

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Dr Gwynne Jones  
Prif Weithredwr – Chief Executive  
CYNGOR SIR YNYS MÔN  
ISLE OF ANGLESEY COUNTY COUNCIL  
Swyddfeydd y Cyngor - Council Offices  
LLANGFNI  
Ynys Môn - Anglesey  
LL77 7TW

Ffôn / tel (01248) 752500  
Ffacs / fax (01248) 750839

<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR ARCHWILIO A LLYWODRAETHU</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DYDD LLUN, 25 GORFFENNAF, 2016 am 2 y.p.</b>	<b>MONDAY, 25 JULY 2016 at 2.00 pm.</b>
<b>YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR, LLANGFNI</b>	<b>COMMITTEE ROOM 1, COUNCIL OFFICES, LLANGFNI</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **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**

Peter Rogers

### **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 27 JUNE, 2016 MEETING** (Pages 1 - 4)

To submit the minutes of the previous meeting of the Audit and Governance Committee held on 27 June, 2016.

**3     ICT DISASTER RECOVERY UPDATE**

To review progress on addressing any outstanding issues with regard to ICT Disaster Recovery (*ICT Service and Performance Management Manager to report*)

**4     INTERNAL AUDIT PROGRESS REPORT QUARTER 1 2016/17** (Pages 5 - 46)

To present the Internal Audit progress report for Quarter 1 2016/17.

**5     CONCERNS, COMPLAINTS AND WHISTLEBLOWING 2015/16** (Pages 47 - 52)

To present the report of the Monitoring Officer.

**6     ANNUAL TREASURY MANAGEMENT REVIEW 2015/16** (Pages 53 - 70)

To present the Annual Treasury Management Review for 2015/16.

**7     EXTERNAL AUDIT - ISLE OF ANGLESEY ANNUAL IMPROVEMENT REPORT 2015/16** (Pages 71 - 108)

- To present the External Audit Annual Improvement Report for the Isle of Anglesey for 2015/16.
  
- To present the Certificate of Compliance for the Isle of Anglesey County Council's 2016/17 Improvement Plan.

**8     EXTERNAL AUDIT - PERFORMANCE WORK PROGRAMME UPDATE**

Verbal update by WAO on the Performance Work Programme.

## AUDIT AND GOVERNANCE COMMITTEE

### Minutes of the meeting held on 27 June, 2016

<b>PRESENT:</b>	Councillor R.Llewelyn Jones (Chair) Councillor John Griffith (Vice-Chair)
	Councillors Jim Evans, Alun Mummery, Peter Rogers, Dafydd Rhys Thomas
	Lay Members: Mr Richard Barker and Mrs Sharon Warnes
<b>IN ATTENDANCE:</b>	Head of Function (Resources) and Section 151 Officer Internal Audit Manager (SP) Committee Officer (ATH)
<b>APOLOGIES:</b>	Councillor Richard Owain Jones
<b>ALSO PRESENT:</b>	Councillor H. Eifion Jones (Portfolio Member for Finance), Councillor Llinos Medi Huws (Shadow Portfolio Member for Finance), Chief Executive, Finance Manager (CK), Ms Clare Edge (Deloitte), Mr Gwilym Bury (Wales Audit Office)

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#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

#### 2. MINUTES OF THE 26<sup>TH</sup> MAY, 2016 MEETING

The minutes of the previous meeting of the Audit and Governance Committee held on 26 May, 2016 were presented and confirmed as correct.

#### 3. STATEMENT OF ACCOUNTS 2015/16 AND ANNUAL GOVERNANCE STATEMENT 2015/16

The report of the Head of Function (Resources) and Section 151 Officer incorporating the draft pre-audit Statement of Accounts for the 2015/16 financial year along with the draft Annual Governance Statement 2015/16 was presented for the Committee's consideration.

The Head of Function (Resources) and Section 151 Officer reported that the Council has a statutory duty to approve and publish a Statement of Accounts for each financial year. Before External Audit can commence, the Section 151 Officer is required to sign the Statement of Responsibilities for the Statement of Accounts prior to the statutory deadline of 30<sup>th</sup> June each year. Under the Council's Constitution, the responsibility for reviewing and scrutinising the statement of accounts prior to its adoption by the Council, falls to the Audit and Governance Committee. The Statement is a technical document which is produced in accordance with accounting regulations and proper practices in a prescribed format and it contains the financial statements and disclosures which the Council is required to publish.

