on-year.
- 21.** Despite a challenging grant settlement from the Welsh Government, the Council set a balanced budget for 2015-16 by identifying £4.3 million in savings from its services, along with a 4.5 per cent Council Tax increase.
- 22.** The Council's 2015-16 budget takes appropriate and relevant account of the future financial pressures the Council faces. Assumptions made by the Council in identifying the shortfall were comprehensive, reasonable and were supported by robust data.
- 23.** The Council remains under significant financial strain and is aware that slippage against current and future budgets will place it under pressure to find additional savings. Approximately £10 million of additional savings are required for the 2016- 17 and 2017-18 budgets, and the Council is approaching the limit of the savings that may be achieved through incremental cost reduction without impacting on its ability to deliver current services effectively. Difficult decisions will be required to secure the savings necessary to meet future years' budgets.

Financial control

The Council has greater stability within its finance department and its arrangements for financial control have improved, including; processes for budget setting, consultation with services, councillors and the public.

24. As we reported in the 2014 Annual Improvement Report, the Council's budget-setting process significantly changed for its 2015-16 budget. The process saw a move away from savings targets driven by the Finance Department to a comprehensive process involving consultation with services, councillors and the public. Both officers and members were highly supportive of these changes and the way it enhanced shared understanding and ownership within the budget-setting process.
25. Further changes have been introduced for the 2016-17 budget-setting process, termed 'Cyllid Mon 2016-17'. The changes include, challenging every budget line on its needs and estimates, based on the service being statutory or non-statutory. In addition, services are challenged to look at new ways of delivering its provision. The process began during summer 2015 when services were asked to submit formal proposals with efficiencies, which in turn, would be subject to service challenges and an assessment of their feasibility by Service Accountants. The proposals have subsequently been submitted for member workshops and public consultation.
26. The Council has established a number of policies to help control its finances, which clearly outline details of the responsibilities, timelines and guidance. Some initiatives were introduced during 2014-15, such as holding services to account for their savings plans and centralising individual services' contingency funds to be used as and when necessary following approval by the Finance Department. The relaunch of the Council's general ledger system, Civica, after a difficult first year of implementation, has been successful and there is now greater confidence in the financial information available to the Council's services.
27. Steps have recently been taken to address issues of inconsistency among individual services applying the Council's authority-wide policy on income generation and charging. The new charging procedure ensures a schedule of all Council fees and charges is included and reviewed as part of the budget-setting process. The schedule is managed by the Finance Department to ensure controls are upheld effectively and consistently.
28. The Council manages its useable reserves prudently, and is taking constructive steps to ensure school reserves and balances are being maintained and any school deficits managed. The reserves policy is clear and comprehensive and was last reviewed by the Executive in November 2014.
29. Over the previous five years the Council's Finance Department had been led by four different individuals, two of whom were appointed on an interim basis. Key positions in the department had historically been filled on a temporary or agency basis because of a high level of staff turnover and difficulties in recruitment. The temporary status of staff in the Finance Department has impacted adversely on the Council's capacity to develop financial management expertise among its service managers and pursue its stated aim of 'growing its own'.
30. However, during 2015, the Council has taken positive steps to reduce the Finance Department's reliance on agency staff through the recruitment of a permanent

Section 151 Officer and by using agency staff to help support and mentor permanent Council finance staff in key positions. The Council has also recruited two finance trainees to start the process of building knowledge and experience in the department using locally-based staff, and to increase its resilience to staffing changes.

31. The Council's 2015-16 savings and efficiencies plans are being effectively managed and are likely to be achieved. The plans were developed across all services and departments and their feasibility was tested through rigorous challenge from individual departments, service accountants, finance managers and the Section 151 Officer. The plans clearly describe where savings will be made, including realistic part year assumptions, costings and savings from transformational change. The plans will be monitored during 2015-16 by the Corporate Scrutiny's Outcome Panel to assess progress and any reasons for slippages or missed targets.

Financial governance

The Council has strengthened its governance arrangements in holding services to account for any variances on financial performance, and the Audit Committee is increasingly effective in challenging officers to provide regular updates on progress

32. The Council has improved its arrangements for reporting and reviewing financial performance and has systems in place for holding under performance to account. Quarterly budget reports are submitted to the Executive and Corporate Scrutiny Committee on the budgetary performance of the Council.
33. The Council intends to hold services more closely to account for their 2015-16 savings plans than has been the case in previous years. Services will be required to report on progress against their stated savings plans to the finance team and to the Senior Management Team and will be held to account for significant variances.
34. Senior managers, members of the Executive and scrutiny representatives take part in regular service challenges, reviewing the performance of each service against its business and financial plans and reinforcing the accountability of heads of service.
35. We also identified that progress in implementing some internal audit recommendations has been slow and that there remains a backlog of recommendations rated as high to medium risk that have not been implemented since 2012. The Council's Audit Committee is increasingly aware of this issue and regularly challenges officers to address recommendations in a timely manner and provide regular updates on progress made.
36. The Council has no system to record that staff have read, understood and complied with policies and procedures. There have been instances of non-compliance in important areas such as corporate procurement and information security, even though both internal and external reports have highlighted issues with compliance since 2011. Without any records of compliance, it is difficult to show that the relevant policies have been appropriately circulated or understood by staff. The Council is aware of this issue and is considering options to introduce an electronic system to update staff on corporate policies, verify they have understood and are applying procedures, and providing an e-learning facility. The Council has also restructured its procurement team and processes to address and comply with issues highlighted in previous reports.

37. The Council's Internal Audit function was managed in-house under an external contractor until March 2015 when the contract expired. The Council subsequently reviewed a number of options and procured new service arrangements from a neighbouring council. Under the new arrangements, Internal Audit will continue to submit progress reports to the Audit Committee, but will also inform the Council's Senior Leadership Team of any potential high level risks that need to be addressed.

Appendix 1

Performance against key financial indicators

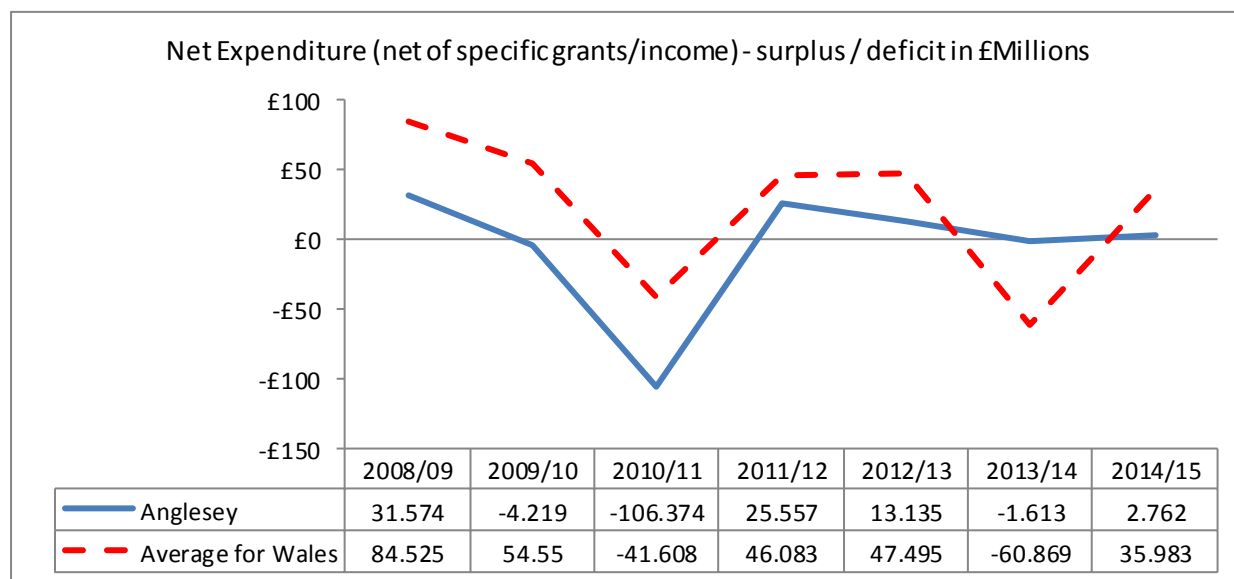
38. The use of key financial indicators within medium-term financial planning provides insight into the effectiveness of financial management arrangements and financial resilience, particularly for important issues such as liquidity, gearing, return on investments and borrowing levels. As part of our financial resilience work we have collated data from the Council’s own statement of accounts and also used data from the Welsh Government.

Performance against budget

39. We looked at the history of underspends or overspends against revenue budgets and performance on the outturn of net revenue expenditure. This helps validate both the strength of planning arrangements and the effectiveness of financial control. A good track record of delivering expenditure and savings in line with the approved budget is a strong indicator of whether future financial plans, including large savings, can be delivered.

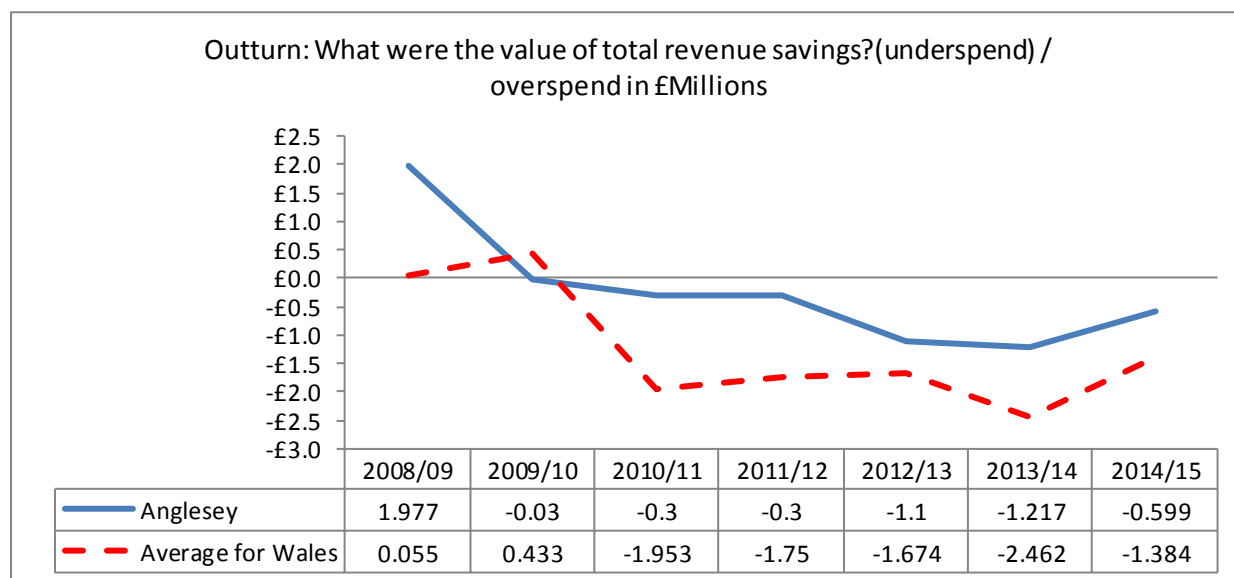
40. Councils that continue to deliver revenue budget overspends in demand-led services, such as adult and children’s social care, are likely to face financial difficulties in the future. Councils are performing well when they have minimised net budget deficit (or achieved a slight surplus) and delivered a favourable net out-turn position. The following indicators are useful to understand performance:

Appendix 1, Figure 1: Net (surplus)/deficit on income and expenditure



Appendix 1, Figure 2: The value of total revenue savings?

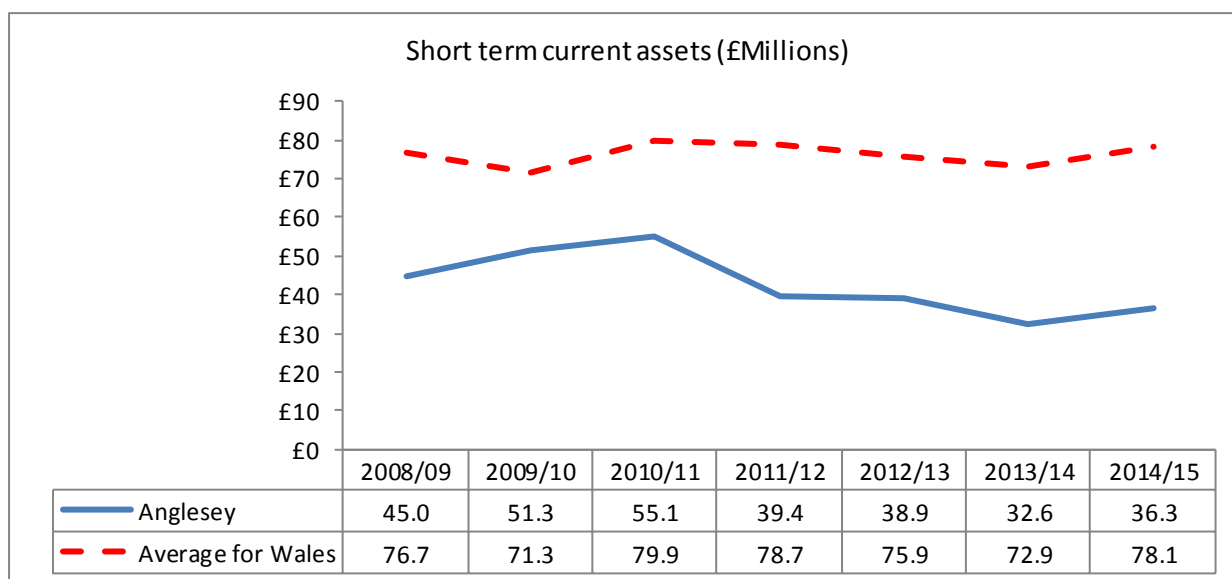
An underspend is shown as negative; an overspend is shown as a positive



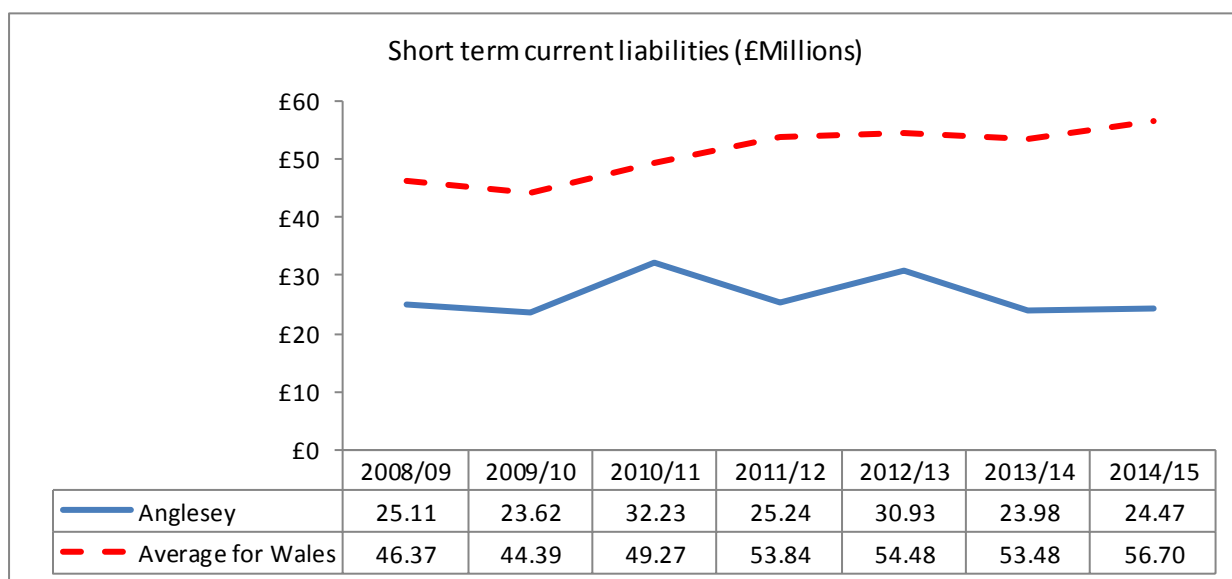
Liquidity (short term current assets divided by short term current liabilities)

- 41.** This indicator determines whether there are sufficient assets to cover short term liabilities. The 'current ratio' of assets (assets that are readily convertible to cash) to liabilities (short term liabilities that require prompt payment) gives an indication of liquidity. Liquidity is important as it provides an indication of how easy it is to easily convert assets to cash in a short period of time, which gives the owner of the asset greater financial freedom.

Appendix 1, Figure 3: Short term current assets in £Millions

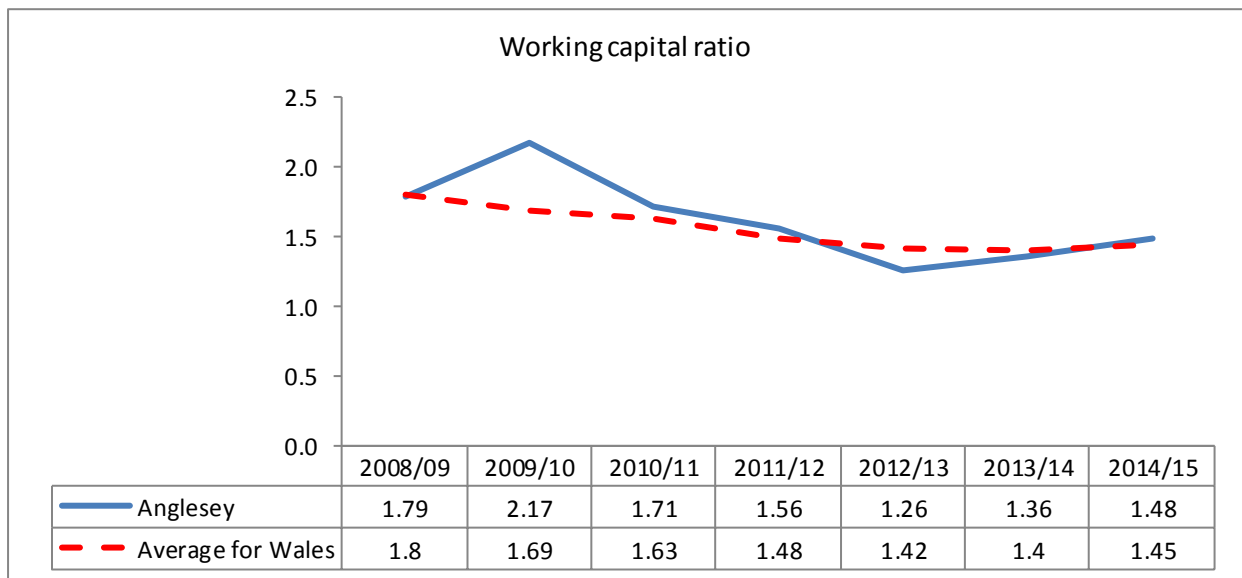


Appendix 1, Figure 4: Short term current liabilities in £Millions



42. The working capital ratio is calculated by dividing the short term current assets by short term current liabilities. Any ratio below 1:1 is very poor and ideally should be above 1.5 to provide a suitable buffer to cover working capital needs. A working capital ratio value of less than 1:1 suggests that the Council will have liquidity problems in the future, while a ratio in the vicinity of 1:5 or higher represents good short term liquidity.

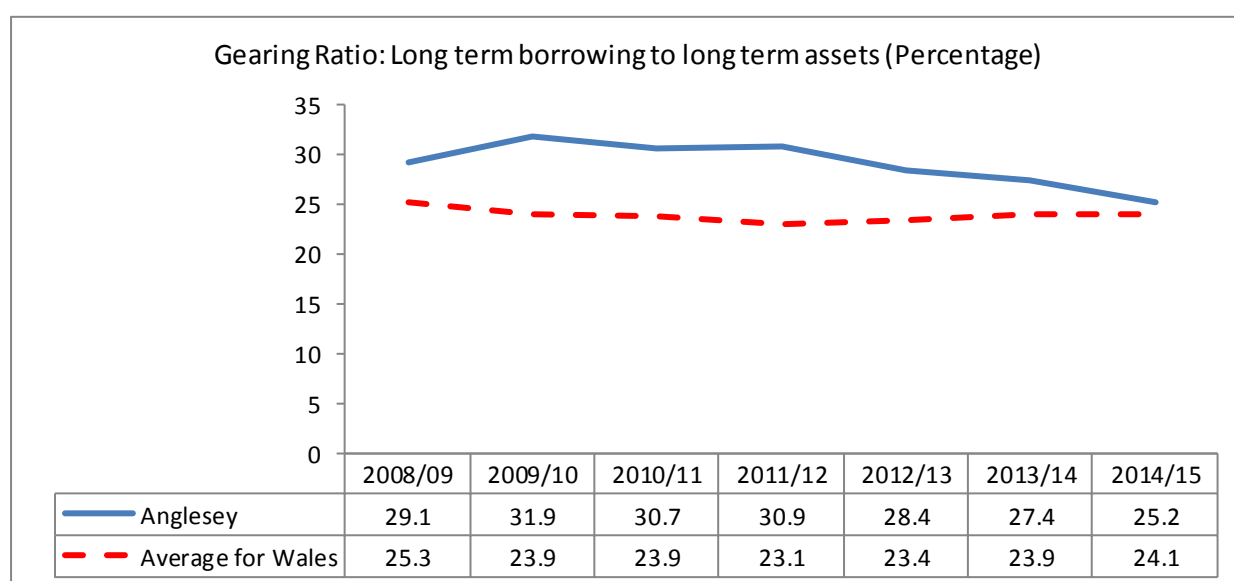
Appendix 1, Figure 5: Working capital ratio



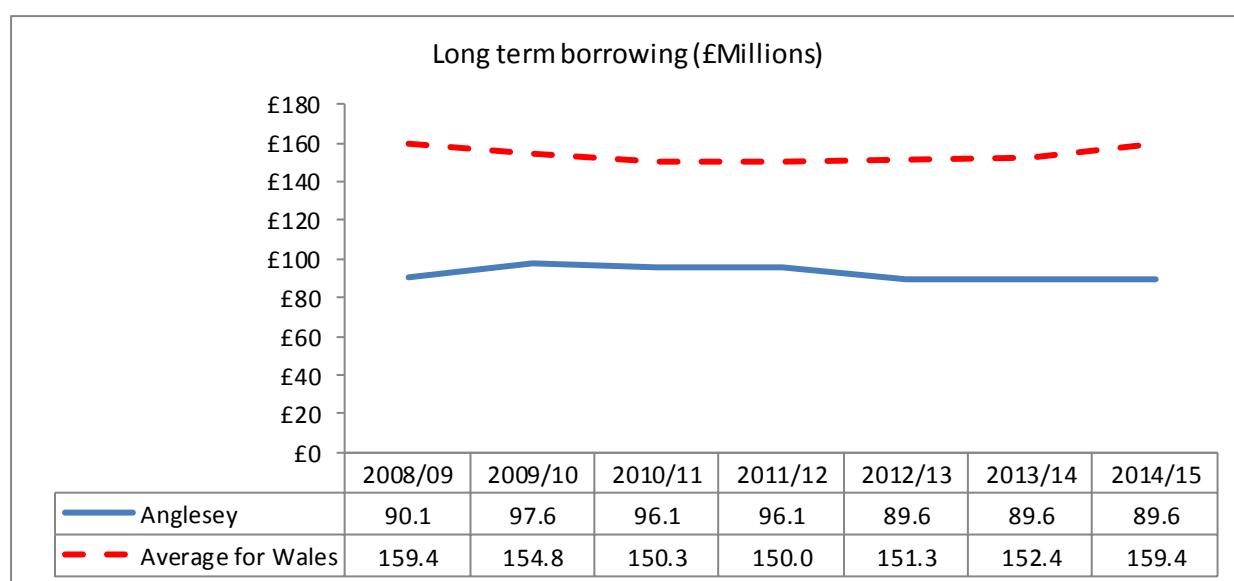
Borrowing

43. This indicator looks at long-term borrowing (Figure 7) as a proportion of long term assets (Figure 8). This is known as the 'gearing ratio'.
44. A low gearing ratio indicates that a council is financially stable and can generally borrow more freely as it will be better placed to pay the interest than those with higher ratios. Gearing is therefore a useful measure of corporate financial health as it allows a comparison between council funds and borrowed 'debt'. Gearing should generally be around 25 per cent unless liquidity (shown in Figure 5) is very strong.