The Officer referred to the key statements within the document as follows:

- The Narrative report which sets out the narrative context to the financial statements, provides a guide to the most significant matters reported in the accounts including the Council's financial position and its performance during the year along with the issues and risks affecting the Council.

- The Movement in Reserves Statement (MIRS) shows the movement in the year of reserves held by the Council analysed between usable and unusable reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.
- The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.
- The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.
- The Notes to the core Financial Statements provide more details about the Council's accounting policies and items contained within the statements. The Officer confirmed that there are no material changes to accounting treatment required for 2015/16.
- Included with the Statement of Accounts is the Annual Governance Statement for 2015/16 which sets out the governance arrangements in place for the year from April, 2015 to March, 2016 and assesses how effectively the Council has fulfilled its responsibilities in line with its vision.

The Portfolio Member for Finance said that he was satisfied with the presentation of the accounts and with the professional way in which they had been closed in keeping with the statutory timescale.

The Committee considered the report and Financial Statements and it noted the following:

- The Committee noted and was satisfied that the Statement of Accounts has been produced in accordance with financial reporting standards, practices and regulations and within the statutory deadline of 30<sup>th</sup> June.
- The Committee noted and was satisfied that the Narrative report provides a fair and balanced summary of the Council's financial position for 2015/16 including the main influences on the financial statements. The Committee commended the narrative summary as providing a clear and easy to understand overview of the context to the financial statements.
- The Committee noted that the financial statements will now be subject to external audit and that for a specified period during the audit process members of the public will be entitled to inspect the accounts and may raise an objection thereon with the external auditor.
- The Committee sought clarification of the financial prospects in light of the referendum decision to withdraw from the EU, particularly with regard to capital funding through grants and it questioned whether consideration should be given to increasing borrowing. The Committee was informed that the issue of providing ongoing funding to those areas that were in receipt of EU grants is a matter for the UK government in the first place; there is a question then how that funding might subsequently be transferred to the Welsh Government and therefrom to local government. Whilst the referendum decision will likely affect the national economy, it is premature to try to assess the extent of the impact on the funding available through Welsh Government for the local government settlement. With regard to borrowing, the Council's Treasury Advisors have been asked to undertake a piece of work to review how borrowing is timed particularly in relation to the Twenty First Century schools project as the Authority's major project in terms of borrowing and that will be discussed when the work is completed. The External Auditor confirmed that the external audit report on the accounts will make a reference to the outcome of the EU referendum as a post balance sheet event. The Authority will most likely also have to review its corporate risks following the Referendum vote and the uncertainties which it has generated.
- The Committee noted in the context of risk that the Council needs to adopt a smarter and more expedient approach to the identification and disposal of assets and that it should seek to identify assets for disposal more swiftly and subsequently ensure that for sale assets achieve maximum returns. The Committee was informed that whilst capital receipts are not key to the Statement of Accounts, the use of the Council's assets is important through the realisation of capital receipts which form part of the capital programme moving forwards. It is recognised that the best use needs to be made of the Council's assets including realising the cash value of surplus assets to fund the capital programme. However, the Council has a duty not to sell assets without achieving proper market value. There are issues of timing in relation to the management of the Council's assets. The Committee was also informed that the Authority's

Asset Management Policy has been subject to scrutiny via the Corporate Scrutiny Committee and has been approved by the Council's Executive.