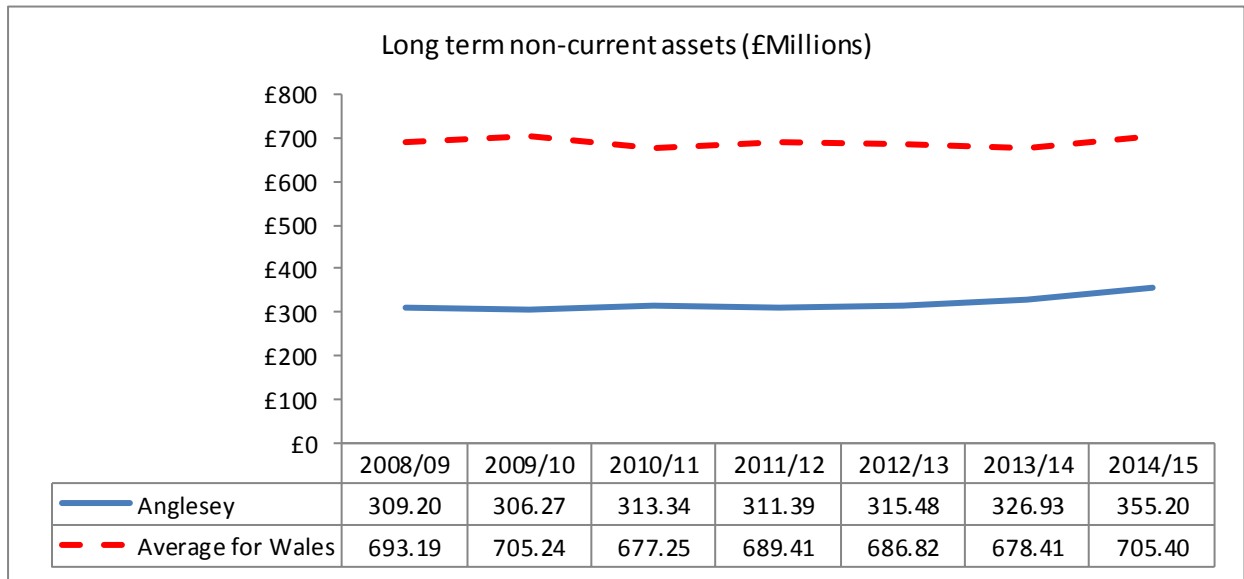
Appendix 1, Figure 6: Gearing Ratio, long term borrowing as a percentage of long term assets



Appendix 1, Figure 7: Long term borrowing in £Millions



Appendix 1, Figure 8: Long term non-current assets in £Millions

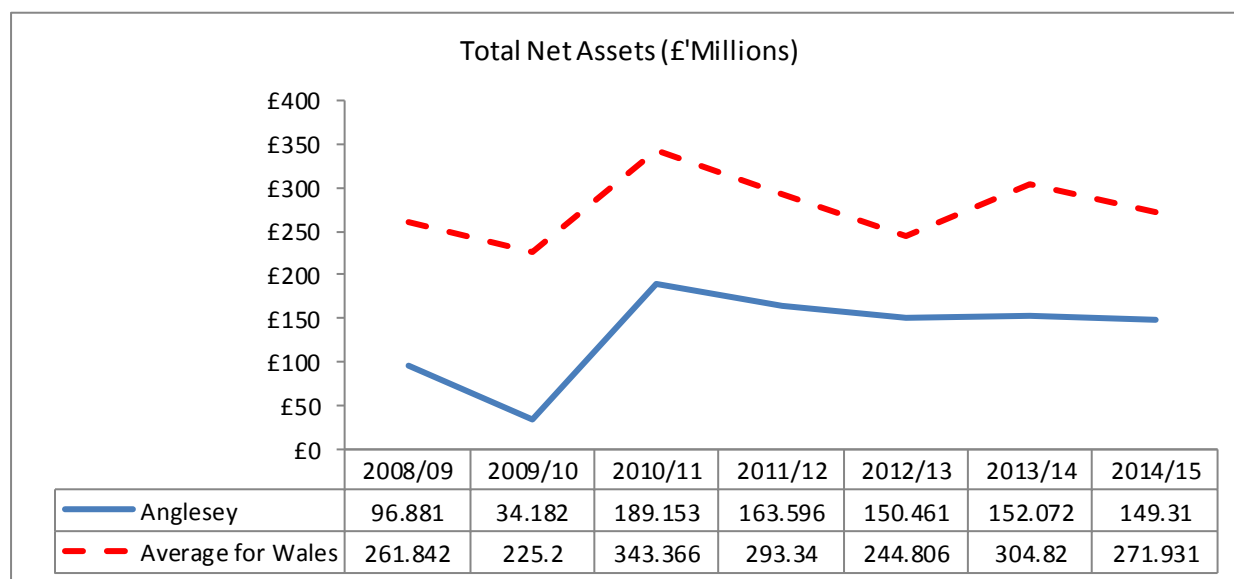


Reserves

Net assets/liabilities

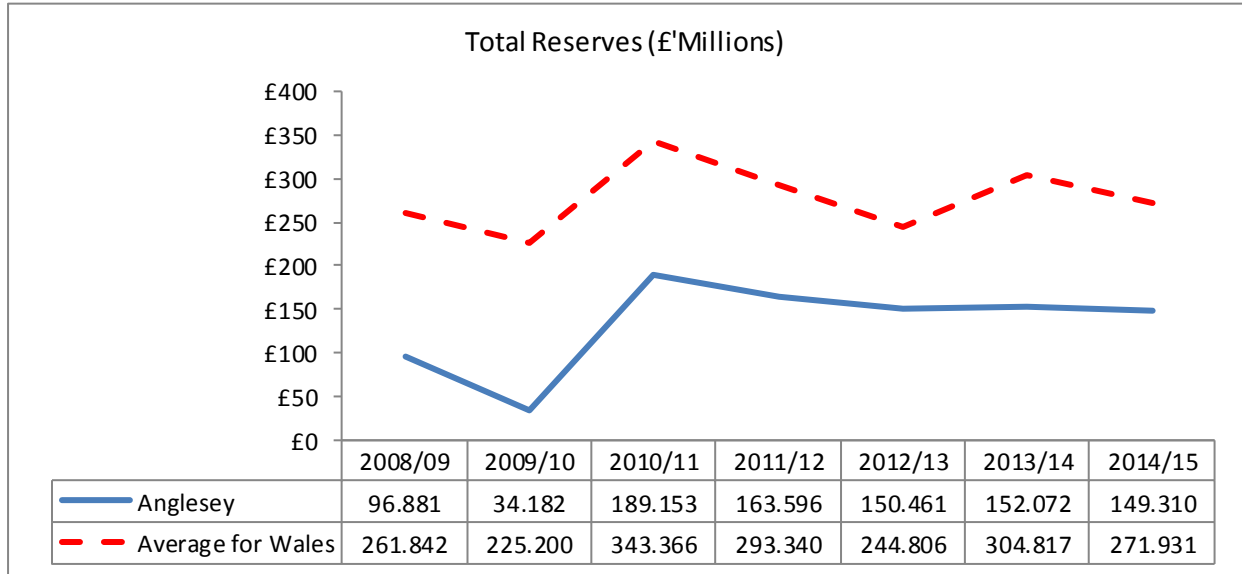
- 45.** This indicator examines the net position of total assets and total liabilities; and ensures they agree to the total of reserves. A net liability is a sign of very poor financial standing. Total Net Assets includes: Short term current assets, Long term non-current assets, Short term current liabilities, Long term borrowing and other long term non-current liabilities.

Appendix 1, Figure 9: Total Net Assets in £Millions



46. Total reserves includes: General Fund, Earmarked Reserves, School Balances, Other Useable Reserves and Unuseable Reserves.

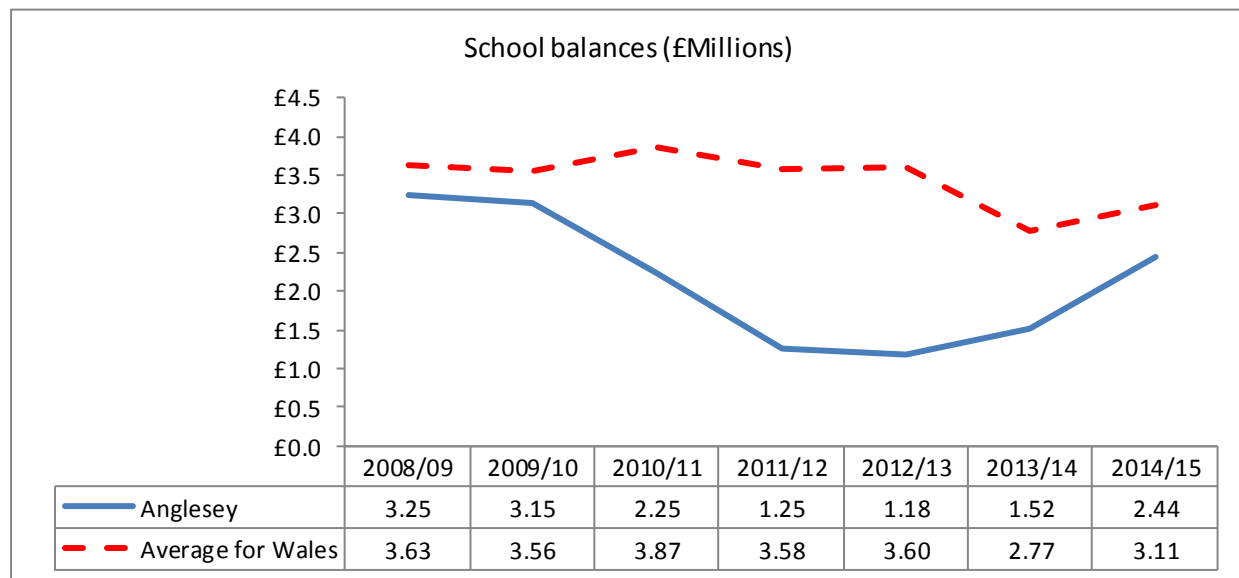
Appendix 1, Figure 10: Total Reserves in £Millions



School balances (Council run schools only)

47. This indicator examines whether net school balances are being maintained with deficits. School balances form part of useable earmarked reserves on the balance sheet and have been extracted from the notes to the accounts which show the movements during the year.

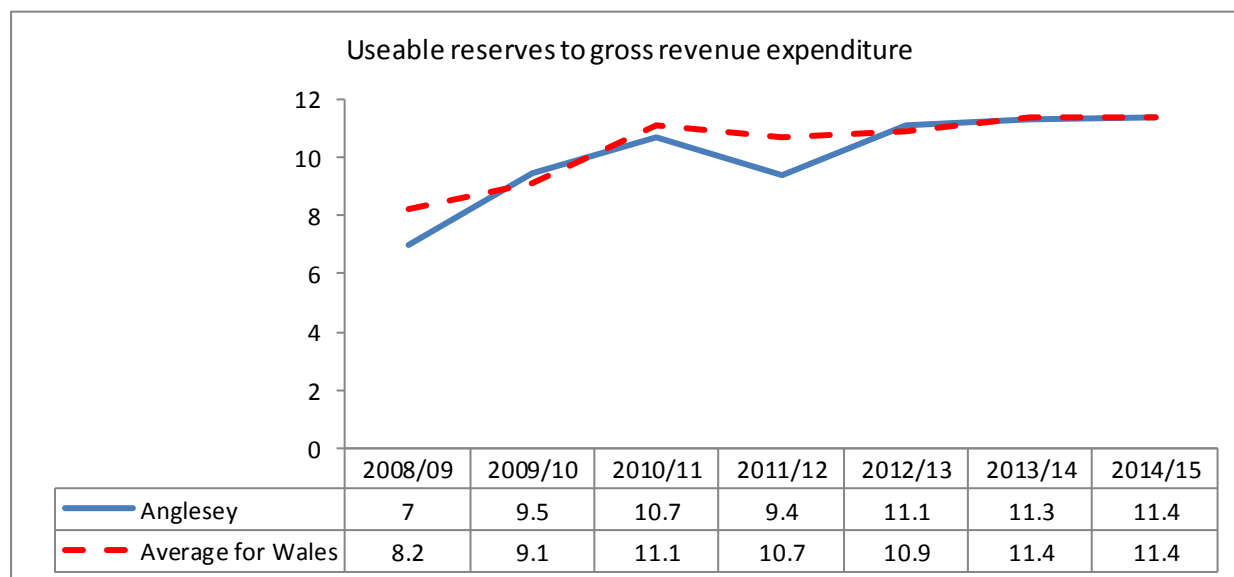
Appendix 1, Figure 11: School Balance Reserves in £Millions



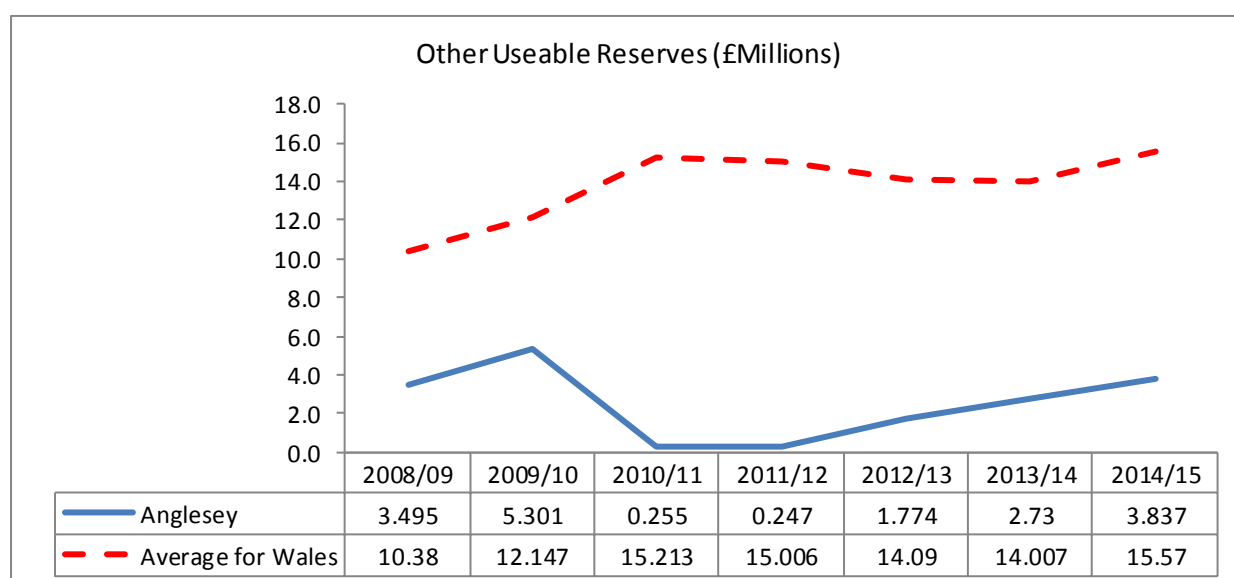
Useable reserves

48. The indicator used here is, 'Total usable reserves as a percentage of Gross Revenue Expenditure'. This includes 'General Fund' and earmarked reserves. The total of useable reserves is divided by total Gross Expenditure, and provides a ratio which shows the buffer available to cover future spend. Anything above 10 per cent is a good indicator of reserve strength. However this does not mean that levels below this indicate weakness either. Councils should consider and agree an appropriate level of reserves for their own circumstance, based on recommendation from S151 Officer.

Appendix 1, Figure 12: Useable Reserves as a percentage of Gross Revenue Expenditure



Appendix 1, Figure 13: Useable Reserves in £Millions



Key characteristics

Key characteristics of good financial planning

The authority's budget is set in the context of a longer-term financial strategy and a medium term financial plan covering a three to five-year horizon.

The authority has clearly identified the savings it intends to make over a three to five-year term. The savings plan is underpinned by detailed costings and delivery plans for individual savings (including transformation/change savings).

The authority has a good track record of delivering on its savings plans.

The authority gives due regard to its ability to deliver its statutory responsibilities when considering its short, medium and long term financial plans.

Medium-term financial planning and annual budgeting reflect the authority's strategic objectives and priorities for the year, and over the longer term.

Assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services are modelled and based on reasonable predictions.

The authority understands its sources of income and the risks arising from these, and has reviewed its approach to fees and charges to ensure it achieves value for money.

Financial and corporate planning processes are integrated, link to risk management arrangements, and incorporate strategic planning for other resources including the capital programme and workforce planning.

The authority uses financial modelling to assess likely impacts on financial plans and required savings for different scenarios, and to help ensure short-term fixes are not achieved at the expense of long term sustainability.

The authority models key expenditure drivers (for example, population changes and demand for services), sources of income (for example, income and government grant forecasts), revenue consequences of capital and resource requirements and balances.

The authority operates within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by members, and appropriate to the strategic, operational and financial risks it faces.

If the authority is not at its target level for balances, there is planned action in place to achieve this, taking account of any associated risks to the organisation's financial position and delivery of its priorities.

Key characteristics of good financial control

The authority has an appropriate and effective budget management policy that clearly sets out roles, responsibilities and accountability. The scheme of delegation is clear, and processes are set out to manage budget under and overspends.

Financial monitoring and forecasting is fit for purpose and accruals based, helping to ensure a clear link between the budget, in-year forecasts and year-end position.

The authority analyses and extrapolates relevant trends, and considers their impact on the projected final out-turn.

The authority takes timely action to address any budget pressures, for example by taking corrective action to manage unfavourable variances or by revisiting corporate priorities.

The authority has a good recent record of operating within its budget with no significant overspends.

The authority has agreed a clear policy on the use of its reserves. There is a clearly justified minimum level for its 'general fund' reserves balance. There is a clear rationale to explain transfer from, or between, reserves. Clear protocols explain how and when each reserve should be used. Decisions about reserves are underpinned by a comprehensive assessment of risk and current performance.

The reserves policy has been agreed by members and subject to scrutiny.

The authority has a clear policy on income generation/charging. There is a register of charges across its services to help manage charges consistently. The authority has corporate guidelines on how concessions should be applied. Charges are regularly reviewed and the policy updated.

The authority sets and monitors challenging targets for the collection of material categories of income and arrears based on age profile of debt. Where targets are not being met, appropriate corrective action is taken during the year to achieve the targets.

The authority does not write off significant levels of debt as uncollectable.

The authority monitors its key financial ratios, benchmarks them against similar bodies and takes action as appropriate.

The annual governance statement gives a true reflection of the authority.

Key characteristics of good financial governance

The leadership team clearly understands the significant and rapidly changing financial management challenges and risks facing the organisation, and is taking appropriate action to secure a stable financial position.

The chief financial officer is a key member of the leadership team, being actively involved in all business decisions, and promoting and delivering good financial management.

The leadership team fosters an environment where there is good understanding and routine challenge of financial assumptions and performance, and a culture of transparency about the financial position.

The leadership team considers the financial skills required for different tiers of management and staff throughout the organisation, and actively develops financial literacy and skills.

The leadership team provides constructive scrutiny and challenge on financial matters to ensure arrangements remain robust and fit for purpose.

There is regular and transparent reporting to members. Reports include detail of action planning and variance analysis.

Members scrutinise and challenge financial performance effectively, holding officers to account.

The authority has an objective, knowledgeable and effective audit committee that provides effective challenge across the authority and assurance on the arrangements for risk management, maintaining effective internal control, and reporting on financial and other performance.

Internal and external audit recommendations are dealt with effectively and in a timely manner.

There is effective engagement with stakeholders on budget issues, including public consultations.

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ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	15 MARCH 2016
TITLE OF REPORT:	AUDIT OF GRANTS
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	MARC JONES – HEAD OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
ACTION:	FOR INFORMATION

1. INTRODUCTION

1.1 The report sets out the details of the grants requiring Internal Audit certification and which require External Audit review and provides details of the work Internal Audit is required to undertake in order for the grant to be certified.

2. BACKGROUND

2.1 There are numerous grants which come into the Authority each year from a number of different funding bodies. A diminishing number of these grants require an External Audit. The number has decreased from 22 in 2013/14 to 15 in 2014/15. The decreasing numbers reflect not only the fact that some grant funding has come to an end but also the fact that fewer grants require an External Audit.

2.2 The Welsh Government (WG) are seeking to simplify the audit of grants and are placing greater emphasis on Internal Audit certifying expenditure.

3. GRANT AUDIT PROGRAMME

3.1 In the majority of cases the grants are submitted for external audit in the 6 months following the end of the financial year. The audit work is then completed between September and December of that year.

3.2 Appendix 1 shows the list of 2014/15 grants that were submitted for audit during 2015/16.

3.3 The scope of the audit work across the grants is very similar. As a general rule auditors will test:-

- A sample of around 20 invoices to ensure that VAT has been treated correctly in the ledger and the claim;
- The invoices for dates and goods/services provided to ensure that only eligible expenditure within the period is included in the claim. In the case of European funding defrayment of the expenditure from the bank account also has to be demonstrated through the bank statements;
- Internal recharges to ensure that the Authority charges a grant funded project at the same rate as other none grant funded projects;
- The Asset Register if the grant has either created or improved a capital asset to ensure the correct adjustment has been made;
- Income received traced from the remittances to the bank statements;

- Budget virements and whether prior approvals from the funding body are required and in place;
 - Evidence of monitoring third party expenditure;
 - Evidence of Third Party Contracts/Service Level Agreements being in place;
 - Verification of hourly rates for staff relating back to timesheets and actual payroll costs incurred;
 - Verification of the procurement process ensuring compliance with the Authority's Standing Orders;
 - Reconciliation of the total expenditure incurred to the ledger;
 - The control environment for the compilation of the claim and the experience of the staff involved;
 - Potential duplication of expenditure with other grant funded schemes.
 - Any grant specific conditions.
- 3.4** Historically a grant audit has taken about a week to complete the testing providing all information can be provided to the auditor in a timely manner but the time required to complete an audit can vary between grants depending on the complexity of the grant, the number and type of transactions involved and the standard of the working papers.
- 3.5** The grant terms and conditions in the Offer Letter will state whether a grant is subject to External Audit however there were some changes during 2015/16 following discussions between the Wales Audit Office (WAO) and WG which resulted in some of the 2014/15 grants being transferred from External Audit to an Internal Audit requirement during the 2015/16 audit year. This decision took place after the approval of the Internal Audit plan for 2015/16 and as a result the additional grant work was classified as unplanned work during 2015/16. The 2016/17 Internal Audit plan takes account of this additional work and as a result grant certification work will be classed as planned work from here on.
- 3.6** These grants included 14-19 Learning Pathways, Schools Effectiveness Grant (SEG) and Welsh in Education Grant, all of which were subject to External Audit the previous year. The changes were implemented as a transition to the Education Improvement Grant (EIG) which merged 11 former education related grants into a single grant which was introduced in 2015/16. The change was confirmed to the Authority in June 2015 with work to be completed by Internal Audit by December.
- 3.7** The 14–19 Learning Pathways grant and the Schools Effectiveness Grant (SEG) were complex grants which required sampling transactions from a number of schools, which included timesheet records. The standard of record keeping varied from school to school and this combined with the fact that it was the first time these grants had been audited by Internal Audit, increased the time required to complete the audits to the required standard.
- 3.8** The 2015/16 audit of the EIG is included in the Audit Plan going forward.
- 3.9** The 2015/16 Grant Audit Programme with the new External Auditors will be agreed over the coming months.