- The Committee noted that the Council has strengthened its Procurement function thereby delivering around £500k in the revenue savings. The Committee sought clarification in the light of the 2014 KPMG Procurement fitness check and the presentations that were made regarding it, whether the 500k figure is a starting point or whether a savings ceiling has been reached. The Committee was informed that there is scope for further savings and that much of the £500k savings already delivered has been achieved within a short timescale through re-tendering Council contracts or through consolidating contracts into one contract. It is reasonable to expect that more savings can be achieved through improved contract management and through ensuring that contracts are delivered to specifications. A contract management training programme is being rolled out so that these requirements become in-built in future contract tender processes. A follow up health check of procurement by Value Wales is due to be carried out in the coming months.
- The Committee noted and was satisfied that the Annual Governance Statement for 2015/16 meets the requirement of Regulation 4 of the Accounts and Audit (Wales) Regulations in reviewing and reporting on internal control. The Committee was further satisfied that the Annual Governance Statement provides a fair assessment of the Council's governance arrangements in 2015/16 including the effectiveness of its arrangements for delivering its objectives and managing risks and that it reflects the substance of what has been reported to the Audit and Governance Committee during 2015/16.

**It was resolved to note the draft Statement of Accounts for 2015/6 prior to its review by External Audit including the draft Annual Governance Statement for 2015/16.**

**NO FURTHER ACTION ENSUING**

**Councillor R.Llewelyn Jones  
Chair**

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE</b>	<b>27 JULY 2016</b>
<b>SUBJECT</b>	<b>PROGRESS REPORT ON INTERNAL AUDIT 1 APRIL 2016 TO 30 JUNE 2016</b>
<b>LEAD OFFICER</b>	<b>HEAD OF INTERNAL AUDIT – MIKE HALSTEAD</b>
<b>CONTACT OFFICER</b>	<b>AUDIT MANAGER - SIONED PARRY</b>
<p><b>Nature and reason for reporting</b> - To comply with the requirements of the UK Public Sector Internal Audit Standards and the CIPFA UK Standards which came into force on 1 April 2013, whereby the Head of Audit is required to report periodically to the Audit &amp; Governance Committee on the Internal Audit Service's performance relative to the 2016/17 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 1 April 2016 to 30th June 2016 and is supported by **Appendices A to F** detailing progress against performance targets for 2016/17 and the work undertaken by the Service during this period.
- 1.3 A revised Strategic Plan for the three-year period 2016/17 to 2018/19 was submitted and approved by the Audit and Governance Committee at a meeting on the 15 March 2016. The resulting 2016/17 Operational Plan provides a balanced plan; which spreads audit coverage 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 1/4/16 to 30/6/16

- 3.1.1 An analysis of the work and performance of the Internal Audit Service has been undertaken for the period 1/4/16 to 30/6/16. There were 6 audit projects of varying complexity in respect of 2015/16 that were not completed or issued by 31/3/16 and constitute work in progress as follows:

- DLO Stock Check
- Safeguarding
- Child Court Orders
- Primary Schools Follow Up
- Housing Benefit Key Controls
- Sundry Debtors

3.1.2 The amount of work allocated to work in progress during 2016/17 to the end of June accounts for **62.44 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 30/06/16 is attached in **Appendix A**. It should be noted that the requirement for the Service to complete all work in progress in respect of 2015/16 has had little impact on the number of audits performed during this period.

### **3.2 Additional Unplanned Work**

3.2.1 There has been no additional unplanned work during the period 1 April 2016 to 30 June 2016.

### **3.3 Statement of Assurance**

3.3.1 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 to comply 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.

3.3.2 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

3.3.3. 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 B**. 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.

3.3.4 A summary of all audit assignments completed during the year to date including work in progress from 2015/16 is attached in **Appendix C**. 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 2016/17. Since the 1 April 2016, two final reports have been issued from the 2015/16 Internal Audit Operational Plan and six from the 2016/17 Operational Plan.

3.3.5 Two of the planned audits completed during the first quarter are assessed as not providing positive levels of assurance. During the period 1 April 2016 to 30 June 2016 the Housing



Benefit – Key Controls and the Building Regulation Fees – Inspection and Enforcement Regimes were both assessed as providing Limited Assurance. Details of the audits are summarised in **Appendix C**.

### 3.4 Audit Follow Ups and Recommendation Tracking

3.4.1 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 position.

3.4.2 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.

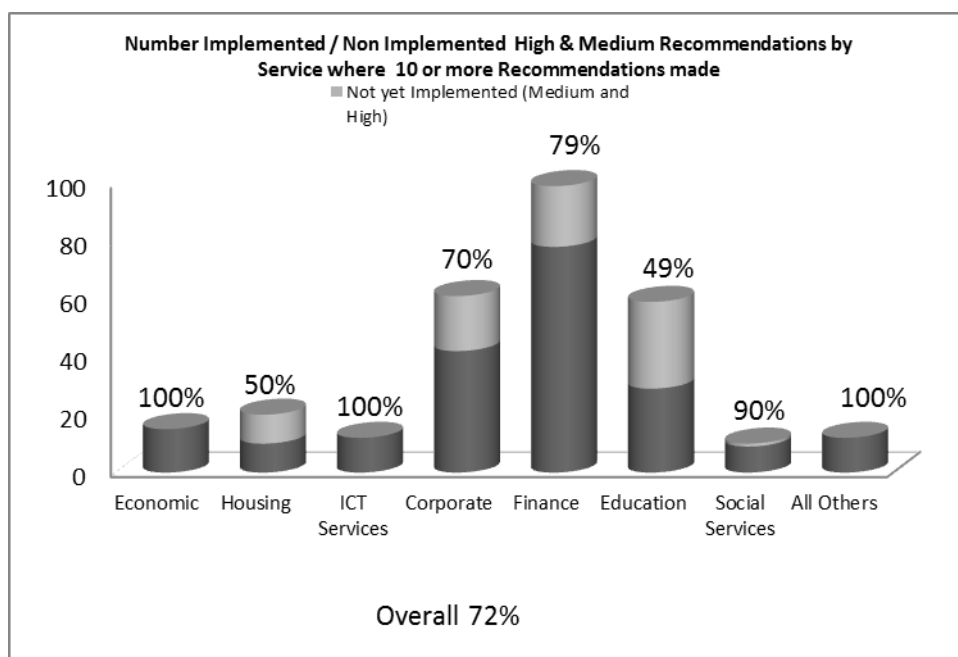
3.4.3 **Table 1** below summarises the implementation of recommendations as at 30 June 2016:

<b>Table 1 - Status of agreed recommendations as at 30/6/2016</b>				
<b>Status</b>	<b>High</b>	<b>Medium</b>	<b>Total</b>	<b>%</b>
Complete	42	165	207	72%
Outstanding	12	68	80	28%
Total	54	233	287	100%

3.4.4 Recommendations are currently rated as high, medium or low according to the perceived risk as outlined in **Appendix B**. 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 30 June 2016 was **72%** of 'high' and 'medium' recommendations having been recorded as implemented.

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

**Table 2**



- 3.4.6 A copy of all outstanding High and Medium recommendations is included in **Appendix D**.
- 3.4.7 A schedule of the 3 follow up audits conducted during the period 1 April 2016 to 30 June 2016 is attached at **Appendix E**. It demonstrates the number of recommendations accepted and subsequently implemented by management in each area, together with a revised audit opinion regarding the adequacy of the internal control environment.

### 3.5 Referrals

- 3.5.1 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.
- 3.5.2 The number of planned days for referrals/consultancy during the year amounts to 150 days with **39.26** days spent on this work up to the end of June 2016.
- 3.5.3 A summary of special investigations undertaken by Internal Audit during the period 1 April 2016 to 30 June 2016 is included in **Appendix F** and amounts to **37.70** days.

### 3.6 Sickness Absence

- 3.6.1 The Service manages sickness absence in compliance with the Authority's Sickness Absence Policy. Sickness accounted for **5 days** absence up to the period ending 30 June 2016 against an annual target of 45 days.

## 4. INTERNAL AUDIT FORWARD WORK PROGRAMME

Scheduled Review Title	Service Area	Current Status
Child Care Court Orders WIP 2015/16	Children's Services	Work in Progress
Corporate Safeguarding WIP 2015/16	Corporate	Draft to be reviewed
Extra Care Housing – Commissioning Procedures	Adult Services	Work in Progress
Building Control Services	Regulation & Economic Development	Work in Progress

## 5. CONCLUSION

- 5.1 An analysis of the Internal Audit Service's performance for the period 1 April 2016 to 30 June 2016 demonstrates that performance levels are on target. However, the ability of the Service to achieve the 2016/17 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 2016-17**