Indicates late and/or qualified claims

2014/15 Grants	Audit Deadline	Achieved	Qualified	Internal or External Audit in 2015/16
Social Care Workforce Development Programme	29.01.16	21.12.15	N	External
Communities First Core	31.12.15	27.11.15	N	External
Families First	31.12.15	21.12.15	N	External
Flying Start Revenue	31.12.15	21.12.15	N	External
Flying Start Capital	31.12.15	21.12.15	N	Ended
Sustainable Waste Management (Environment and Sustainable Development Grant going forward)	31.12.15	21.12.15	N	External
Local Transport Fund	31.12.15	21.12.15	N	External
Free Concessionary Travel	31.12.15	21.12.15	N	External
Non Domestic Rates	27.11.15	15.12.15	N	External
Teachers' Pension Return	30.11.15	15.12.15	Y	External
Housing Revenue Account Subsidy	31.12.15	20.01.16	N	N/A
Housing and Council Tax Benefit Subsidy	30.11.15	Ongoing		External
Anglesey Coastal Convergence Final 30.06.15	11.08.15	11.08.15	Y	Ended
Strategic Sites and Premises Final 30.06.15	11.08.15	10.08.15	N	Ended
Local Investment Fund Convergence Final 30.06.15	11.08.15	18.08.15	Y	Ended
Pupil Deprivation Grant	31.12.15	04.09.15	N	Internal
* 14-19 Learning Pathways	31.12.15	18.11.15	N	Internal
* Welsh in Education Grant (WEG)	30.10.15	24.09.15	N	Internal
* Schools Effectiveness Grant (SEG)	30.10.15	30.09.15	N	Internal
ESF Local Service Board	15.05.15	12.05.15	N	Ended

* 14-19, WEG and SEG merged into the Education Improvement Grant in 2015/16

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO	AUDIT AND GOVERNANCE COMMITTEE
DATE	4 FEBRUARY 2016
SUBJECT	PROGRESS REPORT ON INTERNAL AUDIT 01 APRIL 2015 TO 31 DECEMBER 2015
LEAD OFFICER	HEAD OF INTERNAL AUDIT – MIKE HALSTEAD
CONTACT OFFICER	AUDIT MANAGER - SIONED PARRY
<p>Nature and reason for reporting - To comply with the requirements of the UK Public Sector Internal Audit Standards and the CIPFA UK Standards which came into force on 1st April 2013, whereby the Head of Audit is required to report periodically to the Audit & Governance Committee on the Internal Audit Service's performance relative to the 2015/16 Audit Plan and consider Internal Audit performance measures on a quarterly basis.</p>	

1. INTRODUCTION

- 1.1 This report is produced in compliance with the Terms of Reference of the Audit and Governance Committee, whereby the Committee should review progress in delivering the Internal Audit Plan and Internal Audit Strategy through the receipt and consideration of quarterly progress reports.
- 1.2 The report analyses the performance of the Internal Audit Service for the period 1st April 2015 to 31st December 2015 and is supported by **Appendices A to G** detailing progress against performance targets for 2015/16 and the work undertaken by the Service during this period.
- 1.3 A revised Strategic Plan for the three year period 2015/16 to 2017/18 was submitted and approved by the Audit and Governance Committee at a meeting on the 27 July 2015. The resulting 2015/16 Operational Plan provides a more balanced plan; which spreads audit coverage more widely and enables the examination of a number of areas which have not been subject to audit review in recent years.

2. RECOMMENDATION

- 2.1 Members are asked to consider and provide comment on the assurance provided to the Audit and Governance Committee in this report regarding the internal control, risk management and corporate governance processes that are in place to manage the achievement of the Authority's objectives.

3. BACKGROUND INFORMATION

3.1 Internal Audit Performance 1/4/15 to 31/12/15

- 3.1.1 An analysis of the work and performance of the Internal Audit Service has been undertaken for the period 1/4/15 to 31/12/15. There were 10 audit projects of varying complexity in respect of 2014/15 that were not completed or issued by 31/03/15 and constitute work in progress as follows:

- Cash Receipting System
- Council Tax
- Housing Benefits
- Housing Rents
- Main Accounting System
- NNDR
- Payroll
- Sundry Debtor
- Treasury Management
- Stock Check DLO

3.1.2 The amount of work allocated to work in progress during 2015/16 to the end of August accounts for 5.5 days and will be met from closure of previous year's work contingency.

3.1.3 A schedule of performance targets for the period ending 31/12/15 is attached in **Appendix A**. It should be noted that the performance indicator in respect of audits performed during the first quarter was reduced due to the need for the Service to concentrate on completing all work in progress in respect of 2014/15. Progress to date has also been hampered by a higher than expected level of sickness within the Audit Team and the fact that the Team was carrying a spare vacancy until 31 October 2015.

3.2 Additional Unplanned Work

3.2.1 There were no unplanned audits during the period 1/11/15 to 31/12/15. A summary of unplanned audits undertaken prior to this period is documented on the attached schedule at **Appendix B**. Unplanned grant certification work previously undertaken by external audit has also been undertaken and amounts to 34 days.

3.3 Annual Plan Slippage

3.3.1 1 audit is categorised as slippage up to the 31 December 2015, which accounts for 10 days work and is documented on the attached schedule at **Appendix C**. It was agreed with management to carry forward the Building and Control Services audit into the 2016/17 annual plan due to staffing issues in Building Control.

3.4 Statement of Assurance

3.4.1 The Head of Audit is required to provide the Audit and Governance Committee with an opinion on the overall adequacy and effectiveness of the Authority's governance, risk management systems and internal control environment, in compliance with the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The overall opinion is one of the assurances used by the Authority in preparing the Annual Governance Statement required under the Accounts and Audit Regulations.

3.4.2 The audit opinions on the assignments performed during the year to date have been categorised as follows:

- Substantial Assurance
- Reasonable Assurance
- Limited Assurance
- Minimal Assurance

3.4.3. In support of the audit opinions, the recommendations made during the year have been categorised as High, Medium and Low priority, as was approved by the Audit and Governance Committee on the 27 July 2015. Definitions of the risk ratings of

recommendations and the audit opinions are attached in **Appendix D**. Consideration will be given to align the Internal Audit recommendation risk ratings with the Authority's Risk Management Matrix further embedding the risk management process in the Authority. Committee approval will be sought at a future date.

3.4.4 A summary of all audit assignments completed during the year to date including work in progress from 2014/15 is attached in **Appendix E**. The schedule summarises the audit opinions and recommendations in respect of each area reviewed and will form the basis of the opinion contained in the Annual Statement of Assurance of the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework for 2015/16. Since the 1 April 2015, ten final reports have been issued from the 2014/15 Internal Audit Operational Plan and eight from the 2015/16 Operational Plan.

3.4.5 Two of the planned audits completed during the last quarter are assessed as not providing positive levels of assurance. During the period from 1 November 2015 to 31 December 2015 the Affordable Housing, Houses into Homes and Bridging Loan Scheme and Ysgol Cemaes audits were both assessed as providing Limited Assurance. Details of the audits are summarised in **Appendix E**.

3.5 Audit Follow Ups and Recommendation Tracking

3.5.1 The UK Internal Audit Standards require Internal Audit to follow up management actions arising from its assignments. The implementation of agreed audit recommendations is the responsibility of management not Internal Audit. Internal Audit's responsibility is to report the status position.

3.5.2 The Follow Up and Monitoring Process outlined in a report to the Audit and Governance Committee on 8 December 2015 has been introduced to improve the monitoring and reporting of progress in implementing agreed recommendations. A Creditors Follow Up audit is currently being undertaken.

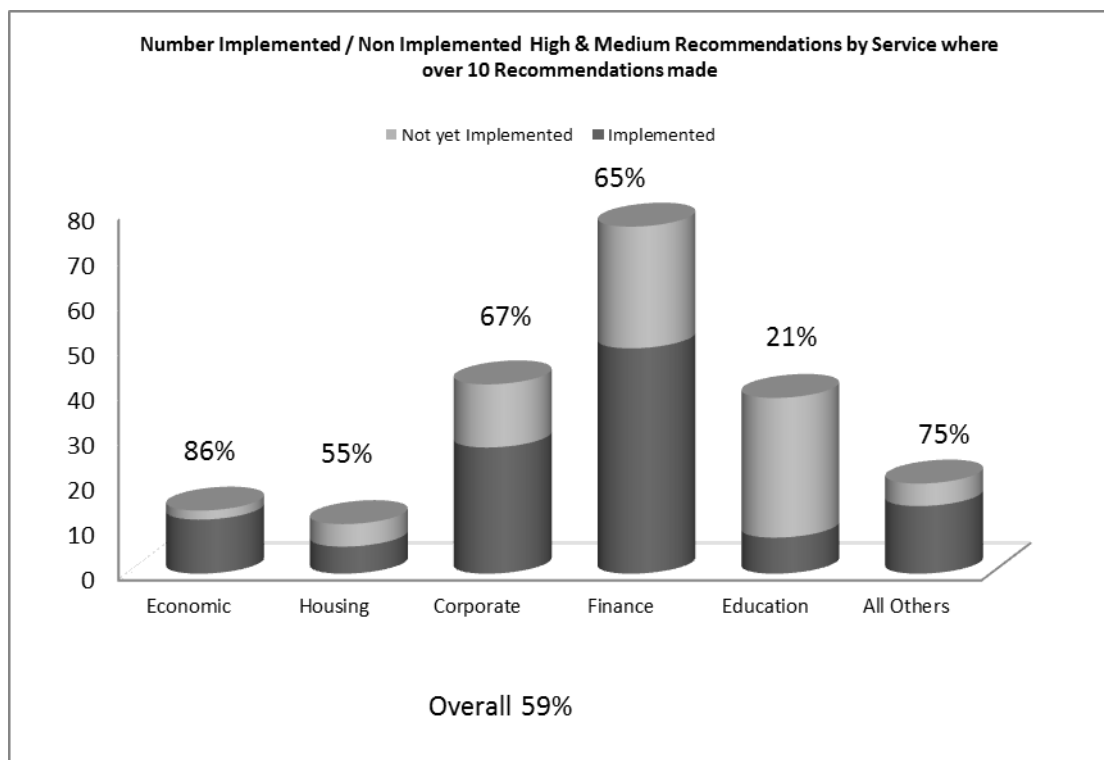
3.5.3 Preceding December 2015 the data was compiled solely from a self-assessment by the relevant services and not subject to confirmation by Internal Audit until a subsequent audit review was undertaken in the same area. **Table 1** below summarises the implementation of recommendations as at 31 December 2015:

Table 1 - Status of agreed recommendation as at 31-12-2015				
Status	High	Medium	Total	%
Complete	27	92	119	59
Outstanding	6	78	84	41
Total	33	170	203	100

3.5.4 Recommendations are currently rated as high, medium or low according to the perceived risk as outlined in **Appendix D**. Those rated low are not subject to formal follow up by Internal Audit and are not included in this analysis. The percentage implementation rate as at 31 December 2015 was 59% of 'high' and 'medium' recommendations having been recorded as implemented. A small improvement of 1% in implementation has been evidenced since 9 November 2015.

3.5.5 A graph showing the breakdown of recommendation implementation by Service is provided in **Table 2** below:

Table 2



3.5.6 A copy of all outstanding High and Medium recommendations is included in **Appendix F**.

3.6 Referrals

3.6.1 In addition to the assurance services agreed with and provided to assist management in meeting the objectives of the Authority, Internal Audit also undertake a range of referrals/ consultancy services which include:

- Advice and guidance to management in respect of a range of issues, including system implementation, compliance with policies regulations and procedures and internal control requirements;
- Training;
- Special investigations including fraud related work.

3.6.2 The number of planned days for referrals/consultancy during the year amounts to 205 days with 140.97 days spent on this work up to the end of December 2015.

3.6.3 A summary of special investigations undertaken by Internal Audit during the period 1 April 2015 to 31 December 2015 is included in **Appendix G** and amounts to 50.34 days.

3.7 Sickness Absence

3.7.1 The Service manages sickness absence in compliance with the Authority's Sickness Absence Policy. Sickness accounted for 101 days absence up to the period ending 31 December 2015 against an annual target of 45 days. This was primarily due to the long term sickness absence of 2 officers in the first quarter and 1 officer in the third quarter, which accounted for 86.22 days absence.

4. INTERNAL AUDIT FORWARD WORK PROGRAMME

Scheduled Review Title	Service Area	Current Status
Partnerships Governance & Performance	Corporate	Draft Reviewed
Fleet Management	Sustainable Development	Draft Reviewed
Human Resources – Policies & Practices for Managing the Workforce	Transformation	Draft Reviewed
Ysgol Talwrn	Lifelong Learning	Work in Progress
Ysgol Gynradd Bodedern	Lifelong Learning	Work in Progress
Ysgol Gynradd Amlwch	Lifelong Learning	Work in Progress
Housing Strategy	Community	Work in Progress
NDR & Council Tax	Resources	Work in Progress
Child Care Court Orders	Children's Services	Work In Progress
Main Accounting System	Resources	Work in Progress
Creditors Follow Up	Resources	Work in Progress

5. CONCLUSION

- 5.1 An analysis of the Internal Audit Service's performance for the period 1 April 2015 to 31 December 2015 demonstrates that performance levels are more or less on target. However, the ability of the Service to achieve the 2015/16 Operational Plan will be dependent on the level of demand for audit resources in respect of referrals, unplanned work prior to the year end and sickness absence levels.

INTERNAL AUDIT PERFORMANCE TARGETS 2015-16

APPENDIX A

Description	IOAC Actual 2013/14	IOAC Actual at 31/3/15	IOAC 2015/16 Target	IOAC Actual at 31/12/15	Wales Average 2014/15
1. % Planned Audits Completed	81%	92%	80%	38.71%	83%
2. Number of Audits	51	46	60	25	106
3. % Clients responses 'Satisfied'	100%	100%	100%	100%	98%
4. % Recommendations accepted	100%	100%	100%	98%	99%
5. % Implementation of High & Medium Recommendations at Follow up audits	46%	49%	85%	59%	N/A
6. % Audits completed within planned time	N/A	N/A	90%	79.17%	69%
7. % Directly chargeable time against total available	N/A	N/A	70%	73.30%	65%
8. Average days from closing meeting to issue of draft report	N/A	N/A	6 days	10.9 days	7.6 days
9. Average days between response to draft and final report issue	N/A	N/A	2 days	3.3 days	1.8 days
10. Average actual cost per directly chargeable audit day	£245	£238	£250	£250	£249
11. No. Audit Staff	5.5	5.6	5.68	5.68	8.2
12. % staff leaving	0	0	0	0	12%

JANUARY 2016

**ANGLESEY COUNCIL
INTERNAL AUDIT**

**ANALYSIS OF ADDITIONAL UNPLANNED WORK PERFORMED DURING
1st APRIL 2015 TO 31st DECEMBER 2015**

	AREA	NATURE OF THE WORK	AUDIT DAYS
1	Bryn Trewan	The Audit Committee requested that Internal Audit look at original documentation in relation to the re-charge of sewage cost in relation to 60 properties at Bryn Trewan, Caergeiliog.	2.20
2	Grant Certification – European Social Fund	Final Certification.	4.30
3	WG Pupil Deprivation Grant 2014/15	Internal Audit was informed in September 2015 that the Pupil Deprivation Grant Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 331 October 2015.	4.80
4	WG Welsh In Education Grant 2014/15	Internal Audit informed in August 2015 that the WEG Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	2.70
5	WG 14 - 19 Learning Pathways Grant 2014/15	Internal Audit was informed in September 2015 that the 14-19 Learning Pathways Grant Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	13.18
6	WG School Effectiveness Grant 2014/15	Internal Audit informed in August 2015 that the SEG Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	9.05
	TOTAL DAYS		36.20

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APPENDIX C

**ANGLESEY COUNTY COUNCIL
INTERNAL AUDIT
SLIPPAGE 1-4-15 TO 31-12-15**

ASSIGNMENTS	REASON	DAYS	RISK RATING
PLANNING & PUBLIC PROTECTION Building Control Services	It was agreed with management to carry forward into the 2016/17 annual plan due to staffing issues in Building Control.	10	Not known - Area audited prior to 2012/13.
TOTAL SLIPPAGE		10	

The above areas of planned audit work will not audited during 2015/16 for the reasons stated. Where relevant the audits not performed during 2015/16 will be prioritised for review in 2016/17.

AUDIT RECOMMENDATIONS AND THE AUDIT OPINION

1. DEFINITIONS OF ASSURANCE RATINGS

New assurance level definitions for 2015/16 are clearer and more precise and bring into play the priority of recommendations made. They are:

LEVELS OF ASSURANCE	DEFINITION
SUBSTANTIAL ASSURANCE	Arrangements for governance, risk management and internal control are good. No or only low impact management action is required. No high and a maximum of 2 medium priority recommendations are made.
REASONABLE ASSURANCE	Arrangements for governance, risk management and/or internal control are reasonable. Management action of moderate to low impact is required. No high priority recommendations are made.
LIMITED ASSURANCE	Arrangements for governance, risk management and internal control are limited. Management action of high to moderate impact is required. A number of high and/or medium priority recommendations are made.
MINIMAL ASSURANCE	Arrangements for governance, risk management and internal control are significantly flawed. High impact management action is required in a number of areas. A significant number of high priority recommendations are made.

2. Definitions of Recommendation Priorities

Definitions of the priorities used for recommendation have been made to improve consistency within the audit team and help the level of understanding by the report recipient. They are:

RECOMMENDATION PRIORITY	DEFINITION
High	Significant action required relating to the absence if or non-compliance with fundamental control processes creating the potential for significant governance issues, malpractice, risk or error to go undetected.
Medium	Important action required to bring the internal control system up to an acceptable standard or eliminate an unacceptable level of non-compliance with existing control processes.
Low	Action which would improve the internal control in general but which is not vital to the overall control system.

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Summary of Recommendations and Assurance Levels 1-4-15 to 31-10-15

APPENDIX E

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
1	Cash Receipting System WIP 2014/15	April 15	Resources	4	<p>An audit of Cash Receipting System was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The receipting of cash amounts is currently undertaken via manual input to the Cash Receipting system from bank statements.</p> <p>A recommendation included in the 2013/14 Cash Receipting report related to the implementation of an auto feeder bank statement should be progressed in 2015/16 to assist in ensuring that bank reconciliation can be carried out promptly from period end. This and the three further recommendations in the 2013/14 Cashiers Final Report have not been implemented.</p> <p>Opinion: Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed and consistently applied.</p>	Substantial
2	Debtors WIP 2014/15	April 15	Resources	22	<p>An audit of Sundry Debtors was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>In 2013/14 the number of invoices raised was 20,287 with a value of £16.3M. The value of cancelled invoices plus credit notes raised in the period was £462k. An Aged Debt Summary Report dated 14 January 2015 reported a total amount of sundry debt outstanding to be £3,192,488.54.</p>	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>The Council introduced a new CIVICA financials system in April 2013 including the Sundry Debtors module which is used as the Council's main record of debtors.</p> <p>The Sundry Debtor review for 2013/14 included six Medium and eleven Low category recommendations. The 2014/15 audit showed that the six Medium category recommendations made have not been implemented. These relate to the prompt and effective recovery of outstanding debt, regular review of aged invoice, regular review of write offs, suppressions, reconciliation of the financial ledger to the Sundry Debtor system and responsibilities relating to the nomination of officers for the entering and authorising invoices and debtor details within the system.</p> <p>Two of the Low category recommendations have been implemented. The remaining nine Low category recommendations are re-iterated. These relate to the review of system access rights, supporting documentation for debtor invoices, review of fees and charges, duplicate debtor detail, cancelled debts, debit of cost codes when evident that debts cannot be recovered, debtor performance indicator reports and the reporting of performance in relation to targets.</p> <p>Opinion: Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, and consistently applied, action needs to be taken to ensure this area is managed.</p>	
3	Council Tax WIP 2014/15	April 2015	Resources	8	An audit of Council Tax was undertaken as part of the approved internal audit periodic plan for 2014/15. Council Tax is	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>administered by the Revenue and Benefits Service. There were 34,553 properties (excluding unbanded properties) as at March 2013.</p> <p>The total debit raised for Council Tax in 2013/14 (net of exemptions, reliefs and council tax benefits) was £30.8m of which the in year collection rate was 97.1% of this total.</p> <p>The Council Tax report for 2013/14 included one Medium and six Low categorised recommendations. The 2014/15 audit found that the Medium recommendations relating to reconciliation to the Postal Docket has not been implemented.</p> <p>Four Low recommendations have been assessed as not implemented and one Low recommendation was seen to be part-implemented. The recommendations relate to single person's discount, debt recovery procedures, accounts on pending write-off status, review of suppressed accounts and void visits.</p> <p>Opinion: Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risks materialising.</p>	
4	NNDR WIP 2014/15	April 2015	Resources	8	<p>An audit of NNDR was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The total number of properties (excluding unbanded properties) as at 31 March 2014 was 2,707.</p> <p>The total debit raised for NNDR in 2013/14 (net of refunds) was</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>£13.6m of which the in year collection rate was 97.9% of this total. The average reported tax collection rate for all Unitary Authorities in Wales was 97.1%.</p> <p>The NNDR report for 2013/14 included two Medium and eight Low categorised recommendations. Our follow up work in 2014/15 has found that the Medium recommendations relating to reconciliation of total value of bills to the number of rateable hereditaments and clearing write offs that have been on the system for more than twelve months have not been implemented.</p> <p>One Low category recommendation has been actioned and two superseded; the remaining five Low category recommendations have been assessed as not implemented. These recommendations relate to prompt processing of write-offs on the system, carrying out exempt property visits, consistent application of recovery procedures, prompt referral of debts to Enforcement Agents and review of suppressed accounts.</p> <p>Opinion: Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risks materialising.</p>	
5	Housing Benefits WIP 2014/15	April 2015	Resources	11	<p>An audit of Housing Benefit - Key Controls was undertaken as part of the approved internal audit periodic plan for 2014/15. The total amount of Housing Benefit paid in 2014/15 for the period 01-04-2014 to 11-02-2015 in respect of private tenants was approximately £8.5m and for LA tenants £7m. The total amount</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>awarded under the Council Tax Reduction scheme was approximately £5m.</p> <p>The total case load recorded up to January 2015 for Housing Benefit Claims was 49,230 and for Council Tax Reduction were 65,638.</p> <p>The Benefits Service is within target for time taken to process change in circumstances, on receiving all information required for decision within 14 days of new claim and on accuracy checks undertaken in the period. However, the Service has not reached set targets in relation to the processing of new claims and for the identification of cases for which the calculation of the amount of benefit due is correct.</p> <p>The most significant area in which the Service has been ineffective in the period is in the recovery of benefit overpayments which have increased during the period.</p> <p>The Housing Benefit 2013/14 Internal Audit report included 5 Medium and 6 Low categorised recommendations. Follow up work in 2014/15 found that at the time of review the 4 Medium and 5 Low priority recommendations were implemented.</p> <p>The 2 recommendations assessed as not implemented relate to the non-recoverable write offs and reconciliations and the segregations of duties between the roles of allocations and recovery.</p> <p>Opinion: Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
6	Housing Rents WIP 2014/15	April 2015	Resources	4	<p>An audit of Housing Rents was undertaken as part of the approved internal audit periodic plan for 2014/15. At the time of reporting the Council's Housing Service managed 3798 dwellings, 767 garages and 12 leased properties across the County. The estimated rental income for 2014/15 was reported to be £13.8M.</p> <p>Opinion: Taking account of the issues identified during the course of the audit, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	Substantial
7	Stock Check DLO WIP 2014/15	May 2015	Housing	N/A	<p>An annual stock check undertaken by the Authority's Internal Audit Service at the BMU Depot on 28th of March 2015. The total closing stock value identified in April 2015 was £157,493.13.</p> <p>Opinion: The stock records maintained at the depot are sufficiently accurate and provide a reliable record of the stock levels at the year end.</p>	Substantial
8	Treasury Management WIP 2014/15	May 2015	Resources	2	<p>An audit of Treasury Management was undertaken as part of the approved internal audit periodic plan for 2014/15. The Treasury Management function operates within the approved Treasury Management Strategy and the Annual Investment Strategy which is approved by the full Council each year. The Current Treasury Management position (for quarter 3) was reported to the Audit Committee in February 2015.</p> <p>The review of Treasury Management in 2013/14 resulted in a Green audit opinion and three medium category recommendations being made. Follow up work as part of this year's review found that the previous recommendations have yet to be fully implemented. The previous recommendations relate to:</p> <ul style="list-style-type: none"> • Access rights within the HSBC net system and deletion of 	Substantial