**APPENDIX A**

Description	IOAC Actual 2013/14	IOAC Actual at 31/3/15	IOAC Actual at 31/3/16	IOAC 2016/17 Target	IOAC Actual at 30/6/16	Wales Average 2014/15
1. % Planned Audits Completed	81%	92%	60.32%	80%	24.19%	83%
2. Number of Audits	51	46	38	60	15	106
3. % Clients responses 'Satisfied'	100%	100%	100%	100%	100%	98%
4. % Recommendations accepted	100%	100%	98%	100%	100%	99%
5. % Implementation of High & Medium Recommendations at Follow up audits	46%	49%	74%	85%	72%	N/A
6. % Audits completed within planned time	N/A	N/A	78.95%	90%	66.67%	69%
7. % Directly chargeable time against total available	N/A	N/A	59.74%	70%	59.92%	65%
8. Average days from closing meeting to issue of draft report	N/A	N/A	6.61 days	7 days	7.85 days	7.6 days
9. Average days between response to draft and final report issue	N/A	N/A	2.41 days	2 days	3.57days	1.8 days
10. Average actual cost per directly chargeable audit day	£245	£238	£318	£250	£280	£249
11. No. Audit Staff	5.5	5.6	5.68	5	5.68	8.2
12. % staff leaving	0	0	0	0	0	12%

**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:

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

**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:

<b>RECOMMENDATION PRIORITY</b>	<b>DEFINITION</b>
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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 1-4-16 to 30-06-16

## APPENDIX C

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
1	DLO Stock Check WIP 2015/16	May 2016	Housing	N/A	<p>An annual stock check was undertaken by the Authority's Internal Audit Service at the BMU Depot on the 28 March 2016. The total closing stock value identified was £134,515.08</p> <p><b>Opinion:</b> Stock records maintained at the Depot were sufficiently accurate and provide a reliable record of the stock levels as at the year-end.</p>	Substantial
2	Housing Benefit Key Controls WIP 2015/16	June 2016	Housing	12	<p>The key findings from the review of Housing Benefit Key Controls are as follows:</p> <ul style="list-style-type: none"> <li>▪ Procedural updates are circulated by e-mail to Housing Benefit staff as appropriate. Relevant forums and various regional meetings are also used to share good practice.</li> <li>▪ The Authority's guidance needs to be updated to ensure it is in-line with DWP's Housing Benefit Overpayment Guidelines issued during February 2015 and subsequently reviewed in July 2015.</li> <li>▪ Evidence was not always found to be kept on claimants' files as expected.</li> <li>▪ A record of decisions made regarding recovery method of overpayment was not kept on file. It is expected that an Overpaid Housing Benefit and Excess Council Tax</li> </ul>	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>Reduction Recovery form is completed as a record of the trail of decisions taken during the recovery process.</p> <ul style="list-style-type: none"> <li>▪ There are problems when reconciling the amounts authorised to be written off and the actual amount written off on the Northgate SX3 system. There was one instance where the amount written off for an individual claimant was greater than that authorised by the Section 151 Officer.</li> <li>▪ Regular meetings are held to discuss monitoring performance with positive action taken to ensure that accuracy is improved.</li> <li>▪ Further action has been taken to improve overpayment recovery with the equivalent to one full time officer spending their time on overpayments.</li> </ul> <p><b>Opinion:</b> Arrangements for governance, risk management and internal control are limited. An overall Limited Assurance audit opinion resulted from the review with one High category, five Medium category and six Low category recommendations being agreed with management.</p>	
3	Ysgol Llanerchymedd	May 2016	Lifelong Learning	12	<p>Key findings of an audit of Ysgol Llanerchymedd undertaken as part of the approved Internal Audit periodic Plan for 2016/17 were as follows:</p> <ul style="list-style-type: none"> <li>• Tests conducted on a sample of school meals income, school breakfasts and general income records found them to be accurate and maintained to a satisfactory</li> </ul>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>standard</p> <ul style="list-style-type: none"> <li>The school budget is adopted annually by the governing body and financial issues are discussed on a regular basis</li> <li>The school did not always complete a requisition form in advance of purchase of goods and/or services</li> <li>The 2015/16 teachers' pay review form had not been returned to the Education Department prior to 1 September 2015</li> <li>The school has not registered with the Information Commissioner in accordance with the Data Protection Act 1988</li> </ul> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the review with two medium category and three low category recommendations being agreed with the head teacher.</p>	
4	Ysgol Tywyn	June 2016	Lifelong Learning	4	<p>Key findings of an audit of Ysgol Tywyn undertaken as part of the approved Internal Audit Plan for 2016/17 were as follows:</p> <ul style="list-style-type: none"> <li>The schools meals record was maintained to a high standard at the school but the level of arrears were not effectively monitored in accordance with the Education Department's Guidelines</li> <li>The school budget is discussed on a regular basis and</li> </ul>	Substantial