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>any users that no longer need access;</p> <ul style="list-style-type: none"> Ensuring two authorising signatories (segregation of duties) are obtained in order to carry out fund transfers within the Authority; To maintain an audit trail and to provide assurance over segregation of duties signatures evidencing checking, authorising or approving should be in the name of the individual carrying out relevant action and not 'pp'd' in the name of an absent officer. Treasury Management processes and procedures should be fully, clearly documented and dated in order to set out who can approve, documentation required and segregation of duties. <p>Opinion: Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	
9	Payroll Key Controls WIP 2014/15	May 2015	Resources	6	<p>An audit of Payroll - Key Controls was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The Payroll system currently in use is 'Resourcelink' provided by Northgate and is an integrated Human Resources and Payroll system.</p> <p>There were 3,850 live payroll records at the end of March 2015 and 2,333 paid records in the month. There were 415 new starters on the payroll and 444 leavers processed during the 2014/15 financial year.</p> <p>Key findings from the review highlighted a lack of formally documented procedures, issues in relation to secure storage of</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>payroll records and system access controls do not enforce segregation of duties between HR establishment functions and payroll functions. The lack of segregation of controls has been highlighted in a previous payroll audit report and in a separate review of Logical Access & Segregation of Duties.</p> <p>Opinion: Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However, issues have been identified that, if not addressed, increase the likelihood of the risks materialising.</p>	
10	Main Accounting System WIP 2014/15	June 2015	Resources	6	<p>An audit of the Main Accounting System - CIVICA was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>At the time the audit was undertaken the CIVICA team was in the process of conducting a re-launch of the system. The re-launch was initiated due to a number of perceived weaknesses in the way the system had been introduced and subsequently used by the services. Administration of the system was also lacking mainly as a result of poor procedural documentation.</p> <p>It is envisaged that the re-launch of CIVICA will be substantially complete by the end of the current calendar year and all issues raised within the audit dealt with as part of that action.</p> <p>Opinion: Arrangements for governance, risk management and/or internal control are reasonable. An overall Reasonable Assurance audit opinion resulted from the review with four Medium category and two Low category recommendations being agreed with</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					management.	
11	ICT Disaster Recovery	July 2015	Resources	13	<p>This audit was undertaken as part of the approved Internal Audit plan for 2015/16.</p> <p>Internal Audit carried out a review in 2012/13 of the management arrangements for Business Continuity and ICT Disaster Recovery. Internal Audit's opinion at that time was that the Council could not take assurance that the controls upon which it relies to manage these areas were suitably designed, consistently applied or effective (a MINIMAL assurance level). Recommended actions were agreed but Internal Audit was informed that little action has been taken since. The 2015/16 audit report only deals with ICT Disaster Recovery plans. A separate report has been produced covering Business Continuity.</p> <p>The main key findings in the 2015/16 report identified that:</p> <ul style="list-style-type: none"> • The Council does not have a formal approved ICT Disaster Recovery Plan in place • The Council does not have a dedicated disaster recovery facility located away from the ICT Suite • Services need to complete up to date business plans to feed into future ICT Disaster Recovery Plans • There is no regular restores of system and data backups • Scheduled restores are not carried out in live and test environments to ensure backups can be used to restore promptly and reliably in a disaster scenario • Responsibility of maintenance of the environmental control and fire suppression systems are not formally documented 	Minimal

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>and monitored by ICT</p> <ul style="list-style-type: none"> The current UPS is not fit for purpose and the Council does not therefore have an operating UPS in the event of an electrical failure. <p>Opinion: Arrangements for governance, risk management and internal control are significantly flawed. High impact management action is required in a number of areas. Recommendations are predominantly high priority</p>	
12	Markets Administration & Rents Income	July 2015	Public Protection & Planning	4	<p>An audit of Market Administration and Rents Income was undertaken as part of the revised internal audit plan for 2015/16. The service area has not been subject to audit review since 2006.</p> <p>The key findings from the audit identified that operational procedures had not been reviewed and updated to reflect recent changes in market operations and banking arrangements.</p> <p>It was also evident there is no systematic monitoring to ensure that all market traders maintain and produce evidence of adequate public liability insurance cover.</p> <p>Opinion: An overall Reasonable Assurance audit opinion resulted from the reviews with three Medium category and one Low category recommendations being agreed with management.</p>	Reasonable
13	Business Continuity	July 2015	Corporate	7	<p>An audit of Business Continuity was undertaken as part of the approved internal audit periodic plan for 2015/16.</p> <p>BCM is a statutory duty for local authorities as well as being a key part of governance processes. It is a requirement of the Civil Contingencies Act 2004 that plans are prepared and put in place</p>	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>to ensure that services, particularly those that are statutory services, can continue.</p> <p>The main findings of the review identified the Interim Business Continuity Plan is, in its current draft form, not sufficiently complete to ensure proper efficient and effective recovery of the Council's data and processes should a disaster event occur.</p> <p>Responsibilities of the Senior Leadership Team and Heads of Services in relation to Business Continuity are not clearly stated within the Business Continuity Plan and Business Continuity is currently not reported and managed at the highest level.</p> <p>The work to establish a Business Continuity Management and Emergency Planning Working Group should continue and the comprehensive Corporate Business Continuity Plan should incorporate Building Recovery Management arrangements.</p> <p>Opinion: Arrangements for governance, risk management and internal control are limited. An overall Limited Assurance audit opinion resulted from the reviews with five High category and two Medium category recommendations being agreed with management.</p>	
14	Risk Management Framework & Top 5 Risks	Sept 2015	Corporate	3	<p>This audit was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>A review of the application of the Risk Management Framework was commissioned by the SLT in the summer of 2014 and found the following:</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> • The application of risk across the Council was inconsistent • It is not clear how the service and corporate risk registers relate • A lack of clarity regarding process for escalation or feedback; and • Risk is not well aligned with the planning and performance management processes. <p>The Policy and processes have been revised and training delivered to senior officers and staff. Service Risk Registers are being reviewed and incorporated into the Business Planning Process and Revised Corporate Risk register in place by the end of the first Quarter 2015.</p> <p>The main findings of the review identified that Service Delivery Plans are not always submitted promptly and within deadlines with all sections having been completed including links to the Risk Registers.</p> <p>Evidence of existing controls relating to the Corporate Risk Register were not always available.</p> <p>Opinion: An overall Reasonable Assurance audit opinion resulted from the reviews with two Medium category and one Low category recommendations being agreed with management.</p>	
15	Information Governance – Annual Review of Compliance	Oct 2015	Corporate	7	<p>An audit of Information Governance – Annual Review of Compliance was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>Key findings from the review are:</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> • Third party contractors processing personal data on behalf of the Council have not been identified to ensure that an appropriate Data Processing Agreement has been implemented and Data Processing Agreements re not available for every 'Category 1' Contracts. • No new systems, projects or processes had been implemented during the audit review and therefore no evidence of Privacy Impact Assessments undertaken were available for review by the auditor. • Not all Information Asset Owners (IAOs) were able to give assurance that appropriate measures are in place for the secure storage, movement, retention and disposal of records within remote establishments (those outside of the HQ) • The Council lacks procedures for managing electronic records containing confidential data • No assurance can be given as to whether random information sharing of personal data had been assessed as a lack of data was available for testing. • Not all staff comply with the Clear Desk Policy implemented by management • The Council's privacy notices issued by each service are not clear, consistent and available for the gathering , processing and sharing of data • No central log exists of all privacy notices and no evidence was seen of privacy notices transferred to the corporate privacy notice template • No formal written report has been presented to the SLT of data security incidents, its cause and effectiveness of 	

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>response as per the Data Security Incident Policy. It was acknowledged that incidents have been verbally reported to SLT to date.</p> <p>Opinion: An overall Reasonable Assurance audit opinion resulted from the reviews with five Medium category and two Low category recommendations being agreed with management.</p>	
16	Ysgol Brynsiencyn	Dec 2015	Lifelong Learning	7	<p>An audit of Ysgol Brynsiencyn was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>Key findings from the review are:</p> <ul style="list-style-type: none"> • The school meals record was maintained to a high standard at the school. • The Governing Body has appropriate arrangements in place to define head teacher rights for authorising expenditure and transferring monies between financial headings. • Appropriate documentation to monitor teacher performance (annual) and the performance objectives of the head teacher are used within the school. • The school fund accounts are maintained to an appropriate standard and are audited independently on an annual basis. The "School Fund Audit Record" document should be presented to the Governing Body on an annual basis. • The Governing Body constitution complies with the statutory requirements. • The school has appropriate statutory policies. • The school complies with the Authority's Fleet and Driver Policy. • Some weaknesses were found in the ordering of works, 	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>goods and services. All expenditure was properly authorised and correctly accounted for.</p> <p>KEY ACTIONS AGREED</p> <ul style="list-style-type: none"> • Purchasing orders should be completed in advance. • A complete register of the business interests of the Governors, the Head teacher and their immediate family should be maintained in accordance with the Education Service's Fair funding Scheme. • Each supply teacher used by the school should be noted within the electronic diary by the Head Teacher. • The "School Fund Audit Record" should be presented to the Board of Governors annually. • Physical check should be conducted on the school's asset as well as marking the assets with a permanent ink or ultra violet pen. • There should be consistency between the free breakfast register and the "Breakfast Scheme" (Annex C) form. • The school should adopt a CCTV policy. <p>Opinion: Arrangements for governance, risk management and/or internal control are reasonable. Management action of moderate to low impact is required.</p>	
17	Ysgol Cemaes	Dec 2015	Lifelong Learning	14	<p>An audit of Ysgol Cemaes was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>Key findings from the review are:</p> <ul style="list-style-type: none"> • Appropriate arrangements have been placed by the Governing Body in order to define head teacher rights for authorising expenditure and transferring monies between financial headings. 	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> • School income is collected, recorded and banked in accordance with the Education’s Department directions. • Appropriate documentation to monitor the performance of the Head Teacher was completed for 2014/15. • The number of pupils within the “Statistical Census” corresponds to the school records. • The school fund account was satisfactory and an activity summary is produced for parents on an annual basis. • The Governing Body constitution complies with the statutory requirements. • The school have some statutory policies. • Some weaknesses were found with the ordering of works, goods and services. All tested expenditure was properly authorised and correctly accounted for. <p>KEY ACTIONS AGREED</p> <p>School meals income should be correctly recorded and the PY7, CT182a and CT183a forms should reconcile</p> <ul style="list-style-type: none"> • Order requisitions should be completed before receiving goods. • School lettings should be administered in accordance with the Authority’s guidelines. • The school fund should be audited annually. • School’s assets should be marked with a permanent ink or an ultra violet pen. • The free breakfast register should reconcile to the “Breakfast Scheme” (Annex C). <p>Opinion: Arrangements for governance, risk management and internal control are limited.</p>	

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					Management action of high to moderate impact is required.	
18	Affordable Housing, Houses into Homes and Bridging Loan Scheme	Dec 2015	Housing	24	<p>The audit was undertaken as part of the approved Internal Audit Plan for 2015/16. The audit examined Themes 1 & 2 of the Local Housing Strategy related to the issue of addressing affordable housing and empty homes under the Affordable Housing Development Programme, providing support for the Joint Local Development Plan funding, Empty Homes and providing support for housing renewal in the private sector.</p> <p>Key findings from this review are as follows:</p> <ul style="list-style-type: none"> ▪ Housing are unable to access financial information regarding revenue fees and income for monitoring and financial management of schemes. ▪ Housing are not aware that financial information regarding capital receipts is available and monitored by the Capital Team on a monthly basis. ▪ Reconciliations are not carried out by Housing between the schemes and the Council's financial ledger. ▪ There are no procedures outlining the implementation and monitoring of the recovery of defaulted loans from the bridging loan scheme. ▪ Information provided by the Council Tax Department to identify empty properties is incomplete and inaccurate and impacts on the Empty Homes Officer's efficiency and performance monitoring. ▪ The lack of ability to distinguish between empty and second homes may affect the Local Authority's discretion in applying a council tax premium of up to 100% of the standard council tax charge on second 	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>homes, (Housing (Wales) Act 2014 - Council tax for empty and second homes).</p> <p>Opinion: An overall Limited Assurance audit opinion resulted from the reviews with three High category and eleven Medium category recommendations being agreed with management.</p>	

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High rated Internal Audit recommendations outstanding as at 22/02/2016

Ref	Report	Recommendation	Date raised	Agreed implementation date	Responsible Officer	Comments
Corporate						
1961.14/15	System Controls - Logical Access and Segregation of Duties	The Council should ensure that it maintains a record for all users that evidences that they have received access to, read, understood and agreed to abide by all key ICT policies including the ICT Security (once approved) and Acceptable Usage Policies.	07/10/2014	31/03/2015 - date changed to 30/09/2015	Council Business & Monitoring Officer	<p>SIRO & S.151 Officer Review Information was requested from other Welsh authorities with regard to existing solutions being used by other Welsh authorities. Based on responses received, initial demonstrations were given by potential providers during January 2015. A tender specification document was then prepared and a tender notice published (Sell2Wales) on 8 April 2015 - closing date for receipt of tenders 8 May 2015. Five tenders were received.</p> <p>A report requesting funding was submitted to an informal Executive meeting on 1 June. The Executive was not prepared to support the project (owing to the objections of the Section 151 Officer) and the item was removed from the formal Executive agenda for 15 June.</p> <p>As directed by the SRO, the task is to be continued up to, but excluding, the letting of the contract - meeting to take place on 18 June to finalise tender evaluation results and feedback to suppliers.</p> <p>Work in progress. Reported in Information Corporate Governance Board on 13/10/2015</p>

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<p>1961.14/15</p>	<p>System Controls - Logical Access and Segregation of Duties</p>	<p>A procedure should be put in place that ensures new starters requiring access to the Council's network, systems and data are not granted such access until such time as ICT is provided with evidence the user has confirmed that they have access to, read, understood and agreed to abide by the Council's key ICT Security and Data Security policies. Where users have been granted access but then fail to provide such evidence as required above their access should be removed until such time as evidence is provided.</p>	<p>07/10/2014</p>	<p>31/03/2015 - date changed to 30/12/2015</p>	<p>ICT Business Transformation Manager</p>	<p>ICT - Once policy compliance software is in place a grace period of two weeks is given to new starters to approve the policies.</p> <p>Upon the implementation of policy compliance software it is proposed that the system is set to open on all PC's when the user logs in – this will continue every time they login until the policies have been accepted. ICT would also investigate the possibility in the longer term that Internet access is removed by default for new users and is only granted upon evidence of approval of key ICT policies.</p> <p>SIRO & S.151 Officer Review – Investigate the introduction of a log-in screen which includes declaration on having read, understood and agreed to abide by key ICT Policies to be acknowledged by all users prior to log in.</p> <p>Upon implementation of the policy compliance software new starters will be given a grace period of two weeks to approve policies and will appear on their PC's until policies have been accepted and internet usage will be removed if key policies have not been accepted. However implementation of the policy compliance software is currently under review by a corporate group that is chaired by the SIRO – please see above.</p> <p>A project lead by the SIRO/Monitoring Officer has been charged with implemented a policy management /acceptance system, this is still ongoing.</p>
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						Once a solution is in place this will provide the tool for ICT to meet this recommendation.
1736 11/12	Third Party Assurance	Review and implement recommendations in the Third Party Assurance Report 1736.11/12	07/10/2014	31/12/2014	Business Planning and Programme Manager	
Social Services						
1953. 14/15	Third Sector Scheme	Formal documented guidance and procedures on the requirements of the Code of Practice for Funding the Third Sector and how to comply with them should be produced and made available to all relevant staff.	07/10/2014	30/10/2015	Deputy Chief Executive	The Code of Practice has now been agreed with the Third Sector (July 2015) Launch of revised Code of Practice initially arranged for 02/09/2015. Due to the availability of staff this has now been re-arranged for 01/10/2015. In the interim finance team supporting services with practice expectations Response received stating that the Joint Session with the Third Sector was held in September and that comments have been received by the Medrwn Môn Board in October to confirm the Code of Practice. A session for internal officers was held on 04/11/2015 in accordance with the plan and a report/review of the plan will be presented to SLT by the end of December.
1953. 14/15	Third Sector Scheme	A corporate listing of all Third Sector Grants should be maintained to ensure that all have been identified and are included in monitoring arrangements.	07/10/2014	30/10/2015	Deputy Chief Executive	Lead officer identified as the Accountancy Services Manager, Finance. Quarterly financial monitoring used to update information regarding sector investment
1953. 14/15	Third Sector Scheme	Services should review their existing Third Sector grants administration and paperwork to ensure that it is compliant with the Code.	07/10/2014	30/10/2015	Deputy Chief Executive	S.151 Officer has confirmed that this task will be undertaken by the Finance Dept. Assurances have been sought that this will be highlighted as required activity as the newly appointed S.151 Officer takes up his post.

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Medium rated Internal Audit recommendations outstanding as at 22/02/2016

Ref	Report	Recommendation	Date raised	Agreed implementation date	Responsible Officer	Comments
Corporate						
1940.14/15	Agency Staff	Any new use of agency workers should be in accordance with IOACC Agency Workers Policy and alternatives to use to be discussed with HR Officers. The revised Agency Workers Policy now requires that Appendix 1 – REASON FOR HIRING AN AGENCY WORKER - should be completed by Services and returned to HR prior to any agency workers being hired.	13/08/2014	31/07/2014	Chief Executive	Heads of Service to be requested to instruct relevant employees to comply with the revised Agency Workers Policy in terms of the requirement to complete the form at Appendix A and forward it to HR prior to employing any agency, contract, self-employed and consultancy staff.
1961.14/15	System Controls - Logical Access and Segregations of Duties	The ICT Security Policy should include defined responsibilities and procedures. The departmental system administrators should be formally recorded or identified and sign off on all responsibilities defined. All departmental system administrators should familiarise themselves with the ICT Security Policy and implement the policy where necessary.	07/10/2014	31/03/2015	Technical Services Manager	The ICT Security policy will be amended to include this requirement and will draw the policy to the attention of assigned Service information asset owners. Once the policy compliance software is in place assigned officers will be required to review / approve key ICT policies.
009.15/16	Information Governance	The Procurement Section should ensure that Data Processing Agreements are	09/09/2015	30/11/2015	Procurement Officer	Meeting held on 22/2/2016 to discuss personal data security safeguards in procurement. Corporate Information

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		included at the quotations/tender stage and included as a separately executed appendix to every new relevant contract.				Officer to create an action plan detailing what should be included in the contracts and to be sent to SLT in the next few weeks.
009.15/16	Information Governance	Managers should review running contracts involving a third party contractor processing personal data on behalf of the Council to determine whether a Data Processing Agreement should be imposed on the contract.	09/09/2015	30/09/2015	Corporate Information Officer	Work has commenced on this issue, however recommendations from the Information Commissioner's Office in respect of procurement of services will require a wider review of the data protection safeguards required in the procurement of services involving personal data. The review required by the ICO is time sensitive, this needs to be done before the recommendation can be completed. The target date should be amended.
009.15/16	Information Governance	SIRO should ensure that all 'Category 1' contracts operated by the Council are covered by DP Agreements in accordance with ICO recommendations.	09/09/2015	30/09/2015	Council Business & Monitoring Officer	
009.15/16	Information Governance	A written report should be presented to the SLT in evidence that all data security incidents are reviewed for cause of the breach and the effectiveness of response as per Section 8.1 of the Data Security Incident Policy - Version 2.0 (June 2015).	09/09/2015	15/11/2015	Council Business & Monitoring Officer	
Education						
1959.14/15	Ysgol Henblas	The Register of Supply Teachers should be complete and reconciled to the Authority's budget reports to ensure accuracy of the accounts.	07/10/2014	31/10/2014	Admissions & Statistics Officer - Education	

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1959. 14/15	Ysgol Henblas	The school fund should be audited annually.	07/10/2014	31/12/2014	Admissions & Statistics Officer - Education	
1959. 14/15	Ysgol Henblas	The School should ensure compliance with the Authority's Fleet and Driver Policy.	07/10/2014	30/09/2014	Admissions & Statistics Officer - Education	
1960. 14/15	Ysgol Pentraeth	Looking to the future and in accordance with the Development Plan, the school should agree a strategy to ensure the effective management, monitoring and consultation with regards to the school budget (including the reserves). The strategy should outline the frequency, level of detail and the general format of how financial information should be presented to the Governing Body.	11/12/2014	31/01/2015	Admissions & Statistics Officer - Education	
1960. 14/15	Ysgol Pentraeth	The head teacher should undertake weekly, monthly and spot verification checks of the school meals income in accordance with the Education Department's directives. The head teacher should sign the monthly 182a statement to certify that the relevant checks have been undertaken and records are accurate.	11/12/2014	31/12/2014	Admissions & Statistics Officer - Education	
1960. 14/15	Ysgol Pentraeth	School meals income should be banked regularly and promptly in accordance with the Education Department's directives.	11/12/2014	01/09/2015	Admissions & Statistics Officer - Education	
1960. 14/15	Ysgol Pentraeth	The date of banking should be recorded against the relevant	11/12/2014	31/12/2014	Admissions & Statistics Officer -	

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		entry on the monthly CT182a statement to ensure a complete audit trail.			Education	
1960.14/15	Ysgol Pentraeth	Ordering requisitions should be completed before receiving goods. In cases of an emergency a verbal order may be raised and relevant documentation completed the next working day.	11/12/2014	01/09/2015	Admissions & Statistics Officer - Education	
1960.14/15	Ysgol Pentraeth	Annual physical stock checks should be undertaken of the school's assets and an asset register maintained to ensure assets are appropriately managed. Where inconsistencies arise appropriate actions should be undertaken.	11/12/2014	31/03/2015	Admissions & Statistics Officer - Education	
1960.14/15	Ysgol Pentraeth	The school should maintain a daily register of pupils receiving breakfast for free to enable reconciliation to the monthly "Breakfast Scheme" (Annex C) form which is submitted to the Education Department as part of the administration of the Welsh Government's Free Breakfast Grant.	11/12/2014	31/12/2014	Admissions & Statistics Officer - Education	
1960.14/15	Ysgol Pentraeth	The Governing Body Constitution should comply with the relevant statutory requirements.	11/12/2014	31/12/2014	Admissions & Statistics Officer - Education	
1960.14/15	Ysgol Pentraeth	The school should adopt a CCTV Policy.	11/12/2014	30/04/2015	Admissions & Statistics Officer - Education	
1978.14/15	Ysgol Llangoed	The Chair of the of the Governing Body's next meeting should sign the minutes of the	22/12/2014	31/10/2015	Admissions & Statistics Officer - Education	

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		former meeting (subject to approval of the Governing Body) in accordance with the relevant regulations.				
1978.14/15	Ysgol Llangoed	The School should ensure compliance with the Authority's Fleet and Driver Policy.	22/12/2014	31/07/2015	Admissions & Statistics Officer - Education	
Finance						
1921.13/14	Council Tax	Suppressed accounts should be reviewed on a regular basis and evidence of review retained on file.	13/05/2014	30/09/2015	Operations Manager	Suppressions with "end dates" are removed automatically by the system. Those which remain open are being reviewed currently.
1960.14/15	Ysgol Pentraeth	The Income Section should enquire and ensure that monies banked by the school in the Post Office (£307.70) during January 2014 have been fully and correctly accounted for in the Authority's account.	11/12/2014	30/06/2015	Income Officer	A copy of the report was requested 22/6/15. Target completion date 30/6/15.
1982.14/15	Sundry Debtors	The following procedures should be introduced in order to provide additional controls over account suppressions: - The CIVICA facility to set appropriate time limits on suppressions should be used in all cases. - Reason for suppression of recovery action should be appropriately recorded within the system notes facility. - A report of all suppressions should be reviewed by a	14/04/2015	31/08/2015	Income Officer	All new suppressions have an end. Lists have been produced for all other suppressions and work upon them is continuing to either lift suppression, cancel invoices etc. Need to revise target date due to volume of work.

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		<p>relevant officer on a regular basis in order to ensure that all reasons for suppressions are on-going.</p> <p>-Documentation in support of suppressions should be retained on file giving reason for suppression including the name and signature of the officer authorising the suppression.</p>				
1983.14/15	Treasury Management	Treasury Management processes and procedures should be fully, clearly documented and dated in order to set out who can approve, documentation required and segregation of duties.	13/05/2014	31/07/2015	Capital Accountant	Re-iterated in TM Report Treasury Management 1932.13/14 1.8
1985.14/15	Cash Receipting	The reconciliation between Cash system data and bank records of income received should be undertaken promptly following period end. Such reconciliations should be checked by a second officer and evidenced by signature and dating. The same details were included in our recommendation as a result of audit testing for the year 2013/2014.	14/04/2015	31/03/2015	Income Officer	
1988.14/15	NNDR	Debts not recovered after completion of the Council's debt recovery process should be forwarded to the Council's bailiffs/ enforcement officers promptly.	13/05/2014	31/07/2015	Operations Manager	Recent referrals to Enforcement Agents have been passed on a more timely basis. A review is being undertaken to reduce the pre-enforcement stage by amalgamating two letters into one.