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>adopted annually by the Governing Body</p> <ul style="list-style-type: none"> <li>The school fund account is maintained to an appropriate standard and independently audited on an annual basis. The "School Fund Audit Record" document is presented to the Board of Governors on an annual basis.</li> </ul> <p><b>Opinion:</b> Arrangements for the governance, risk management and internal control are good.</p>	
5	Ysgol Llandegfan	June 2016	Lifelong Learning	1	<p>Key findings of an audit of Ysgol Llandegfan undertaken as part of the approved Internal Audit Plan for 2016/17 were as follows:</p> <ul style="list-style-type: none"> <li>The schools meals record was maintained to a high standard</li> <li>The school budget is discussed on a regular basis with the Governors and adopted annually by the Governing Body</li> <li>The school fund account is maintained to an appropriate standard and independently audited on an annual basis. The "School Fund Audit Record" document is presented to the Board of Governors on an annual basis.</li> </ul> <p><b>Opinion:</b> Arrangements for the governance, risk management and internal control are good.</p>	Substantial
6	Ysgol Y Graig	June 2016	Lifelong Learning	5	<p>Key findings of an audit of Ysgol Y Graig undertaken as part of the approved Internal Audit Plan for 2016/17 were as follows:</p>	Substantial



	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> <li>The school budget is discussed on a regular basis with the Governors and adopted annually by the Governing Body</li> <li>General income records and music tuition fees were accurate and maintained to a satisfactory standard</li> <li>School meals were not always correctly recorded and the level of arrears should be effectively monitored in accordance with the Education Department's Guidelines.</li> </ul> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the review with one Medium category and four Low category recommendations being agreed with the head teacher.</p>	
7	Ysgol Llanfair PG	June 2016	Lifelong Learning	5	<p>An audit Ysgol Llanfair PG was undertaken as part of the approved Internal Audit Plan for 2016/17.</p> <p>The key findings from the review are as follows:</p> <ul style="list-style-type: none"> <li>The schools meals record was maintained to a high standard at the school</li> <li>The school budget is discussed on a regular basis with the Governors and adopted annually by the Governing Body.</li> </ul> <p><b>KEY ACTIONS AGREED</b></p> <ul style="list-style-type: none"> <li>Order requisitions should be completed before receiving</li> </ul>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>goods</p> <ul style="list-style-type: none"> <li>School letting fees should be reviewed on an annual basis</li> <li>The school to register with the Information Commissioner in accordance with the Data Protection Act 1988.</li> </ul> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the review with two Medium category and three Low category recommendations being agreed with the head teacher.</p>	
	Ysgol Esceifiog	June 2016	Lifelong Learning	4	<p>An audit of Ysgol Esceifiog was undertaken as part of the approved Internal Audit Plan for 2016/17.</p> <p>Key Findings from the review are:</p> <ul style="list-style-type: none"> <li>The schools meals record was maintained to a high standard at the school</li> <li>The school budget is discussed on a regular basis with the Governors and adopted annually by the Governing Body</li> <li>The school fund account is maintained to an appropriate standard and independently audited on an annual basis. The "School Fund Audit Record" document is presented to the Board of Governors on an annual basis.</li> </ul> <p><b>Opinion:</b> Arrangements for the governance, risk management</p>	Substantial