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1988. 14/15	NNDR	Suppressed accounts should be reviewed on a regular basis and evidence of review retained on file.	13/05/2014	31/07/2015	Operations Manager	The suppressions with "end dates" are automatically removed by the system. Those which are "open" will be reviewed by end July.
1993. 14/15	Bryn Trewan	Invoices for the current year should be issued to those identified as liable under the land registry search (APPENDIX B)	05/06/2015	31/07/2015	Income Officer	Land Registry Searches have been obtained. Meeting to be arranged within Finance to agree way forward.
1997. 14/15	Housing Benefits	Evidence must be complete and filed to support each eligible claim made. All supporting documents should be easily accessible including correspondence sent to the claimants informing them of the outcome of the assessment.	14/04/2015	30/09/2015	Benefits Supervisor	Ongoing
1997. 14/15	Housing Benefits	As intended action should be taken to bring actual accuracy performance towards the target set of 99% accuracy.	14/04/2015	30/06/2015	Operations Manager	

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Housing						
1868.14/15	Homelessness	<p>Key aspects of Homelessness procedures need improving to reflect the increase in focus on homeless prevention.</p> <p>Procedures need to be enhanced to:</p> <ul style="list-style-type: none"> - reflect administrative changes including the introduction of the new combined assessment form and Orchard System; - the use of the new CIVICA financial system; - include more detail e.g. administration of the Homeless Prevention Fund, protection of the belongings of homeless persons. 	28/01/2015	30/10/2015	Principal Housing Officer	
1868.14/15	Homelessness	The key duties of the post of Accommodation Officer including arranging annual inspections of premises used to provide Bed & Breakfast or emergency accommodation for homeless applicants should be formally re-allocated.	28/01/2015	30/10/2015	Principal Housing Officer	<p>As part of Licencing Conditions B&Bs are inspected by Environmental Health.</p> <p>This action was put on hold until the new Housing Options Team were appointed, commencement date 10/08/2015 – this action falls within the remit of the Solutions Officers (1 post still needs to be allocated). Officers currently in training.</p> <p>Use of B&Bs will also now be influenced by the 'suitability' criteria as referred to in the Housing Wales Act 2014, which became effective 27/04/2015.</p>

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						<p>Procedures to be implemented with Housing Options Manager to ensure compliance include :</p> <ul style="list-style-type: none"> - formalise inspection procedure (both annual & routine inspections) - create database of all B&Bs used to include property & room description, amenities & facilities available within each of the premises.
1868 14/15	Homelessness	Management should re-introduce formal checks to verify that Bed and Breakfast accommodation paid for continues to be occupied to ensure that only valid payments are made.	28/01/2015	30/10/2015	Principal Housing Officer	<p>Involves routine checks of B+B premises.</p> <p>This aspect of management of the B+B accommodation has not been addressed due to staffing pressures within the homelessness team (as was) and the preparation for the implementation of the Housing (Wales) Act 2014.</p> <p>This action forms part of the role of the newly restructured Housing Options Team and these duties will be tasked to the Solutions Officers within the team.</p>
1868 14/15	Homelessness	Responsibility for conducting a systematic check (and taking remedial action as appropriate) of all Housing Benefit payments made to the Council's holding account by reference to the weekly schedule of payments and access to the database of current B & B accommodation placements should be formally allocated. Additional columns could be added to the database	28/01/2015	30/10/2015	Principal Housing Officer	<p>Agreed that this would be implemented by the Housing Options Team.</p> <p>Not actioned.</p>

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		to allow a record to be made of the start date of the HB claim, the amount of benefit awarded, the cost of the accommodation, and the date the Housing Benefit Section was informed as to when the client left the accommodation.				
1993 2014/15	Bryn Trewan	The Service should review the current rates and decide whether rates re-charged are increased in line with expenditure each year.	05/06/2015	30/10/2015	Technical Services Manager	
ICT						
2004/2 015/16	ICT Disaster Recovery	Management should ensure that any known or identified failure in the Council's ICT Infrastructure is recorded and reviewed periodically to ensure the risks have been logged and strategies to mitigate the risk implemented where necessary.	10/08/2015	31/10/2015	Technical Services Manager	Accepted. The ICT Service Desk which is due to go live in October will monitor infrastructure components in real time. Any faults will be logged in the TrackIT system for further investigation by either 2 nd line (Infrastructure team) or 3 rd line (support partners) investigation.

SUMMARY OF SPECIAL INVESTIGATIONS - 1 APRIL 2015 TO 31 DECEMBER 2015

Job No.	Type of Incident	No. of Days	Comment / Result
1955.14/15	School – alleged financial irregularities	4.70	Recommendations made to address poor financial record keeping.
2006.14/15	Recycling Unit	0.34	It is considered that procedures to counter theft from the site are adequate and there is good CCTV coverage. Nothing further can be done regarding anonymous allegation.
005	Missing £100 Cash	4.53	The Police investigation into the incident has now been closed. Weaknesses identified by management and measures to strengthen the procedures have been immediately implemented.
010	School - Theft of Cash	7.03	Perpetrator resigned and investigation closed.
014	Depot – Theft of Diesel	3.11	Ongoing Police investigation.
017	WG Referral – Disabled Student Allowance – Ineligible Payments	5.36	No recommendations have been made in relation to this referral as the LA no longer administers the DSAs.
022	Unauthorised opening of visitor attraction & cash issues	20.61	Insufficient evidence to refer to Police. Report issued outlining recommendations to strengthen internal controls.
031	Employee undertaking paid work whilst off sick	0.20	Insufficient information to warrant further investigation. E-mail address only indication of additional employment.
032	Theft of personal monies from school classroom	2.64	Ongoing Police enquiry. CCFO liaising with Police regarding further action.
035	Potential data breach – hand delivered mail	1.82	CCFO liaising with Corporate Information Officer and Reception Staff in relation to adopting some form of recording of private/confidential hand delivered mail.
TOTAL DAYS		50.34	

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO	AUDIT AND GOVERNANCE COMMITTEE
DATE	15 MARCH 2016
SUBJECT	STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 & ANNUAL PLAN 2016/17
LEAD OFFICER	HEAD OF INTERNAL AUDIT – MIKE HALSTEAD
CONTACT OFFICER	AUDIT MANAGER - SIONED PARRY
<p>Nature and reason for reporting - The attached document sets out the Isle of Anglesey Council's (IoAC) Internal Audit Strategy and Annual Plan for the year 2016/17. The Strategy and Annual Plan are presented to the Audit and Governance Committee for consideration and approval in compliance with the Public Sector Internal Audit Standards produced by CIPFA and other standard setting bodies, which came into force on the 1/4/13.</p>	

1. BACKGROUND INFORMATION

1.1 Internal Audit Strategy and Annual Plan 2016/17

1.1.1 The Head of Internal Audit is required to develop and maintain a strategy (**Appendix A**) for delivering the Internal Audit service in compliance with its Internal Audit Charter and Terms of Reference which were approved by the Audit and Governance Committee on the 27th April 2015 and 9 February 2015, respectively. The Internal Audit Strategy is a high level statement of how the Internal Audit service will be delivered and developed and is supported by a detailed Annual Plan at **Appendix B**.

1.1.2 The purpose of the strategy is to put in place an approach that enables IoAC's Internal Audit service to be managed in a way that will facilitate:

- How the Service is delivered to provide ongoing assurance to management on the integrity, effectiveness and operation of IoAC's internal control system.
- Delivery of the Annual Plan.
- The provision of an annual opinion on the Council's risk management, control and governance to support the Annual Governance Statement for 2015/16.
- An annual self-assessment to evaluate compliance with the Public Sector Internal Audit Standards and the efficiency and

effectiveness of the Internal Audit Service and to identify opportunities for improvement.

- A process which ensures agreed management responses to audit recommendations are implemented.
- An adequate and effective system of internal audit of the accounting records and the systems of internal control in accordance with proper internal audit practises.
- The identification of audit resources required to deliver an audit service which meets required professional standards;
- The relative allocation of resources between assurance, fraud related and consultancy services provided by the service.

1.1.4 The Internal Audit Strategy and Annual Plan **at Appendix A** is supported by Appendices B to E detailing the Annual Plan for 2016/17, a 3 year Strategic Plan for the period 2016 to 2019, an analysis of Internal Audit resources and the performance targets in respect of 2016/17.

1.2 Audit Needs Assessment Process

1.2.1 The Council adopted the Public Sector Internal Audit Standards in 2013 and the Standards are adhered to by the Internal Audit Service. Standard 2010 relates to audit planning and states that: *'the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.'*

1.2.2 In order to identify the areas that require internal audit coverage, the risks facing the organisation need to be understood. An audit needs assessment for 2016/17 has been undertaken using the following processes:

- Confirming the core objectives of the organisation and the specific key risks associated with the achievement of those objectives through review of the Corporate Business Plan 2013/17 and through liaison with the management of the Council
- Cumulative knowledge of the Organisation from previous internal audit work to identify areas that would benefit from internal audit coverage. This included the opinion of the Council's governance, risk management and internal control arrangements to be included in the Chief Audit Executive's Annual Report 15/16
- The Audit Needs assessment also identified areas of coverage that do not appear as high priority risk but where internal audit coverage can provide a tangible input to assurance, for example:

- Requirements of the Public Sector Internal Audit Standards and the CIPFA Code of Practice for Internal Audit
- Work required in order for external audit to place reliance on Internal Audit work on core financial systems in accordance with the managed audit concept
- Areas of concern flagged by management or by the Audit and Governance Committee
- Emerging issues
- Need for ongoing assurance in relation to key aspects of risk management, governance and internal controls

1.2.3 Other documents consulted in developing the plan included, but were not limited to: The Annual Governance Statement 2014/15; the PwC Audit of Accounting Statements; the Annual Delivery Document (Improvement Plan) 2015/16; and liaison with External Audit (PwC) and scrutiny of their work plans for 2016/17.

1.2.4 Internal Audit's risk based approach is to use the Council's Corporate Risk Register to drive the Internal Audit Strategic and Operational Plans and to use our limited resources to provide assurance over the greatest risks to the Council where possible and where appropriate. Assurance would then be reported against risks familiar to the management and Members of the Council through their knowledge of corporate risk.

1.2.5 Additional use was made of meetings with senior management and review of corporate documentation to assess the risk and audit needs. The analysis also included an element of cumulative audit knowledge and experience of the Council's operations, objectives and risks.

1.2.6 A review of the Risk Management Framework and of the effectiveness of actions to mitigate the Council's highest risks has been included in the 2016/17 Internal Audit Annual Plan.

1.3 Annual Operational Internal Audit Plan

1.3.1 The Annual Operational Plan is produced to provide Internal Audit with its work programme for the year. The Audit needs assessment is reviewed and the input of Directors, Heads of Function and Heads of Service sought to identify any risks not currently covered. The revised audit needs assessment is used to direct Internal Audit resources to those aspects of the Organisation that are assessed as generating the greatest risk to the achievement of the objectives.

1.3.2 As part of the process of developing the 2016/17 Operational Plan, the Audit Manager has consulted with the Assistant Chief Executives, the

Section 151 Officer and liaised with the Heads of Function and the Heads of Service to discuss their requirements. The External Auditor (PwC) has also been consulted on the proposed Operational Plan for 2016/17.

- 1.3.3 The proposed Internal Audit Operational Plan at **Appendix B** reflects the results of this year's review of the Audit Needs Assessment Analysis for 2016/17.

1.4 Resources

- 1.4.1 The provision of the Internal Audit will be delivered by an in-house team of 5 officers and a trainee accountant seconded for a period of 6 months as from January 2016. Management is currently outsourced from Conwy County Borough Council, and in total equates to 5.93 full time equivalents as identified in **Appendix D**.

- 1.4.2 There are sufficient skills and expertise within the service to provide most of the full range of audits contained in the Annual Plan, to manage the service efficiently and effectively and provide assurance to the Audit and Governance Committee on the adequacy of the internal control, risk management and corporate governance processes in place. Some expertise may need to be outsourced with regards to IT audits.

1.5 Performance Management

- 1.5.1 The service continues to focus on ways in which to maximise audit resources and improve performance, whilst maintaining a quality service and ensuring compliance with professional standards. This is achieved through robust quality assurance processes and the setting of objectives in the Annual Service Plan. Progress in achieving objectives is monitored through quarterly service performance reviews and the performance of the service is reported to the Audit and Governance Committee on a quarterly basis. Performance targets for 2016/17 are attached at **Appendix E** for consideration and approval. The indicator regarding the implementation of high and medium recommendations evidences outcomes and the degree of influence of the service in driving improvement and promoting risk management.

2. RECOMMENDATIONS

- 2.1 Members consider and approve the Internal Audit Strategy and Annual Plan for 2016/17.
- 2.2 Members consider and approve the Internal Audit Service's performance targets for 2016/17.



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

APPENDIX A

Internal Audit Strategy and Annual Plan

2016-17

Presented to:

SLT: 26th January 2016

Audit Committee: 15th March 2016

Mike Halstead

Head of Internal Audit

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Introduction and Overview

Strategy Statement

1. The overall strategy of Internal Audit is to deliver a risk based audit plan in a professional, independent manner and in compliance with the Public Sector Internal Audit Standards 2013, to provide the organisation with objective assurance and undertake consulting activities designed to add value and improve the Authority's operations. The Internal Audit Service will assist the Authority to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Purpose of the Strategy and Annual Plan

2. The purpose of the Internal Audit Strategy and Plan is to:
 - Provide independent and objective overall assurance to Members and senior management on the effectiveness of Isle of Anglesey Council's (IoAC) control environment, including governance and risk management and make appropriate recommendations for improvement;
 - Identify the key risks facing IoAC to achieving its objectives and determine the corresponding level of audit resources;
 - Add value and support senior management in providing effective control and identifying opportunities for improving value for money;
 - Support the Section 151 Officer in fulfilling the statutory financial responsibilities;
 - Deliver an internal audit service that meets the requirements of the Accounts and Audit Regulations and is compliant with the Public Sector Internal Audit Standards 2013;
 - Optimise the use of audit resources available and provide an effective service.

Providing Assurance

3. Under the terms of the Accounts and Audit Regulations, the Council is required annually to conduct a review of the effectiveness of its system of internal control. Internal Audit is an integral part of that system, and is a significant contributor to the preparation of the Annual Governance Statement (AGS). The Internal Audit Strategy and Plan (**Appendix B**) is primarily aimed at providing ongoing and annual assurance to IoAC of the effectiveness of the systems of internal control in operation, including risk management and governance and to provide confidence to its stakeholders. In order for Internal Audit to be able to provide the assurance required, corporate mechanisms by which the evidence is generated and collated have been developed and implemented with

the full support of the Chief Executive and Leader, supported by the Strategic Leadership Team, who are ultimately responsible for ensuring that the Annual Governance Statement is both accurate and verifiable.

Key Core Deliverables for 2016/17

4. The following are considered to be our key deliverables:
 - To provide ongoing assurance to management on the integrity, effectiveness and operation of IoAC's internal control system.
 - Delivery of the Annual Audit Plan.
 - To produce a coordinated risk based approach to the audit of business/operational systems across the Authority.
 - To comply with the Public Sector Internal Audit Standards 2013.
 - To perform an annual self-assessment to evaluate compliance with the standards, to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
 - To ensure agreed management responses to audit recommendations are implemented.
 - To comply with statutory requirements to deliver an adequate and effective system of internal audit of the accounting records and the systems of internal control in accordance with proper internal audit practices.
 - To reflect the International Framework: Good Governance in the Public Sector which will feed into the Annual Governance Statement
 - To develop our role and work closely with the Audit and Governance Committee.

The Role and Purpose of the Internal Audit Service

- 5 The statutory basis for the Internal Audit service is provided in the Accounts and Audit Regulations (Wales) 2005 (amended 2011) which states that *a local authority shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practice*. IoAC recognises this statutory requirement in its Financial Regulations.
- 6 In addition to the above, the Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's affairs. To perform that duty the Section 151 Officer relies on amongst other things, the work of Internal Audit in reviewing systems of internal control, financial management and other assurance processes.
7. The standards for "proper practice" in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 produced by CIPFA and other standard setting bodies. The Internal audit service

ensures compliance with these standards which are reflected in our Internal Audit Charter and Terms of Reference.

8. The standard and quality of our service is principally scrutinised in five ways:
 - Scrutiny by the Audit and Governance Committee
 - Review by External Audit
 - Customer feedback and perceptions
 - Annual application of the CIPFA self-assessment toolkit.
 - Service Performance Reviews

Protocol for Audit Reviews

- 9 A lead auditor is appointed for each audit review to assist in developing the scope of each audit and ensure there is appropriate focus on key perceived risks, providing assurance and maximising added value. Terms of reference are produced for each audit review and discussed with management to ensure that the scope, objectives and approach are understood and agreed.
10. Draft internal audit reports are issued for discussion with the appropriate levels of management.
11. Final internal audit reports are issued after the agreement of draft reports and contain completed management action plans that identify those responsible for implementation and timescales.
12. Agreed recommendations and related actions are followed-up within six months of the issue of the audit report or sooner if considered necessary, in discussion with senior management.

Priority Areas for 2016/17

13. Having regard to the current risk profile of IoAC, the following areas have been identified as key issues and priority areas of our work for 2017/16:

Key Financial Systems

14. The effectiveness of controls and management of risks in key financial systems remains a core part of our audit work. This work is important in providing annual assurance to IoAC and to support the work of the Authority's external auditors.

Corporate Governance Arrangements

15. The Authority's corporate governance framework covers all aspects of its business, including risk management, internal control and ethical standards. We perform a key role in supporting and reviewing the framework and providing assurance that it operates effectively and in accordance with best practice through the performance of audit reviews.

Risk Management

16. We have an important role to promote effective risk management across the Authority and to assess compliance with good risk management practices and the adequacy of controls put in place by management to mitigate risks in their service areas.

Grants

17. We will undertake reviews of grants receivable and payable in areas where external audit assurance is not provided or where there are concerns regarding the operation of the internal control environment. We will provide assurance in respect of compliance with grant terms and conditions and in respect of the systems of control in operation.

Audit of Other Services and Systems

18. We will review other services, systems and processes according to an assessment of risk and business need. This may include financial, administrative or operational systems.

Consultancy Services

19. In addition to the assurance services agreed with and provided to assist management in meeting the objectives of the Authority, Internal Audit also provide a range of consultancy services which include:
 - Advice and guidance to management in respect of a range of issues, including system implementation, compliance with policies regulations and procedures and internal control requirements;
 - Training;
 - Referrals including fraud related work.
20. Internal Audit operates in a consultancy role in advising managers in relation to issues within its remit, such as the implementation of appropriate controls in terms of new projects, developments and systems. The exact allocation of resources in respect of consultancy work is determined in the audit plan. Separate time allocations are allowed for consultancy activities, fraud related work and follow up audits.

Counter Fraud Work

21. We will review and seek to ensure the robustness of the Authority's arrangements and review the counter fraud framework and the identification of areas of fraud risk. We will continue to participate in the National Fraud Initiative. The Auditor General of the Wales Audit Office runs the National Fraud Initiative (NFI) on a biennial basis to support public bodies in their fight against fraud. The NFI matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI has been a highly effective tool in detecting fraud and overpayments, and delivering savings to the public purse since its commencement in 1996.

Audit and Governance Committee Support

22. We will work closely with Audit and Governance Committee Members in developing its role in relation to best practice and to contribute to effective corporate governance of the authority.

Performance Management of the Internal Audit Service

23. To achieve planned coverage, deliver a high standard of customer service and demonstrate effectiveness of the service, we have established performance targets based on best professional practice and which are used for comparison on an all Wales basis. The performance indicators demonstrate the quality and effectiveness of the service's performance against set targets.
24. Performance indicators and targets are shown at **Appendix E** for six aspects of our service.
 - Cost and quality of input
 - Productivity and process efficiency
 - Quality of output
 - Compliance with professional standards
 - Outcomes and degree of influence
 - Staff

Provision of the Internal Audit Service for 2016/17

25. The provision of Internal Audit will be delivered by an in-house team of 5 officers and management outsourced from Conwy County Borough Council, which in total equates to 5.68 full time equivalents. There are sufficient skills and expertise within the service to provide the full range of audits contained in the Annual Plan, to manage the service efficiently and effectively and provide assurance to Audit and Governance Committee on the adequacy of the internal control, risk management and corporate governance processes in place.

Developing the Annual Internal Audit Plan

26. The methodology used for developing the Annual Internal Audit Plan focuses on the quantification of risks associated with IoAC's objectives in consultation with key officers.
27. A number of planned audits will be carried out every year, particularly those under the heading of Key Financial Systems, as part of Internal Audit's statutory requirements to provide assurance to the Section 151 Officer on the effectiveness of internal controls operating in the Authority.
28. The risk assessment process takes account of a range of strategic, corporate, service and operational risks, including those identified through the Risk Management process and by the external auditor and the views of senior management on these issues. Where resources available are not considered by the Head of Internal Audit to be adequate for such an opinion to be provided, this will be reported to the organisation through the Audit and Governance Committee.
29. Audit work will contribute towards our advice and assistance on the preparation of the Annual Governance Statement. Reliance will be placed on the work of external auditors where it is considered appropriate to do so.
30. The Plan balances the following requirements:
 - The need to ensure the Audit Plan is delivered to the target levels established by the section's performance indicators.
 - Ensuring that core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control on which External Audit may place reliance.
 - Appropriately reviewing other strategic and operational arrangements.
 - Having uncommitted time available to deal with unplanned issues which may need to be reviewed or investigated.
 - The relative allocation of resources between assurance, fraud related and consultancy services provided by Internal Audit.
 - To enable positive, timely input to assist corporate and service developments.
31. The Annual Internal Audit Plan is indicative and it is possible that changes will be made during the year as the risk profile of IoAC changes or in response to management requests. This will be achieved by ongoing review and amendment, in consultation with relevant officers. The Audit and Governance Committee will be kept informed of

progress against the Annual Audit Plan and agree any significant changes during the year.

Summary Internal Audit Plan 2016/17

32. The Annual Internal Audit Plan has been compiled on the basis of a risk assessment of each audit area. Recommendations are ranked as high, medium or low and determine the assurance rating allocated to each auditable area and the frequency of each audit.

Table 1 – Summary of Internal Audit Annual Plan 2016/17

Thematic Areas	Audit Days
Key Financial Systems	85
Corporate Governance	170
Other systems/functions	266
Special Investigations	150
Consultancy work including Audit Committee support	30
Grants	35
Computer Audit	40
Audit follow-up work	25
Non-Audit Duties	23
Overheads	598
Audit Contingency	120
TOTAL	1,542

33. The 3 year Strategic Plan (**Appendix C**) documents the audit needs of the Authority and details the assurance rating allocated to each auditable area where known. Assurances are categorised as Substantial, Reasonable, Limited and Minimal.
34. Progress against the annual Audit Plan will be kept under review by the Head of Internal Audit and through monitoring corporate and service developments. The Audit and Governance Committee will be advised of performance against the Annual Plan and on relevant indicators under the performance management framework.

Reporting

35. The reporting approach for Internal Audit is set out in the approved Internal Audit Charter and Terms of Reference and Internal Audit will

comply with this approach as the most efficient method of delivering the outcomes of its work.

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ISLE OF ANGLESEY COUNTY COUNCIL - APPENDIX B

INTERNAL AUDIT OPERATIONAL PLAN - 2016-17

Ref	Service	Title	Source	Planned Auditor Days
				1542
AUTHORITY WIDE REVIEWS (CORPORATE)				
1	Corporate	Business Continuity	Corporate Risk YM10	10
2	Corporate	Contract Audit - Capital Expenditure	Cyclical IA	15
3	Corporate	Corporate Governance	IA Assessed Risk	15
4	Corporate	Corporate Procurement Framework	IA Assessed Risk	10
5	Corporate	Data Protection & Information Governance	Corporate Risk YM13 ICO Report	15
7	Corporate	ICT Disaster Recovery	Corporate Risk YM10	10
8	Corporate	Partnerships - Governance and Performance	Corporate Risk YM1	15
9	Corporate	Risk Management	Cyclical IA	10
10	Corporate	Safeguarding	Corporate Risk YM12	15
11	Corporate	Standby Arrangements	Value for Money Study	10
13	Corporate	Transformation Programme - Smarter Working	Sec 151 Officer Request	15
14	Corporate	Ethical Culture	PSIAS Requirement	15
15	Corporate	Single Status Implementation	Sec 151 Officer Request	15
	Corporate	Follow Up Provision		8
HEAD OF FUNCTION - RESOURCES & SECTION 151 OFFICER				
16	Resources	Creditor Payments	Key Financial System	10
17	Resources	High Level Controls for Key Financial Systems	Key Financial System	10
18	Resources	Housing Benefit & Council Tax Reduction Scheme	Key Financial System	15
19	Resources	Insurance	IA Assessed Risk	8
20	Resources	Isle of Anglesey Charitable Trust	Cyclical IA	10
21	Resources	Main Accounting System	Key Financial System	10
22	Resources	Income - CHIP & PIN, Credit Card Payments	Key Financial System	10
23	Resources	Sundry Debtors	Key Financial System	10
	Resources	Follow Up Provision		5
HEAD OF FUNCTION - COUNCIL BUSINESS & MONITORING OFFICER				
24	Business	Democratic & Member Services	Service not audited for significant time	8
	Business	Follow Up Provision		0
HEAD OF FUNCTION - TRANSFORMATION				
25	Transformation	Password Authentication - Policies & Control	Fundamental to Council's Operations	10
	Transformation	Resilience Critical Business Systems	Fundamental to Council's Operations	10
	Transformation	Producing Facility - Cheques	Fundamental to Council's Operations	10
	Transformation	Computer & Network Management	Fundamental to Council's Operations	10
26	Transformation	Follow Up Provision		2
HEAD OF PLANNING & PUBLIC PROTECTION				

INTERNAL AUDIT PLAN 2014-15

27	Planning	Building Control Services	Service not audited for significant time	10
28	Public Protection	Environmental Health Services	Service not audited for significant time	15
29	Planning	Planning Services	Service not audited for significant time	10
30	Trading Standards	Trading Standards Services	Service not audited for significant time	10
		Follow Up Provision		1

HEAD OF ECONOMIC & COMMUNITY REGENERATION

31	Economic	Energy Island	New Review	10
32	Leisure	Leisure Function & Performance - Review Leisure Change Programme - Commercial Capacity/capability to drive future change	Cyclical IA	10
33	Economic	Project Management Office	HofS Request	10
	Economic	Follow Up Provision		0

HEAD OF HIGHWAYS, WASTE & PROPERTY SERVICES

34	Property	Building Design & Maintenance Services	Service not audited for significant time	10
35	Highways	Engineering & Design Services	Service not audited for significant time	10
36	Highways	Flood Control	Service not audited for significant time	10
		Follow Up Provision		2

HEAD OF HOUSING

37	Housing	Business Unit & HRA Governance - Policies & Procedures for addressing area & Business Plan	New Initiative	10
38	Housing	Homelessness Prevention, Allocations, Housing Options & Accommodation Support	Annual Delivery Document 2015/16	10
40	Housing	Repairs & Maintenance	Service not audited for significant time	15
	Housing	Follow Up Provision		3

HEAD OF ADULT SERVICES

40	Adults	Extra Care Housing Scheme - Commissioning Procedures	HofS Request	15
41	Adults	Services for the Elderly - Review of Strategy	HofS Request	15
	Adults	Follow Up Provision		0

HEAD OF CHILDREN'S SERVICES

42	Children's	Corporate Parenting Strategy - Plant Mewn Gofal Invest to Save - Maethu	External Assurance	15
	Children's	Follow Up Provision		2

HEAD OF LEARNING

43	Lifelong	Primary Schools Budget >£1m 2 schools/annum - Llanfairpwll		5
	Lifelong	Primary Schools Budget >£1m 2 schools/annum - Y Graig		5
	Lifelong	Primary Schools Budget >£0.5m <£1.0m 4/5 schools per annum - Esceifiog		5
	Lifelong	Primary Schools Budget >£0.5m <£1.0m 4/5 schools per annum - Llanerchymedd		5
	Lifelong	Primary Schools Budget >£0.5m <£1.0m 4/5 schools per annum - Y Tywyn		5
	Lifelong	Primary Schools Budget >£0.5m <£1.0m 4/5 schools per annum - Llandegfan		5
	Lifelong	Secondary Schools & Special Schools 3 schools per annum - Syr Thomas Jones		10

INTERNAL AUDIT PLAN 2014-15

	Lifelong	Secondary Schools & Special Schools 3 schools per annum - Uwchradd Bodedern	10
	Lifelong	Secondary Schools & Special Schools 3 schools per annum - Uwchradd Caergybi	10
	Lifelong	Remaining Primary Schools - Thematic Reviews	10
44	Lifelong	Follow Up Provision	2

CHARGEABLE NON PROGRAMMED DAYS

		Counter Fraud Work	150
		Closure of Previous Year's Work	20
		Grant Certification	35
		Liaison with SLT, Directors, Heads of Function, Heads of Service	15
		National Fraud Initiative	3
		Contingency	120

NON CHARGEABLE DAYS

		Annual Leave	180
		Audit & Governance Committee	15
		Audit Plan Preparation	20
		General Administration	45
		Personal Development & Review	8
		Liaison with External Audit	5
		Monitoring & Quality Control	40
		Sick Leave	45
		Special Leave	5
		Maternity Leave	195
		Statutory Leave	48
		Training for Staff	10
		Training for Members	2

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

AUTHORITY WIDE REVIEWS (CORPORATE)

Business Continuity	Policies and practices for dealing with a major incident	Corporate risk (CR) YM10 "Key services can't be provided following a major event" Limited assurance as result of audit undertaken August 2015.	Every year	2015/16	Limited	10	10	10
Contract Audit - Capital Expenditure	Policies and practices for awarding and managing capital contracts - specific projects to be selected each year as appropriate	No recent audit coverage Significant expenditure	Every year	Not known	Not known	15	15	15
Corporate Governance	Policies and practices re: accountability and ownership of decisions	Issue of continuing audit concern reported to committee in Sept 2014 by DCEO	Every year	Prior to 2012/13	Not known	15	15	15
Corporate Procurement Framework	Policies and practices for procuring goods and services	Issue of continuing audit concern reported to committee in Sept 2014 by DCEO. A national Welsh Government fitness check undertaken by KPMG in 2014 highlighted some significant issues. YM22	Every year	2012/13	Not known	10	10	10

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Data Protection & Information Governance	Policies and practices to ensure compliance with external regulation and legislation	Issue of continuing audit concern reported to committee in Sept 2014 by DCEO Head of Function request CR YM3 "Critical, confidential or personal information is lost or wrongly disclosed" Information Commissioner's report. Enforcement Notice received from ICO 1/10/15.	Every year	October 2015 - information governance only	Reasonable	15	15	15
Disaster Recovery	Policies and practices for dealing with a major incident	CR YM10 "Key services can't be provided following a major event"	Every year	2015/16	Minimal	10	10	10
Partnerships	Governance and performance	Issue of continuing audit concern reported to committee in Sept 2014 by DCEO Audit Committee request CR YM1 "Accountability arrangements around the Council's collaborative working arrangements aren't clear or not followed"	Every year	2015/16	Limited	15	15	15

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Risk Management Framework	Identification and management of significant risks at corporate and service level	Issue of continuing audit concern reported to committee in Sept 2014 by DCEO	Every year	2015/16	Reasonable	10	10	10
Safeguarding	Policies and practices for protecting children and vulnerable adults	SLT request CR YM12 "A serious safeguarding error results in, or contributes towards, serious harm"	Every year	Prior to 2012/13	Not known	15	15	15
Standby Arrangements	The cost effectiveness of the Council's arrangements & consistency of payments	Value for money study	One off review	New review	N/A	10		
Whistleblowing	Policies and procedures for staff and stakeholders to raise concerns	Monitoring Officer request	Every 2nd year	Prior to 2012/13	Not known		5	
Transformation Programme	Evaluation of the effectiveness of Smarter Working - Office Accommodation & Agile Working	Section 151 Officer request YM5 Risk the Council unable to deliver efficient & effective services. YM 7 ICT Provision	One off review	New review	Not known	15		

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ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Ethical Culture	Evaluation of the design, implementation & effectiveness of ethics-related objectives, programmes & activities	Requirement of PSIAS 2110.A1	Every year	New review	Not known	15	15	15
Single Status Implementation	Review of current status and cost effectiveness of Council's arrangements	Section 151 Officer request YM8 JE negative impact on service provision	One off review	New review	Not known	15		
Follow Up Porvision						8	10	10
TOTAL DAYS FOR AUTHORITY WIDE (CORPORATE) REVIEWS						178	145	140

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ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

HEAD OF FUNCTION - RESOURCES AND SECTION 151 OFFICER

Council Tax & NNDR	Raising and recovery of charges, awarding of allowances and reliefs and appropriate reconciliations	Key financial systems External auditor assurance	Every 2nd year	2014/15	Reasonable		20	
Creditor Payments	Ordering and payment for goods and services and controls over standing data	Key financial system External auditor assurance	Every 2nd year	2014/15	Reasonable	10		10
Fixed Asset Register & Capital Accounting	Recording, acquisition and disposal of fixed assets and reconciliation with the accounting system	Key financial system External auditor assurance	Every 3rd year	2012/13 - verification work only	N/A		8	
High Level Controls for Key Financial Systems	High level controls for those systems not subject to full audit review during the year	Key financial systems External auditor assurance	Every year	2014/15	N/A	10	10	10
Housing Benefit & Council Tax Reduction Scheme	Assessment and payment of associated benefits/allowances and appropriate reconciliations	Key financial system External auditor assurance	Every year	2014/15	Reasonable	15	15	15
Insurance	Placing and adequacy of insurance cover and administration of claims	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known	8		

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Isle of Anglesey Charitable Trust	Governance, accountability and internal control arrangements	Significant funds involved and Council's reputation at stake	Every 2nd year	2014/15	Advisory meaning no RAG awarded	10		10
Main Accounting System	Maintaining and controlling the main accounting system and appropriate reconciliations	Key financial system External auditor assurance	Every year	2014/15	Reasonable	10	10	10
Page 15 Payroll	Management of starters, leavers, changes to pay rates, allowances and standing data and appropriate reconciliations	Key financial system External auditor assurance	Every 2nd year	2014/15	Reasonable		12	
Receipting & Banking of Income	Receipt of income, banking and appropriate reconciliations	Key financial system External auditor assurance	Every 2nd year	2014/15	Substantial	10		10
Sundry Debtors	Raising sundry debtor income, its recovery and appropriate reconciliations	Key financial system External auditor assurance	Every year	2014/15	Reasonable	10	10	10
Treasury Management	Management of borrowing and investments and appropriate reconciliations	Key financial system External auditor assurance	Every 4th year	2014/15	Substantial		5	
Follow Up Provision						5	5	5
TOTAL DAYS FOR HEAD OF FUNCTION - RESOURCES AND SECTION 151 OFFICER						88	95	80

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

HEAD OF FUNCTION - COUNCIL BUSINESS AND MONITORING OFFICER

Democratic and member services	Controls over member services, translation, electoral services & emergency planning	Service area has not been subjected to audit review for a significant time	Every 3rd year	2012/13 - members allowances follow up only	N/A	8		
Legal services	Controls over provision of the service	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known		6	
Follow Up Provision						0	2	2
TOTAL DAYS FOR HEAD OF FUNCTION - COUNCIL BUSINESS AND MONITORING OFFICER						8	8	2

HEAD OF FUNCTION - TRANSFORMATION

Human Resources	Policies and practices for managing the workforce	Of crucial importance to the successful operation of the Council	Every 2nd year	2015/16	Limited		20	
IT Audit	Needs assessment by an IT specialist required to determine priority areas for examination	Effective IT systems and control are fundamental to the Council's operations	Every year	2014/15	N/A	40	40	40
Follow Up Provision						2	2	2
TOTAL DAYS FOR HEAD OF FUNCTION - TRANSFORMATION						42	62	42

HEAD OF PLANNING AND PUBLIC PROTECTION

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Building Control Services	Controls over fee income and inspection and enforcement regimes	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	10		10
Civil Registration	Controls over fee income	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known		10	
Environmental Health Services	Controls over fee income and inspection and enforcement regimes	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	15		15
Licensing Services	Controls over fee income and inspection and enforcement regimes.	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known		10	
Market Administration	Controls over fee income	Review frequency to be reassessed after Follow Up	Every 2nd year	2015/16	Reasonable		10	
Planning Services	Controls over fee income and inspection and enforcement regimes.	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	10		10
Trading Standards Services	Controls over fee income and inspection and enforcement regimes.	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	10		10
Follow Up Provision						1	5	5
TOTAL DAYS FOR PLANNING AND PUBLIC PROTECTION						46	35	50

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Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
HEAD OF ECONOMIC AND COMMUNITY REGENERATION								
Economic Development Function	Review current status and controls	Annual Delivery Document 2015/16	Every 2nd year	Prior to 2012/13	Not known		15	
Energy Island	Review current status and controls Governance arrangements	Annual Delivery Document 2015/16 YM15	Every 2nd year	New review	Not known	10		10
Leisure Function & Performance	Review current status and controls Transformation proposals Controls over income	Leisure Change Programme CR YM13 "Planned transformation of leisure services failing and results in a significant reduction in the availability and quality of leisure facilities" YM14	Every 2nd year	2014/15 - leisure centres only	Substantial	10		10
Maritime & Tourism Functions	Review current status and controls	Annual Delivery Document 2015/16	Every 2nd year	2014/15 maritime diesel only	Advisory meaning no RAG awarded		10	
Project Management Office	Review current status and controls	Head of Service request	Every 2nd year	New review	N/A	10		10
Strategy & Support Team	Review current status and controls	Head of Service request	Every 2nd year	New review	N/A		10	
Follow Up Provision						0	2	2
TOTAL DAYS FOR ECONOMIC AND COMMUNITY REGENERATION						30	37	32

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Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

HEAD OF HIGHWAYS, WASTE & PROPERTY SERVICES

Building Design & Maintenance Services	Review of controls	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	10		10
Car Park Services	Review of controls	Needs review from time to time	Every 3rd year	2013/14	Substantial			10
Engineering & Design Services	Review of controls	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known	10		
Estate & Property Management	Review of controls	CR YM2 "Unable to achieve the expected value of surplus land and buildings to invest in capital programme" Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known		15	
Fleet Management	Review of controls	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Reasonable		15	
Flood Control	Review of controls	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known	10		

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Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage			
				Date	Assurance Level	2016/17	2017/18	2018/19	
Highways & Civil Engineering	Review of controls	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known		10		
Waste Management	Review of controls	Significant area of activity C Risk ET04a	Every 3rd year	2013/14	Substantial			15	
Follow Up Provision						2	2	2	
TOTAL DAYS FOR ENVIRONMENT AND TECHNICAL SERVICES							32	42	37

HEAD OF HOUSING

Business Unit & HRA Governance	Policies and procedures for addressing these areas	New initiative	Every 2nd year	New review	Not known	10		10
Homelessness Prevention, Allocations, Housing Options & Accommodation Support	Policies and procedures for addressing these areas	Annual delivery document 2015/16	Every 2nd year	2014/15 - homelessness only	Limited	10		10
Housing Rents & Associated Charges, High level controls Housing Rents - High Level Controls	Raising rents and charges, recovery thereof, managing voids and appropriate reconciliations	Key financial system External auditor assurance Rechargeable works - Head of Service request YM11 Implications of Welfare Reforms & Universal Credit	Every 2nd year	2014/15	Substantial		15	
Housing Strategy	Policies and procedures for addressing these areas	Corporate business plan Service area has not been subjected to audit review for a significant time	Every 2nd year	2015/16	WIP		10	

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Affordable housing, Houses into Homes & Bridging Loan Scheme	Policies and procedures for addressing these areas	Corporate business plan Service area has not been subjected to audit review for a significant time	Every 2nd year	2015/16	Limited		15	
Repairs & Maintenance	Policies and procedures for addressing these areas	Service area has not been subjected to audit review for a significant time	Every 2nd year	Prior to 2012/13	Not known	15		15
Supporting People Programme	Policies and procedures for addressing these areas	Service area has not been subjected to audit review for a significant time	Every 3rd year	Prior to 2012/13	Not known		10	
Follow Up Provision						3	3	3
TOTAL DAYS FOR HOUSING						38	53	38

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
HEAD OF ADULT SERVICES								
Deprivation of Liberty	Safeguards and authorisation arrangements	Annual Director's Report 2013 - 15	Every 2nd year	New approach	N/A		10	
Extra Care Housing Schemes	Review current status and controls	Monitoring Officer request Annual Delivery Document 2015/16 YM17 Failure to deliver additional extra care	Every 2nd year	New approach	N/A	15		12
Joint Service Delivery & Management with the Health Board	Review current status and controls Governance and performance	Annual delivery document 2015/16	Every 2nd year	New approach	N/A		15	
Learning Disabilities	Review current status and controls	Annual delivery document 2015/16	Every 2nd year	New approach	N/A		15	
Mental Health Needs	Review current status and controls	Annual delivery document 2015/16	Every 2nd year	New approach	N/A		15	
Physical & Sensory Impairment	Review current status and controls	Annual Director's Report 2013 - 15	Every 2nd year	New approach	N/A		15	
Provider Unit	Review current status and controls	Annual delivery document 2014/15	Every 2nd year	New approach	N/A			15
Services for the Elderly	Review	Annual delivery document 2015/16	Every 2nd year	New approach	N/A	15		15
Follow Up Provision						0	5	5
TOTAL DAYS FOR ADULT SERVICES						30	75	47

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

HEAD OF CHILDREN'S SERVICES

Service Manager - Fieldwork	Specific areas for review to be identified at the time of scoping the work	Discussions with Head of Service	Every 2nd year	New approach	N/A		20	
Service Manager - Corporate Parenting & Partnerships	Corporate Parenting Strategy Plant Mewn Gofal Invest to Save - Maethu	Discussions with Head of Service	Every 2nd year	New approach	N/A	15		20
Service Manager - Integrated Services	Governance arrangements - Section 33 Agreement	Discussions with Head of Service	Every 2nd year	New approach	N/A		20	
Follow Up Provision						2	2	2
TOTAL DAYS FOR CHILDREN'S SERVICES						17	42	22

HEAD OF LEARNING

Library & Cultural Heritage Management	Review current status and controls	Annual delivery document 2015/16 CR YM14 "The Council does not successfully transform the culture and heritage provision"	Every 3rd year	Prior to 2012/13	Not known		10	
Primary Schools - Budget >£1m - 4 Schools	Establishment review	To establish whether internal controls are sufficient	2 yr cycle 2 schools per annum	N/A	Various	10	10	10
Primary Schools - Budget >£0.5m < £1m - 14 Schools	Establishment review	To establish whether internal controls are sufficient	3 yr cycle 4/5 schools per annum	N/A	Various	20	25	25

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
Secondary Schools & Special School - 6 Schools	Establishment review	To establish whether internal controls are sufficient	2 yr cycle 3 schools per annum	N/A	Various	30	30	30
Remaining Primary Schools - 39 Schools - Thematic Reviews	Selected theme for each year on a cyclical basis to be carried out at a sample of schools	To establish whether internal controls are sufficient for the theme reviewed and to disseminate results to all relevant schools	Every year	N/A	N/A	10	10	10
Follow Up Provision						2	5	5
TOTAL DAYS FOR LEARNING						72	90	80

TOTAL CHARGEABLE PROGRAMMED DAYS	581	684	570
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CHARGEABLE NON PROGRAMMED DAYS

Counter Fraud Work						150	150	150
Closure of Previous Year's Work	Slippage in delivery					20	20	20
Grant Certification	Review of grants receivable where external assurance is not provided or where concerns exist regarding the operation of internal controls					35	35	35
Liaison with SLT, Directors, Heads of Function & Heads of Service	Providing advice and support as appropriate					15	15	15

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19
National Fraud Initiative	Preparation for and submission of data, etc.					3		3
Contingency - approx. 10% of available days	Provision for additional work not foreseen at the time of planning					120	120	120
TOTAL CHARGEABLE NON PROGRAMMED DAYS						343	340	343

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Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

ASSESSMENT OF RESOURCES

TOTAL CHARGEABLE DAYS PER THE PLAN

924 1024 913

NON CHARGEABLE DAYS

Annual leave						180	180	180
Audit and Governance Committee	Supporting the work of the Committee, preparing reports and attendance as appropriate					15	15	15
Audit Plan Preparation	Rolling forward the plan taking into account developments within the Council					20	20	20
General Administration						45	45	45
Personal Development & Review						8	8	8
Liaison with External Audit						5	5	5
Monitoring & Quality Control						40	40	40
Sick Leave						45	45	45
Special Leave						5	5	5
Maternity Leave						195	0	0
Statutory Leave						48	48	48
Training for Staff						10	10	10
Training for Members						2	2	2
TOTAL NON CHARGEABLE DAYS						618	423	423

ISLE OF ANGLESEY COUNTY COUNCIL - STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 - APPENDIX C

Area for review	Nature of the work	Reason for inclusion	Frequency of audit	Last audited		Programmed coverage		
				Date	Assurance Level	2016/17	2017/18	2018/19

RESOURCES REQUIRED
RESOURCES AVAILABLE
SHORTFALL/AVAILABLE RESOURCES

1542	1447	1336
1542	1477	1477
0	30	141

STAFF	MAN DAYS	TOTAL
Full Time Staff		
E Williams, Principal Auditor	260	
E Parry, Senior Auditor	260	
E C Williams, Senior Auditor	260	
S Williams, Senior Auditor	260	
H. Ellis, Corporate Fraud Officer	260	
Total Full Time Staff		1,477
Conwy SLA		
M Halstead, Head of Audit & Procurement Services	21	0.08 FTE
S Parry, Audit Manager	156	0.60 FTE
Total SLA Staff		177
Seconded Staff		
N. Owen, Trainee Accountant (Secondment)	65	0.25 FTE
Total Seconded Staff		65
TOTAL AVAILABLE AUDIT RESOURCE		1,542

There are 5 posts in the Internal Audit Structure, which equate to 5 full time equivalent (FTE) staff in respect of 2016/17. This compares to the all Wales average staffing level of 8.2 for Internal Auditors during 2014/15.