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					and internal control are good.	
9	Building Regulation Fees – Inspection & Enforcement Regimes	June 2016	Regulation & Economic Development	8	<p>The key findings from this review are as follows:</p> <ul style="list-style-type: none"> <li>▪ Building Regulation Charges are not reviewed on an annual basis</li> <li>▪ There are no procedures in place regarding identifying and how to deal with breaches / potential breach of Building Regulations or Procedures regarding the recording of inspection/s</li> <li>▪ No procedures exist outlining the administration of refunds</li> <li>▪ Site visits cannot be recorded within the CIVICA system</li> <li>▪ No formal declaration of interest forms have been completed by officers within the Building Control section</li> <li>▪ No reconciliation is undertaken of invoicing and collection of income to the CIVICA system.</li> </ul> <p><b>Opinion:</b> Arrangements for governance, risk management and internal control are limited. An overall Limited Assurance audit opinion resulted from the review with eight Medium category recommendations being agreed with management.</p>	Limited

High Rated Internal Audit Recommendations Outstanding as at 30/06/2016

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
<b>Corporate</b>						
1	System Controls - Logical Access and Segregation of Duties 1961 2014/15	2.2 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.	08/09/2014	30/09/2015 – changed from 31/03/2015	Corporate Information Officer	<p>SIRO &amp; 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> <p>Update 15/06/2016 - The contract for the new policy application has been signed and work is currently being undertaken on the implementation plan. Training for admin users (Service representatives) will be undertaken in July 2016. Staff will be asked to accept one policy per month, currently there are 3 Data Protection policies, 1 ICT and a Health and Safety policy.</p>
2	System Controls - Logical Access	2.3 A procedure should be put in place that ensures new starters requiring access to the Council's network, systems and data are not	08/09/2014	30/12/2015 – changed from 31/03/2015	ICT Business Transformation Manager	ICT - Once policy compliance software is in place a grace period of two weeks is given to new starters to approve the policies.

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	and Segregation of Duties 1961 2014/15	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>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 &amp; 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> <p>Once a solution is in place this will provide the tool for ICT to meet this recommendation.</p>
3	System Controls - Logical Access and Segregation of Duties 1961 2014/15	<p>8.3 In line with best practice and the Council's Financial Procedure Rules the following segregation of duties should be applied in the following Council systems:</p> <p>Debtors &amp; Ledger – Cashier's access levels to the debtor system and ledger should be reviewed to ensure that appropriate segregation of duties is maintained between those receiving income and those recording</p>	08/09/2014	31/12/2015 – changed from 31/12/2014	Head of Resources.	<p>Officer Review – For the financial systems the responsibility to ensure adequate segregation of duties will be included in appropriate job descriptions following the scheduled restructuring of the Finance Service.</p> <p>Debtors / Ledger / Creditors – The implementation concerning the financial system will be part of the CIVICA relaunch.</p>