INTERNAL AUDIT PERFORMANCE TARGETS 2016-17

APPENDIX E

Description	IOAC Actual 2013/14	IOAC Actual at 31/3/15	IOAC 2016/17 Target	IOAC Actual at 31/12/15	Wales Average 2014/15
1. % Planned Audits Completed	81%	92%	80%	38.71%	83%
2. Number of Audits	51	46	60	25	106
3. % Clients responses 'Satisfied'	100%	100%	100%	Nil Return	98%
4. % Recommendations accepted	100%	100%	100%	98%	99%
5. % Implementation of High & Medium Recommendations at Follow up audits	46%	49%	85%	59%	N/A
6. % Audits completed within planned time	N/A	N/A	90%	79.17%	69%
7. % Directly chargeable time against total available	N/A	N/A	70%	73.30%	65%
8. Average days from closing meeting to issue of draft report	N/A	N/A	7 days	10.9 days	7.6 days
9. Average days between response to draft and final report issue	N/A	N/A	2 days	3.3 days	1.8 days
10. Average actual cost per directly chargeable audit day	£245	£238	£250	£250	£249
11. No. Audit Staff	5.5	5.6	5	5	8.2
12. % staff leaving	0	0	0	0	12%

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	AUDIT COMMITTEE
DATE:	15 MARCH 2016
SUBJECT:	TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2015/16
PORTFOLIO HOLDER(S):	COUNCILLOR H E JONES
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR:	GARETH ROBERTS
TEL:	01248 752675
E-MAIL:	GarethJRoberts@anglesey.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s	
<ul style="list-style-type: none"> • To consider the content of the report. • To act on any comments made by the Executive or Full Council. • To review the report to be consistent with professional guidance and to comply with the recommendations of the CIPFA Code of Practice on Treasury Management. 	
B - What other options did you consider and why did you reject them and/or opt for this option?	
n/a	
C - Why is this decision for the Executive?	
To comply with the scheme of delegation, as set out in the Treasury Management Strategy Statement 2015/16, that was approved by this Council on 26 February 2015.	
CH - Is this decision consistent with policy approved by the full Council?	
Yes	
D - Is this decision within the budget approved by the Council?	
n/a	
DD - Who did you consult?	What did they say?
1 Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2 Finance / Section 151 (mandatory)	n/a – this is the Section151 Officer’s report
3 Legal / Monitoring Officer (mandatory)	
4 Human Resources (HR)	
5 Property	
6 Information Communication Technology (ICT)	
7 Scrutiny	
8 Local Members	
9 Any external bodies / other/s	
E - Risks and any mitigation (if relevant)	
1 Economic	
2 Anti-poverty	
3 Crime and Disorder	
4 Environmental	
5 Equalities	
6 Outcome Agreements	
7 Other	

F - Appendices:

- Appendix 1 - Treasury Management Mid-Year Review Report 2015/16
- Appendix 2 - Economic performance to date and outlook
- Appendix 3 - Commentary on the latest interest rates forecasts
- Appendix 4 - Borrowing and Investment Summary – Quarters 1 and 2 2015/16
- Appendix 5 - Credit ratings of investment counterparties and deposits held with each as at 30 September 2015
- Appendix 6 - Equivalent Credit Ratings (Fitch, Moodys, S&P)
- Appendix 7 - Summary of the loans taken out to fund the HRA Settlement
- Appendix 8 - Approved countries for investments

FF - Background papers (please contact the author of the Report for any further information):

- Treasury Management Strategy Statement (TMSS) for 2015/16 that was approved by this Council on 26 February 2015.

1. Introduction

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:-

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Background

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an Annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report (this report) and an Annual Report, covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months, and looking forward to the second half, of 2015/16;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2015/2016;
- A review of the Council's borrowing strategy for 2015/16;
- A review of any debt rescheduling undertaken during 2015/16;
- A summary of activity since Quarter 2;
- A look ahead to next year; and
- A review of compliance with Treasury and Prudential Limits for 2015/16.

3. Economic Update

3.1 The Council's treasury advisers provided a summary of the economic performance to date and outlook shortly after the end of the first quarter, and can be found in Appendix 2. They have also recently provided the following interest rate forecast:

	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017	Jun 2017
Bank Rate (%)	0.50	0.50	0.75	0.75	1.00	1.00	1.25
5yr PWLB rate (%)	2.30	2.40	2.60	2.70	2.80	2.80	2.90
10yr PWLB rate (%)	2.90	3.00	3.10	3.20	3.30	3.40	3.50
25yr PWLB rate (%)	3.60	3.70	3.80	3.90	4.00	4.10	4.10
50yr PWLB rate (%)	3.50	3.60	3.70	3.80	3.90	4.00	4.00

3.2 The Council's treasury advisers recently provided a commentary alongside the interest rate forecast above. This commentary can be found in Appendix 3.

3.3 The Bank rate forecast has remained similar to the forecast at the budget setting period; therefore the projected investment income remains in line with the budget.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1 The Treasury Management Strategy Statement (TMSS) for 2015/16 was approved by this Council on 26 February 2015. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position.

5. The Council's Capital Position (Prudential Indicators)

5.1 This part of the report is structured to update:-

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow;
- Compliance with the limits in place for borrowing activity; and
- HRA Reform

5.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure in comparison to the capital budget.

Capital Expenditure	2015/16 Original Estimate £m	Position as at 30 September 2015 £m	2015/16 Current Estimate £m
Council Fund	23,470	6,835	19,000
HRA	10,260	2,364	7,900
Total	33,730	9,199	26,900

5.2.1 The current estimate for capital expenditure is behind the original estimate mainly due to the anticipated slippage in the two 21st Century Schools projects.

5.3 Changes to the Financing of the Capital Programme

5.3.1 There are no significant changes to the financing of the capital programme to report at this stage.

5.3.2 The Table below shows the current estimate for the financing of the Capital Programme 2015/16 in comparison to the original forecast. The main difference relates to the forecast underspend in both the 21st Century Schools projects and the Housing Revenue Account projects. The underspend in the 21st Century Schools will result in less Unsupported Borrowing being undertaken and less Grant being received in 2015/16. The forecast underspend in the Housing Revenue Account projects will result in less contribution from Revenue.

Capital Financing	2015/16 Original	2015/16 Revised Estimate £m ('000)
Capital Grants	14,720	11,870
Capital Receipts	4,650	4,650
From Reserves	190	190
Revenue Contribution	7,600	5,240
Supported Borrowing	0	1,215
Unsupported Borrowing	6,570	3,735
Total	33,730	26,900

5.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

5.4.1 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

5.4.2 Prudential Indicator – Capital Financing Requirement

5.4.2.1 We are on target to achieve the original forecast Capital Financing Requirement.

5.4.3 Prudential Indicator – External Debt/the Operational Boundary

	2015/16 Original Estimate £m	CFR Position at 30 September 2015 £m
Prudential Indicator – Capital Financing Requirement		
CFR – Council Fund	92,787	87,268
CFR – HRA	43,836	43,367
Total CFR	136,623	130,635
Net movement in CFR	21,863	22,053
	2015/16 Original Estimate £m	Borrowing Position at 30 September 2015 £m
Prudential Indicator – External Debt/the Operational Boundary		
Borrowing	157,000	110,748
Other long term liabilities	3,000	Nil
Total debt 31 March	160,000	110,748

5.5 Limits to Borrowing Activity

5.5.1 The first key control over the treasury activity is a prudential indicator to ensure that, over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2015/16. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2015/16 Original Estimate £m	Position as at 30 September 2015 £m
Gross borrowing	136,623	110,748
Plus other long term liabilities	Nil	Nil
Gross borrowing	136,623	110,748
CFR (year end position)	136,623	n/a

5.5.2 It is not envisaged that there will be any difficulties for the current year in complying with this prudential indicator.

- 5.5.3** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members, currently £165m. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2015/16 Original Indicator (£m)	Current Borrowing Position as at 30 September 2015 (£m)
Borrowing	162,000	110,748
Other long term liabilities	3,000	Nil
Total	165,000	110,748

5.6 HRA Reform

- 5.6.1** The reform of the HRA subsidy arrangements took place on the 2nd April 2015. It involved the Council paying funds to the Welsh Government to remove the Council from the HRA subsidy system, and the payment made was £21.1m. This will impact on the capital structure of the Council, (as the HRA Capital Financing Requirement will rise by the size of the Welsh Government payment). The borrowing for this was made on the 2nd April 2015 through the Public Works Loan Board. A breakdown of the borrowing can be seen in Appendix 7.

6. Investment Portfolio 2015/16

- 6.1** In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.
- 6.2** The Council held £26.0m of investments as at 30 September 2015 (£11.0m at 31 March 2015) and the investment portfolio yield for the first six months of the year was 0.38%. A full list of investments as at 30th September 2015 can be found in Appendix 5. A summary of the investments and rates can be found in Appendix 4.
- 6.3** The approved limits within the Annual Investment Strategy were not breached during the first six months of 2015/16.
- 6.4** The Council's budgeted investment return for 2015/16 is £0.1m and performance for the year to date is in line with the budget, with £0.048m received to the end of Quarter 2.

6.5 Investment Counterparty criteria

- 6.5.1** The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of the new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the credit element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used by Standard & Poor's, this has been a change to the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum Short Term sovereign rating of F1 (Fitch), P-1 (Moody's), A-1 (Standard & Poor's), and a minimum Long Term sovereign rating of A (Fitch), A2 (Moody's) and A (Standards & Poor). This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

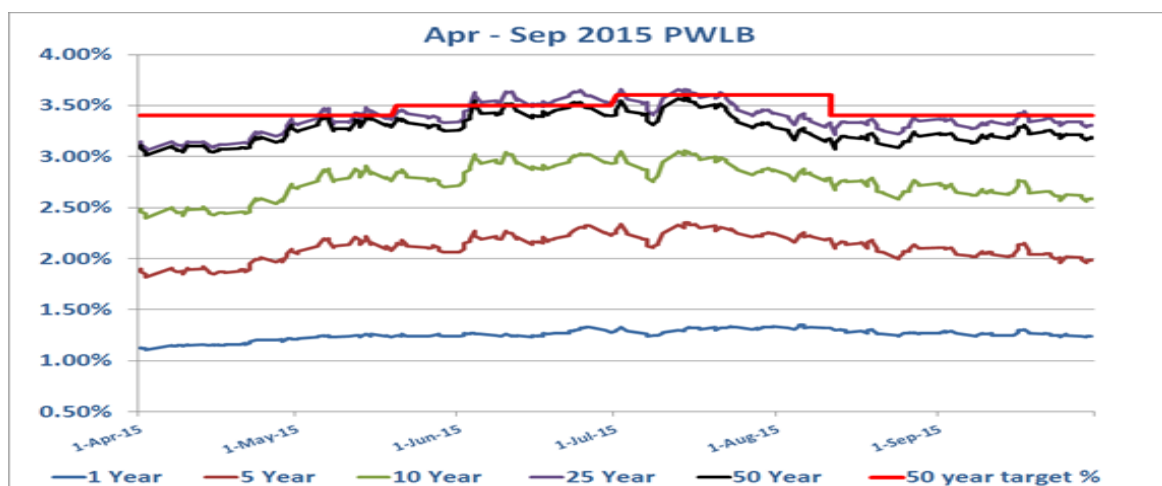
- 6.6** During the first six months of 2015/16, a fixed term investment was made with Nationwide Building Society for £5m at a rate of 0.5% for 3 months (18/08/15 – 17/11/15).

7. Borrowing

- 7.1** The projected capital financing requirement (CFR) for 2015/16 is £130.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has projected year end borrowings of £110.7m and will have used £19.9m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.
- 7.2** Due to the HRA Settlement, new external borrowing of £21.169m was undertaken from the PWLB on 02/04/2015. These were taken out at different rates and for different period and amounts, and can be summarised in the table in Appendix 7.
- 7.3** It is anticipated that no further borrowing will be undertaken during this financial year.
- 7.4** The graph and table below show the movement in PWLB certainty rates (which is when the government has reduced by 20 basis points (0.20%) the interest rates on loans to principal local authorities (including the Isle of Anglesey County Council) who provide information as required on their plans for long-term borrowing and associated capital spending) for the first six months of the year to date:

PWLB certainty rates 1 April 2015 to 30 September 2015

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.11%	1.82%	2.40%	3.06%	3.01%
Date	02/04/2015	02/04/2015	02/04/2015	02/04/2015	02/04/2015
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.26%	2.12%	2.76%	3.39%	3.29%



8. Debt Rescheduling

8.1 No debt rescheduling was undertaken during the first six months of 2015/16. An exercise was undertaken to determine if it would be worthwhile to reschedule some of the debt, however, it would not be cost effective as a premium charge will occur on all premature repayment of loan which is greater than the savings in interest payments that would be achieved.

9. Activity since Quarter Two

9.1 In addition to the normal transfers between call accounts designed to maximize Investment Income, since Quarter 2 the fixed term investment made with Nationwide Building Society for £5m at a rate of 0.5% matured on 17/11/15. This investment was rolled over with Nationwide Building Society for a further 3 months until 16/02/16 at a rate of 0.51%.

10. Plans for next year

10.1 At its next meeting in February, this Committee will consider the plans for borrowing and investment for the next financial year. The initial plans, according to the current strategy are:-

- to use the required sum from the available general supported borrowing allocation of £2.189m (£2.189m in 2014/15) plus any unused allocation brought forward from this year;
- to borrow, on an unsupported basis, to fund capital investment priorities, linking in to the transformation objectives.

11. Recommendation

11.1 To consider the content of the report and forward onto the next meeting of the County Council together with any comments.

11.2 The report is referred on to the Audit Committee for their review and feedback to the Executive.

Perfformiad Economaidd hyd yma a'r rhagolygiad/ Economic performance to date and outlook

1. U.K.

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, possibly being equal to that of the US. However, quarter 1 of 2015 was weak at +0.4% though there was a rebound in quarter 2 to +0.7%. The Bank of England's August Inflation Report included a forecast for growth to remain around 2.4 – 2.8% over the next three years. However, the subsequent forward looking Purchasing Manager's Index, (PMI), surveys in both September and early October for the services and manufacturing sectors showed a marked slowdown in the likely future overall rate of GDP growth to about +0.3% in quarter 4 from +0.5% in quarter 3. This is not too surprising given the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets creating headwinds for UK exporters. Also, falls in business and consumer confidence in September, due to an increase in concerns for the economic outlook, could also contribute to a dampening of growth through weakening investment and consumer expenditure. For this recovery to become more balanced and sustainable in the longer term, the recovery still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly over the last few years although it has now ticked up recently after the Chancellor announced in July significant increases planned in the minimum (living) wage over the course of this Parliament.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. It has therefore been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which slipped back to zero in June and again in August. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn. The August Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. Despite average weekly earnings ticking up to 2.9% y/y in the three months ending in July, (as announced in mid-September), this was unlikely to provide ammunition for the MPC to take action to raise Bank Rate soon as labour productivity growth meant that net labour unit costs appeared to be only rising by about 1% y/y. However, at the start of October, statistics came out that annual labour cost growth had actually jumped sharply in quarter 2 from +0.3% to +2.2%: time will tell if this is just a blip or the start of a trend.

There are therefore considerable risks around whether inflation will rise in the near future as strongly and as quickly as previously expected; this will make it more difficult for the central banks of both the US and the UK to raise rates as soon as had previously been expected, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets. On the other hand, there are also concerns around the fact that the central banks of the UK and US have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are therefore arguments that they need to raise rates sooner, rather than later, so as to have ammunition to use if there was a sudden second major financial crisis. But it is hardly likely that they would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has therefore progressively been pushed back during 2015 from Q4 2015 to Q2 2016 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20.

2. U.S.

GDP growth in 2014 of 2.4% was followed by first quarter 2015 growth depressed by exceptionally bad winter weather at only +0.6% (annualised). However, growth rebounded very strongly in Q2 to 3.9% (annualised) and strong growth was initially expected going forward. Until the turmoil in financial markets in August caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. might start to increase rates in September. However, the Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, and due to a 20% appreciation of the dollar which has caused the Fed to lower its growth forecasts. Since then the nonfarm payrolls figures for September and revised August, issued on 2 October, were disappointingly weak and confirmed concerns that US growth is likely to significantly weaken. This has pushed back expectations of the first rate increase from 2015 into 2016.

3. Eurozone

The ECB fired its big bazooka by announcing a massive €1.1 trillion programme of quantitative easing in January 2015 to buy up high credit quality government debt of selected EZ countries. This programme started in March and will run to September 2016. This seems to have already had a beneficial impact in improving confidence and sentiment. There has also been a continuing trend of marginal increases in the GDP growth rate which hit 0.4% in quarter 1 2015 (1.0% y/y) and +0.4%, (1.5% y/y) in Q2 GDP. The ECB has also stated it would extend its QE programme if inflation failed to return to its target of 2% within this initial time period.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

4. China and Japan

Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth. In Q2 2015 growth was -1.6% (annualised) after a short burst of strong growth of 4.5% in Q1. During 2015, Japan has been hit hard by the downturn in China. This does not bode well for Japan as the Abe government has already fired its first two arrows to try to stimulate recovery and a rise in inflation from near zero, but has dithered about firing the third, deregulation of protected and inefficient areas of the economy, due to political lobbies which have traditionally been supporters of Abe's party.

As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market. Many commentators are concerned that recent growth figures around that figure, could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much bank lending to corporates and local government during the post 2008 credit expansion period and whether the bursting of a bubble in housing prices is drawing nearer. Overall, China is still expected to achieve a growth figure that the EU would be envious of. However, concerns about whether the Chinese cooling of the economy could be heading for a hard landing, and the volatility of the Chinese stock market, have caused major volatility in financial markets in August and September such that confidence is, at best, fragile.

5. Emerging countries

There are considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in western currency denominated debt since the financial crisis, caused by western investors searching for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields (due to QE), and near zero interest rates, into emerging countries, there is now a strong current flowing to reverse that flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields. This change in investors' strategy and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US and UK, has helped to cause the dollar and sterling to appreciate. In turn, this has made it much more costly for emerging countries to service their western currency denominated debt at a time when their earnings from commodities are depressed. There are also going to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates, if available at all.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by sovereign wealth funds of countries highly exposed to falls in commodity prices which, therefore, may have to liquidate investments in order to cover national budget deficits.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Capita Asset Services

Sylwadau ar y rhagolygon diweddaraf ar raddfeydd llog/ Commentary on the latest interest rates forecasts

The Councils treasury advisors undertook its last review of interest rate forecasts on 11 August shortly after the quarterly Bank of England Inflation Report. Later in August, fears around the slowdown in China and Japan caused major volatility in equities and bonds and sparked a flight from equities into safe havens like gilts and so caused PWLB rates to fall below the above forecasts for quarter 4 2015. However, there is much volatility in rates as news ebbs and flows in negative or positive ways and news in September in respect of Volkswagen, and other corporates, has compounded downward pressure on equity prices. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

Despite market turbulence since late August causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The disappointing US nonfarm payrolls figures and UK PMI services figures at the beginning of October have served to reinforce a trend of increasing concerns that growth is likely to be significantly weaker than had previously been expected. This, therefore, has markedly increased concerns, both in the US and UK, that growth is only being achieved by monetary policy being highly aggressive with central rates at near zero and huge QE in place. In turn, this is also causing an increasing debate as to how realistic it will be for central banks to start on reversing such aggressive monetary policy until such time as strong growth rates are more firmly established and confidence increases that inflation is going to get back to around 2% within a 2-3 year time horizon. Market expectations in October for the first Bank Rate increase have therefore shifted back sharply into the second half of 2016.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:-

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows;
- UK economic growth turns significantly weaker than we currently anticipate;
- Weak growth or recession in the UK's main trading partners - the EU, US and China;
- A resurgence of the Eurozone sovereign debt crisis;
- Recapitalisation of European banks requiring more government financial support;
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:-

- Uncertainty around the risk of a UK exit from the EU;
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ;
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities;
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Capita Asset Services

Crynodeb Benthycyca a Buddsoddi – Chwarteroedd 1 a 2 2015/16
Borrowing and Investment Summary – Quarters 1 and 2 2015/16

	30 Medi / Sept 2015		30 Mehefin / June 2015	
	£m	% (paid on borrowing and received on investment)	£m	% (paid on borrowing and received on investment)
Benthycyca – graddfa sefydlog Borrowing – fixed rate	110.7	5.42	110.7	5.42
Benthycyca – graddfa amrywiol Borrowing – variable rate	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Adneuon – galw hyd at 30 diwrnod Deposits – Call to 30 days	21.0	0.36	25.0	0.34
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	5.0	0.5	0.0	nil
Adneuon – Tymor sefydlog 1 bl. + Deposits – Fixed Term 1 year +	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Cyfanswm Adneuon Total Deposits	26.0	0.38	25.0	0.34
Cyfartaledd Adneuon yn y Chwarter Highest Deposits in the Quarter	33.4	d/b / n/a	32.0	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Lowest Deposits in the Quarter	25.5	d/b / n/a	11.0	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	28.0	0.34	26.5	0.34

Ni torwyd unrhyw un o'r dangosyddion trysorlys yn ystod hanner cyntaf y flwyddyn.
None of the treasury indicators were breached during the first half of the year.

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 30 Medi 2015*
Credit ratings of investment counterparties and deposits held with each as at 30 September 2015*

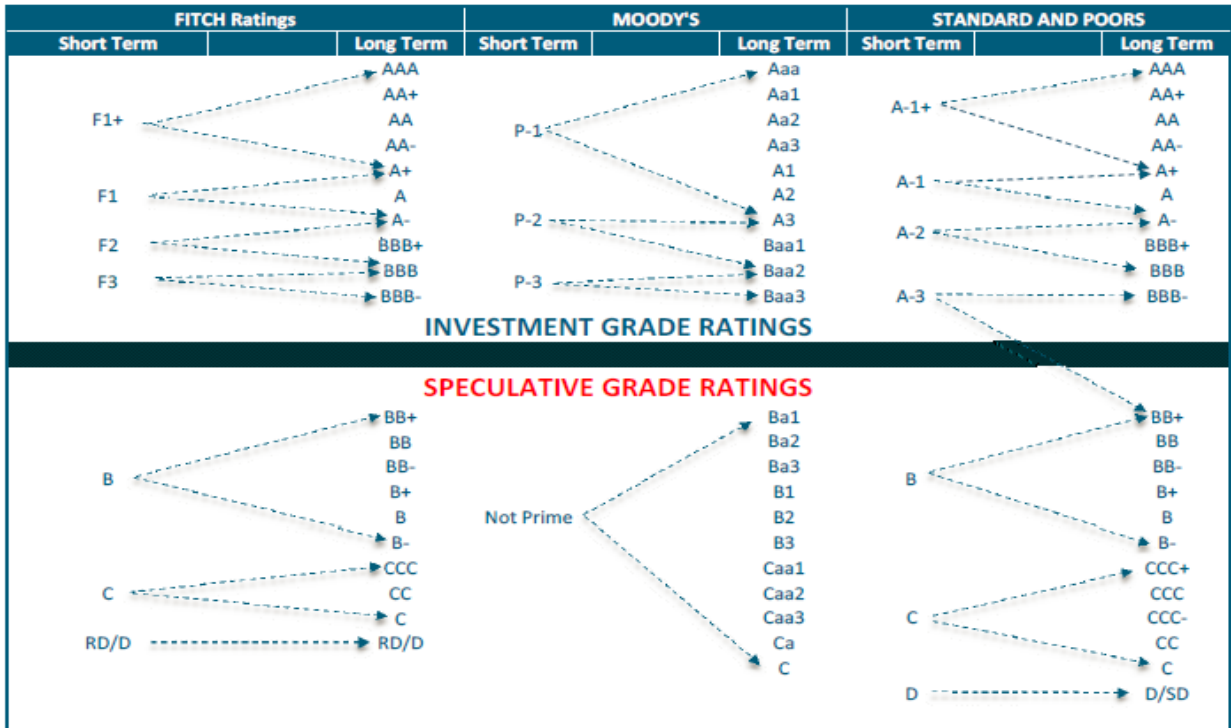
Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / Deposit £'000	Hyd (Galw tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O/I)/ Period (From / To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating	Graddfa Tymor Byr Fitch Short Term Rating	Graddfa Tymor Hir Moody's Long Term Rating	Graddfa Tymor Byr Moody's Short Term Rating	Graddfa Tymor Hir Standard & Poor's (S&P) Long Term Rating	Graddfa Tymor Byr Standard & Poor's (S&P) Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	7,488	Galw/ Call	n/a	0.40	A+	F1	A1	P-1	A	A-1	Coch - 6 mis/ Red - 6 months
HSBC Holdings plc	HSBC Bank plc	500	Galw/ Call	n/a	0.25	AA-	F1+	Aa2	P-1	AA-	A-1+	Oren - 12 mis / Orange - 12months
Santander Group plc	Santander UK plc	7,198	Galw/ Call	n/a	0.40	A	F1	A1	P-1	A	A-1	Coch - 6 mis/ Red - 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc	5,789	Galw/ Call	n/a	0.25	BBB+	F2	A3	P-2	BBB+	A-2	Glas - 12 mis / Blue - 12 months
Nationwide Building Society	Nationwide Building Society	5,000	Fixed Term	18/08/2015 - 17/11/2015	0.50	A	F1	A1	P-1	A	A-1	Coch - 6 mis/ Red - 6 months

* Ceir y Rhestr Benthycu Cymeradwyedig yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2015/16/Strategaeth Buddsoddi Blynyddol/The Approved Lending List can be found at Appendix 6 of the 2015/16 Treasury Management Strategy Statement / Annual Investment Strategy

** Sef tymor ar pwynt y buddsoddi/Being term at the point of investment.

- Yn Atodiad 5 ceir y graddfeydd credyd cyfatebol ar gyfer y 3 asiantaeth graddio y cyfeirir atynt uchod./The equivalent credit ratings for the 3 rating agencies referred to above can be found at Appendix 6.

Graddfeydd Credyd Cyfatebol/
Equivalent Credit Ratings (Fitch, Moodys, S&P)



1. This comparison highlights the differences and similarities in the use of nomenclature between the rating agencies
2. The lines linking the short-term and long-term indicate normal (although not absolute) relationships between the two rating scales at each agency

APPENDIX 7

**CRYNODEB OR BENTHYCIADAU A GYMERWYD AR GYFER Y SETLIAD CRT
SUMMARY OF THE LOANS TAKEN OUT TO FUND THE HRA SETTLEMENT**

Date of Loan	Maturity Date	Interest Rate %	Amount (£)
02/04/2015	01/04/2026	3.67	527,601.00
02/04/2015	01/04/2027	3.73	490,601.00
02/04/2015	01/04/2028	3.80	262,440.00
02/04/2015	01/04/2029	3.85	684,697.00
02/04/2015	01/04/2030	3.91	450,706.00
02/04/2015	01/04/2031	3.96	660,449.00
02/04/2015	01/04/2032	4.01	314,886.00
02/04/2015	01/04/2033	4.05	636,565.00
02/04/2015	01/04/2034	4.09	623,834.00
02/04/2015	01/04/2035	4.13	611,357.00
02/04/2015	01/04/2036	4.16	599,130.00
02/04/2015	01/04/2037	4.18	587,147.00
02/04/2015	01/04/2038	4.20	225,467.00
02/04/2015	01/04/2042	4.25	999,781.00
02/04/2015	01/04/2043	4.25	1,020,120.00
02/04/2015	01/04/2044	4.25	1,009,718.00
02/04/2015	01/04/2045	4.25	11,464,215.00
			<u>21,168,714.00</u>

Approved countries for investments

Based upon lowest available sovereign credit rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- Saudi Arabia

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ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	COUNTY COUNCIL
DATE:	15 MARCH 2016
TITLE OF REPORT:	ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE MUNICIPAL YEAR 2015/16
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	AUDIT COMMITTEE CHAIR
ACTION:	TO RECEIVE REPORT

Introduction

The Audit Committee is a statutory Committee of the Council and has eight elected Members and two Lay Members. The role of the Audit Committee is to provide independent assurance of the adequacy of the Council's governance arrangements, the associated control environment and the adequacy of the risk management framework. The Committee is also responsible for independent scrutiny of the Authority's financial and non-financial performance (to the extent that it affects the Authority's exposure to risks and weakens the control environment), and to oversee the financial reporting process and annual accounts review and approval to Council.

The Chair of the Audit Committee is Councillor Robert Llewelyn Jones and the Vice Chair is Councillor John Griffith.

The Committee is required under its terms of reference to prepare a report for the annual meeting of the Council on its activities for the year. This report provides the necessary report to meet this requirement.

Meetings

During the municipal year, the Committee has met formally on eight occasions; attendance figures for meetings being provided for information at Appendix A.

The regular meetings followed the Audit Committee calendar and considered among the regular Committee business: progress reports from the internal and external auditors, the statement of accounts and the external auditor's report on the statement. The Committee also received reports on Treasury Management progress and the Treasury Management Annual Report, the corporate risk management framework and risk register, and the Annual Governance Statement. The Committee also received specific reports concerning a review of Maritime Diesel, Grants Availability and Maximisation, Food Standards Agency Audit, ICT Disaster Recovery and Business Continuity. Further details of the issues considered by the Committee are provided in the table at Appendix B.

The completion of the audited Statement of Accounts for 2014/15 was completed by the 30 September 2015 deadline and recommended by the Committee for approval by the Council. The

Committee has continued to support management in measures to further strengthen the Finance function and to ensure current progress in this area is sustainable going forward.

Annual Governance Statement

Corporate Governance is the term used to describe the arrangements by which organisations are directed and controlled. It comprises the systems and processes, cultures and values by which the affairs of the Council are conducted by Members and Officers and how we engage with and where appropriate, lead our communities and partners.

There is a requirement for every Welsh local authority to undertake an annual review of the effectiveness of its system of internal control and governance arrangements with its annual Statement of Accounts. An Annual Governance Statement (AGS) has been produced for 2014/15 to support the annual Statement of Accounts.

The Committee adopted an Annual Governance Statement for 2014/15 as statutorily required. The Annual Governance Statement was produced as a result of widespread consultation and review of governance processes in year. The 2014/15 Statement was consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Annual Governance Statement continued to report some weaknesses in governance arrangements. An Action Plan has been produced in order that these weaknesses can be addressed.

The Audit and Governance Committee

The Audit and Governance Committee has worked within its terms of reference which includes the requirements of the Local Government (Wales) Measure 2011 in relation to the role of the Audit Committee in monitoring Risk Management, Governance and Internal Control within the Council.

The Committee has not undertaken a self-assessment of its effectiveness during 2015/16. A checklist derived from CIPFA's 'Audit Committees: Practical Guidance for Local Authorities,' will be undertaken during 2016/17 and the outcome of this self-assessment will guide the training programme and actions for the Committee. A report on the outcome of this self-assessment will be presented to the Audit and Governance Committee in 2016/17 along with an Action Plan for continuous improvement. This action plan will be updated and progress reported back to the Committee on a regular basis during 2016-17.

Effectiveness

Audit Committee Members take their role in respect of governance and stewardship extremely seriously. They acknowledge that this is a non-political Committee and, as such, the Committee's role is to hold regulators and officers to account and to discharge the duty of regulating the risk management, governance and assurance framework within the Council.

The Committee receives reports regularly to gain assurance over key areas of activity and also completes a self-assessment on its own effectiveness. A self-assessment of the Committee's effectiveness, as described earlier, will be undertaken during 2016/7 to review progress in 2015/16 against the checklist based upon CIPFA best practice for Audit Committees.

One area identified for improvement in 2015/16 was the need to raise the profile of the Audit and Governance Committee and to make stakeholders more aware of the important work that it undertakes. The Committee will further develop its role in engaging with external regulators other than auditors (there being an effective level of engagement with Auditors already).

External Audit

The Council is audited externally by the Wales Audit Office (WAO) although part of the work, covering the financial aspects of the audit and some performance work is covered by Deloitte, previously

PwC (2014/15), working to the Appointed auditor in the WAO. Regular reports from Deloitte have been considered by the Audit Committee and an update is considered at each meeting.

The Audit and Governance Committee has been receiving regular updates from the WAO on the Performance Work Programme. This is an important aspect of the Committee's business to ensure that external reports are being considered, either by the Audit and Governance Committee or one of the Scrutiny Committees, and that appropriate action is being taken.

As well as updates on the Performance Work Programme, the Committee also receives updates from Deloitte on the financial audit work being undertaken. Updates this year have included both the workplan and timetabling of work.

Internal Audit

The Council has an in-house Internal Audit Team managed under a Service Level Agreement with Conwy County Borough Council from 1 August 2015. The Committee approved the Internal Operational Plan 2015/16 at its meeting held in July 2015. Internal Audit Operational Plan outcomes are reported by the Audit Manager to each of the Committee's regular meetings as part of the Internal Audit Progress report. Progress reports also include progress of services in implementing Internal Audit recommendations.

Reports of completed Internal Audit reviews, along with the assurance levels given, is also provided in Progress reports and builds over the year into a picture of the assessed strength of the Council's internal control framework. During this year, the Internal Audit Progress reports have contained additional information on each review undertaken, including details of the key findings arising from the work undertaken.

An overall statement on internal control is provided in the Audit Manager's annual report and in the Council's Annual Governance Statement.

Risk Management

The Local Government Measure (Wales) 2011 includes a requirement for local authorities to appoint a Committee with responsibility to review and assess the risk management, internal control and corporate governance arrangements of the Authority. The Audit and Governance Committee in its Terms of Reference is charged with fulfilling these requirements.

The Committee has continued to support the development of the Risk Management framework within the Council during the year, and consideration of Risk Management and the receiving of the Corporate Risk Register has been a standing agenda item from 2015/16 onwards.

The Committee sees its key role in the Risk Management process as satisfying itself as to the adequacy of the structures, processes and responsibilities for identifying and managing the key risks facing the organisation.

Counter Fraud

The Corporate Counter Fraud Officer will be presenting regular reports on the results of his work during 2016/17. The Corporate Counter Fraud Policy will be reviewed during 2016/17.

Plans for the Future

As well as its regular business, the Committee will continue its development programme, informed by the self-assessment of effectiveness and the outcome of the changes to the Council's counter fraud arrangements. This will, again, include relevant training events geared to its activities in 2016/17.

The Committee will continue to develop its role in relation to Risk Management during 2016/17 and will look to adopt a method of being able to assess the adequacy of the Council's anti-fraud and corruption arrangements on an on-going basis.

Following the issue of the Annual Improvement Report 2014/15, December 2015, the Audit and Governance Committee will support the Council in addressing systematically, the recommendations and proposals for improvement included in the reports.

The Audit Committee's proposed future work programme is provided at Appendix C.

Chair's Remarks

The Chair would like to express his gratitude to the Committee's Members for their attendance and contribution to the work of the Committee during the year and also to those Council employees who have attended and contributed so much. The chair takes this opportunity to thank all the staff within the Finance and Internal Audit Services whose staff I have found most helpful at all times.

The Chair would take the opportunity to remind the Council of the importance of the work of the Committee which is even more relevant in the current economic situation in terms of ensuring that the Council is run in a sound manner and that value for money is being obtained.

The Committee is committed to continuing to work with Council employees in supporting continuing improvements in the Council's operations in 2016/17.

COUNCILLOR ROBERT LLEWELYN JONES
CHAIR of AUDIT COMMITTEE

Draft 29 FEBRUARY 2016

APPENDIX A

MEMBERS	Meeting held on 27.04.15	Meeting held on 14.05.15	Meeting held on 23.06.15	Meeting held on 27.07.15	Meeting held on 23.09.15	Meeting held on 08.12.15	Meeting held on 18.02.16	Meeting held on 15.03.16	No of Meetings Attended
Cllr T.Ll.Hughes (Chair)	YES								1
Cllr R.Ll.Jones (Chair)	YES	YES	YES	YES	YES	YES	Apology	TBC	6
Cllr John Griffith (Vice-Chair)	YES	YES	YES	YES	YES	YES	YES	TBC	7
Cllr Jim Evans	YES	YES	YES	YES	YES	Did not attend	YES	TBC	6
Cllr R O Jones	Apology	YES	Apology	YES	Apology	YES	YES	TBC	4
Cllr Dafydd Thomas	YES	YES	Apology	YES	YES	YES	YES	TBC	6
Cllr Alun Mummery	YES	YES	YES	YES	YES	YES	YES	TBC	7
Cllr Peter Rogers		YES	YES	YES	YES	YES	YES		6
Cllr Nicola Roberts			Did not attend	Did not attend	Did not attend	Did not attend	Did not attend	TBC	0
Cllr R Meirion Jones		YES							1
Mrs Sharon Warnes	YES	YES	YES	YES	Apology	YES	YES	TBC	6
Mr Richard Barker	Apology	YES	YES	YES	Apology	YES	YES	TBC	5
Total for Committee	7	10	7	9	6	8	8	TBC	55

Ref	Meeting Date Raised	Min. Ref.	Matter Raised	Action Required	Responsibility for Action	Date Action Required by	Current Status	RAG Status
1	27/04/15	4	Review Internal Audit Charter - The Committee received a report containing the proposed Charter as required under the Public Sector Internal Audit Standards.	Internal Audit Charter presented for consideration and approval	Audit & Governance Committee	27/04/15	Approved	Green
2	27/04/15	5	Review of the Revised and Updated Protocol - which sets out the various stages of the Internal Audit engagements. The protocol has been updated in line with current regulation and practice.	For consideration and approval	Audit & Governance Committee	27/04/15	Approved	Green
3	27/04/15	9	Maritime Diesel – To receive a report by the Head of Service (Economic And Community Regeneration) on the response and actions undertaken following the Internal Audit review.	The balance sheet for the Maritime Diesel Service for the past five years to be provided to the Committee	Head of Economic & Community Regeneration	23/06/15	See 27/7/15 Item 10	Green
4	27/04/15	10	Grants Availability and Maximisation – A Report setting out the main sources of funding which have been available during 2014/15 and the ways that funding can be maximised over the coming years.	For information only – No further action arising	N/A	N/A	N/A	Green
5	27/04/15	11	Risk Management – The Audit & Governance Committee	It was resolved to accept the report along with the related	The Risk & Insurance	Biannual updates	Updates on the	Green

			requested that the Risk and Insurance Manager report back in April 2015 on the status and implementation of the revised corporate risk register/matrix and associated risk guidance documentation. A report setting out progress on implementing the revised corporate risk register/matrix and associated risk guidance documentation was presented for consideration by the Committee.	Risk Management documentation.	Manager		implementation of the Risk Mitigation Action Plan.	
6	23/06/15	3	Draft Statement of Accounts 2014/15 and Annual Governance Statement 2014/15 – The Committee reviewed the draft Statement of Accounts and the draft Annual Governance Statement	It was resolved to note that the figures contained within the review report will remain provisional until the audit of the 2014/15 Statement of Accounts is completed and signed off and that any resulting significant adjustments to the figures included within the report will be reported as appropriate.	N/A	N/A	N/A	Green
7	23/06/15	7	Attempted Fraud Against the Council – North Wales Police investigation into attempted fraud against the Council as part of a wider deception perpetrated against local authorities both in	Section 151 Officer to seek further clarification from North Wales Police of action being taken on the matter.	Head of Resources and Section 151 Officer	23/9/15	See 8/12/15 Item 13	Amber

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			Wales and England.					
8	27/07/15	3	Annual Treasury Management Review 2014/15 – The Annual Treasury Management Review for 2014/15 was presented to the Committee for consideration and scrutiny.	Resolved to note: <ul style="list-style-type: none"> • Figures will remain provisional until the audit of 2014/15 Statement of Accounts is completed and signed off • The provisional actual 2014/15 prudential and treasury indicators within the Report • The Treasury Management Review Report 2014/15 	N/A	N/A	N/A	Green
9	27/07/15	6	Strategic Internal Audit Plan 2015/16 to 2017/18 – A Report of the Interim Internal Audit Manager incorporating a revised Strategic Internal Audit Plan for 2015/6 to 2017/18 was presented for consideration and approval.	Internal Audit to incorporate within its reporting arrangements a provision for showing issues that are still in process.	Audit Manager	Quarterly Reporting	See 8/12/15 Item 21	Green
10	27/07/15	7	Maritime Diesel Service – Accountancy Services Manager to report verbally with regards to the additional information requested about the Maritime Diesel Service in relation to income ad expenditure and debt write-offs.	The Accountancy Services Manager provided the Committee with additional information in relation to income and expenditure and debt write-offs. The Officer informed the Committee that records for Maritime Diesel had been examined for the previous six years and it can be	N/A	N/A	N/A	Green

				confirmed that the diesel element of the service has remained profitable for each of the 6 years. It was resolved to note the information. No further action.				
11	27/07/15	10	Risk Management – To present the report of the Risk & Insurance Manager. Committee considered the report and sought clarification of how it will be kept informed on risk management activities particularly with reference to any changes that may occur and the reasons why, so that it can be assured that the key risks are being managed properly. It is intended to report biannually and it will also be updated on the risk management process. The Committee will be briefed on any exceptions/ slippages as well as any escalations.	To provide the Committee with a summary risk management progress report at its next meeting.	Risk & Insurance Manager	23/09/15	See 23/9/15 Item 15	Green
12	27/07/15	12	Delivery of the Internal Audit Service – The report of the Interim Head of Resources and Section 151 Officer outlining arrangements for the delivery of the Internal Audit Service was presented for the Committee’s	Resolved to accept and note the information. No further action.	N/A	N/A	N/A	Green

			consideration. The report set out the arrangements whereby Conwy County Borough Council and this Council will jointly provide the service, with management oversight of this Council’s Internal Audit Service to be provided by Conwy, along with the details of the partnership agreement with Conwy.					
13	23/09/15	2	Attempted Fraud Against the Council – North Wales Police investigation into attempted fraud against the Council as part of a wider deception perpetrated against local authorities both in Wales and England. Head of Resources and Section 151 Officer reported that a detailed response not yet received from the North Wales Police. Given the time lapse suggested to write again to the Chief Constable to obtain assurance that the investigation is being progressed.	The Committee endorsed the suggestion and proposed that the correspondence be directed to the North Wales Police and Crime Commissioner and a copy provided to the Chief Constable of North Wales	Head of Resources and Section 151 Officer	8/12/15	See 8/12/15 Item 16	Amber
14	23/09/15	3	Statement of Accounts 2014/15 and ISA 260 Report – The report of the Interim Head of Function (Resources) and Section 151 Officer incorporating the final accounts for the 2014/15	The Interim Head of Resources and Section 151 Officer to circulate the schedule of the Authority’s for sale assets to Members of the Audit and Governance Committee.	The Interim Head of Resources and Section 151 Officer	8/12/15	Circulate Schedule	Green

			financial year was presented for the Committee’s consideration. A number of matters were discussed including the process of selling assets identified as not required by the Authority has been slow.					
15	23/9/15	6	Risk Management – The Risk and Insurance Manager gave a verbal update on the latest position with regard o Risk Management.	It was resolved to note the position with regard to Risk Management and the Corporate Risk Register. No further action.	N/A	N/A	N/A	Green
16	8/12/15	2	Attempted Fraud Against the Council – North Wales Police investigation into attempted fraud against the Council as part of a wider deception perpetrated against local authorities both in Wales and England. Head of Resources and the Audit Manager to give a full report regarding the investigation. The Head of Resources and Section 151 Officer reported that a Chief Inspector locally met with the Head of Resources and Audit Manager. In such cases the money fraudulently obtained (In Anglesey’s case no monies were lost) is usually moved from account to account and out of the country. As local authorities are	The Committee noted the information and accepted that the Police had done as much as possible in the circumstances and it fell to the Authority to learn lessons from the experience particularly with regard to ensuring safeguards are in place and are robust, strengthening internal controls and taking prompt action when anything remiss is discovered. In future, such acts will be forwarded to and dealt with by Action Fraud.	N/A	N/A	N/A	Green

			becoming more alert to the risks of such frauds, the perpetrators are targeting other organisation. Given that the Council did not report the attempted fraud for two months the delay diminished the likelihood of a positive result in terms of identifying and apprehending the fraudsters.					
17	8/12/15	3	<p>Food Standards Agency Audit – The Chief Public Protection Officer incorporating the report of the Food Standards Agency on the Food and Feed Law Enforcement Service on the Isle of Anglesey following an audit that was undertaken in July, 2014 was presented for the Committee's consideration. The report also included the Action Plan that was drawn up to address the recommendations made by the Food Standards Agency along with an update on the progress made. The Committee raised the following issues:</p> <ul style="list-style-type: none"> • Staffing situation • Whether collaboration is a potential solution to staffing difficulties 	<p>The Committee resolved to accept the Food Standards Agency Audit report and note its contents. The Committee to be provided with an update on progress against the action plan.</p>	Chief Public Protection Officer	No date specified	Require update	Amber

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18	8/12/15	6	External Audit – Certificate of Compliance – The Wales Audit Office Certificate of Compliance confirming that the Isle of Anglesey County Council has discharged its duties under the Local Government (Wales) Measure 2009 to publish an assessment of its 2014/15 performance before 31 October, 2015 in the financial year, was presented and was noted by the Committee.	No further action.	N/A	N/A	N/A	Green
19	8/12/15	6	ICT Disaster Recovery and Business Continuity - limited assurance level and arrears of recurring concern for the Committee.	Audit Manager to complete Follow Up Audits on ICT Disaster Recovery and Business Continuity. The ICT Transformation Manager to brief the Committee on progress to date on the two areas.	Audit Manager ICT Transformation Manager	15/3/16 15/3/16	Follow Up Reports Briefing to Committee	Amber
20	8/12/15	6	Unplanned Internal Audit Work – The Committee sought clarification of the extent and impact on the Audit Plan of unplanned audit work especially that pertaining to grant work.	It was agreed that the Committee be provided with a report setting out the process for auditing grants and how the expectations of the Wales Audit Office are met.	The Head of Resources and Section 151 Officer	15/3/16	Report to Committee	Green
21	8/12/15	6	Information Governance – Following receipt of an Enforcement Notice on 1 October 2015, the Committee noted the	The Committee is provided with an update on information governance on work on information governance	The Head of Council Business	15/3/16	Update on the position with regards to	Amber

			assurance level is judged to be Reasonable whilst the key messages from the Annual Review of Compliance remain largely negative. The Committee was informed that the scope of the reviews undertaken by the ICO's Office in 2012 and 2013/14 was concerned with Data Protection Governance and Records Management was different to that undertaken by Internal Audit which looked at compliance with existing policies.	including addressing both the recommendations relating to enforcement notice and the recommendation of the Internal Audit reviews being done under the oversight of the Information Governance Board.			Information Governance compliance.	
22	8/12/15	7	Revision of the Internal Audit Protocol - IA Recommendation Implementation Rates – Following concerns raised by the Audit and Governance Committee over the implementation rates reported and discussed the Internal Audit Protocol has been revised to include a Follow-Up and Monitoring process to provide assurance that the agreed recommendations are implemented within the timescales set out in the Final Report Action.	The Audit Manager reported that no enhancement of the internal control framework can be made or reductions in associated risks until recommendations are implemented in full. The Committee resolved to accept the Internal Audit Protocol as presented. No further action.	Audit Manager	Quarterly	Monitoring Implementation Rates	Green

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23	18/2/16	2	Extraordinary Meeting – Treasury Management Strategy Statement 2016/17 – The Committee received a report on the Annual Investment Strategy, Minimum Revenue Provision Policy Statement and Treasury Management Policy Statement 2016/17.	To endorse the report and pass on any recommendations and/or comments to the Executive Committee.	The Executive Committee	14/3/16	For approval	Green
24	15/3/16	3	Assurance and Monitoring Risks: Partnerships – To consider recommendations regarding the Audit and Governance’s monitoring role over the governance arrangements of the Council’s key partnerships.					Amber
25	15/3/16	4	Data Protection & Information Governance – To receive an update on Data Protection and Governance issues.					Amber
26	15/3/16	5	ICT Disaster Recovery and Business Continuity – To present Follow Up Reports with regard to ICT Disaster Recovery and Business Continuity.					Amber
27	15/3/16		Internal Audit Strategic Plan 2016/17 to 2018/19 and Operational Plan 2016/17.					Green

Date	Accounts	Internal Audit	External Audit	Treasury Management	Risk Management	Governance	Other
March 2016		Consider and Adopt Internal Audit Plan for 2016/17	Progress Report				
May 2016	Draft Statement of Accounts & Annual Governance Statement	IA Annual Report for 2015/16	Consider and Adopt Plan for 2016/17 Progress Report	Quarter 4 Treasury Management Report	Annual Review of Risk Management Strategy		Annual Members' Training Plan Approve Annual Report of Committee for Annual Council Meeting
July 2016	Review Statement of Accounts	Quarter 1 Progress Report	Progress Report	Treasury Management Annual Report Quarter 1 Treasury Management Report	Corporate Risk Register	Consider Governance Statement Review Code of Governance Annual Health & Safety Report	
September 2016	Recommend for Approval of Council the Statement of Accounts (30 September deadline)	Progress Report	Receive Report on Accounts to those charged with Governance Progress Report		Corporate Risk Register	Governance & Assurance Update Adopt Governance Statement	Annual Report on Fraud & Corruption

December 2016		Quarter 2 Progress Report	Receive Annual Letter on Audit Year 2015/16	Quarter 2 Treasury Management Report Scrutiny of Mid-Year Report and preparation for 2016/17	Corporate Risk Register		
February 2017		Quarter 3 Progress Report	Progress Report	Consideration & Recommendation for Approval of the Treasury Management Strategy 2017/18		Audit Committee – Terms of Reference	Annual Review of Audit Committee Effectiveness & Counter Fraud Arrangements Annual Report – Gwynedd Local Government Pension Scheme