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
		<p>income.</p> <p>Reconciliations, including debtor system, cash receipting and bank reconciliation should be reviewed by an independent employee to ensure accuracy.</p> <p>Adjustments/credit notes/write offs to debtors should be reviewed and approved by an employee who does not have responsibility for recording these transactions.</p> <p>Creditors – The Supplier amendments report should be reviewed by a supervisory level employee who does not have access to perform changes to supplier details, recording of invoices, approving invoices and authorising payments.</p> <p>Payroll/HR Establishment – functions should be restricted to officers who do not have access to process payroll or those establishment records set up by payroll must be reviewed by an independent employee to ensure integrity. The officer responsible for executing the payroll run should be independent from processing payroll to ensure to ensure integrity is maintained. Exception reports should be run and checked by a supervisory level (independent) employee back to source documents. The variance reports should be checked by a supervisory level employee (independent) to ensure accuracy. Access rights of all HR/Payroll system users should be reviewed to ensure appropriateness, in particular the officer responsible for reconciling payroll and reviewing.</p>				<p>Payroll – Establishment and Payroll duties to be segregated within Payroll system following liaison between S151 Officer and Head of Profession – HR.</p> <p>Asset Register has been completed.</p>
4	Third Party Assurance	Rec 3: A corporate review of all identified weaknesses and recommendations/ actions	07/10/2014	31/12/2014	Business Planning and	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	Report Monitoring 1736 2011/12	within Third Party Assurance reports should be undertaken regularly to identify any common themes; to ensure consistency in responses and that there is no duplication of effort in such responses.			Programme Manager	
5	Third Party Assurance Report Monitoring 1736 2011/12	Rec 5: Recognised significant weaknesses identified in reports, whether draft or final, or via other method should be notified to the corporate centre promptly and appropriate action to redress undertaken.	07/10/2014	31/12/2014	Business Planning and Programme Manager	
6	Corporate Policies 1761 2011/12	Review and implement the Corporate Policies Report 1761 2011/12.	07/10/2014	29/04/2016 – changed from 31/12/2014	Head of Democratic Services	<p>23/02/2016 – Work progressing following decision in October 2015 to allocate funding. Negotiations ongoing with provider regarding contract.</p> <p>30/06/2016 - Contract signed with supplier 01/03/2016. Training for systems administrators to be delivered in July 2016. Progress reports submitted to SLT in May 2016 and 7 key policies identified by SLT for policy acceptance during first 12 months. Implementation of policy acceptance process to commence in September 2016.</p> <p>Quarterly reports on policy acceptance levels to be submitted to SLT (dates to be agreed) and also annual report to Audit &amp; Governance Committee.</p>
7	Partnerships – Governance Arrangements 003 2015/16	<p>1.2 A central register of partnerships should be established and maintained to record the partnerships the Council is involved with; the central register should identify:</p> <ul style="list-style-type: none"> <li>• The partner organisation;</li> <li>• The main functions and aims of the partnerships;</li> <li>• Whether the partnership is strategic or operational;</li> <li>• The contact / lead officer;</li> <li>• Accountability and reporting procedures;</li> <li>• Date of renewal of partnership agreement.</li> </ul>	03/02/2016	30/04/2016	Assistant Chief Executive	<p>Draft Central Register prepared November 2015 as foundation for further development. Heads of Service to review 09/02/2016; SLT to review Central Register by 29/02/2016.</p> <p>A second draft of the register has been prepared on the basis of the recommendations from the Internal Audit Report. The Scrutiny Officer has been recognised as having responsibility for the register. A further draft to be prepared by the end of September.</p>

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
8	Partnerships – Governance Arrangements 003 2015/16	2.2 Monitoring should be undertaken to ensure that the Council's partnership arrangements are working effectively to deliver improved performance in line with the Council's corporate objectives. Monitoring should include a review of the partnerships' financial performance to ensure that partnership arrangements achieve the resource savings planned and continue to provide value in relation to the resources invested in them. Key partnerships should be included in the Council's Performance Management Framework and required to have partnership performance reviews on half-yearly basis.	03/02/2016	30/04/2016	Assistant Chief Executive	Monitoring arrangements to be developed and operational in 2016/17. The Partnership Scrutiny and Regeneration Committee has confirmed the role of monitoring partnerships. The Committee's Forward Work Programme for 2016/17 has been prepared to include the monitoring of some of the main key partnerships. A review of the monitoring process to be completed by Scrutiny Members during April 2017. The next step is to develop the remainder of the annual monitoring arrangements, including financial matters by the end of September 2016.
9	Business Continuity Management Follow-up 049 2015/16	1.1a A comprehensive Business Continuity Plan should be completed and circulated to the members of the Business Continuity Team and management as appropriate.	08/03/2016	30/06/2016	Head of Democratic Services	<p>Re-iterated from Business Continuity Report 007 2015/16.</p> <p>A Draft Continuity Corporate Business Plan has been prepared. The plan is required to be tested for robustness and a scenario to test has been devised. The Penaethiaid forum has allocated part of their next meeting on 12/04/2016 for this purpose. In addition a briefing session on BGM will be arranged for middle managers in November 2016. There are currently two work streams with outstanding progress and actions were discussed within the Working Group meeting 01/03/2016. Work to co-ordinate with ICT Disaster Recovery plans on-going and arrangements for identification and access to alternate building locations is scheduled to be finalised by the end of May 2016. Next scheduled meeting of the Working Group is on 05/04/2016 and will discuss the ICT Disaster Recovery Plan. Both the ICT Disaster Recovery Plan and Building Recovery Plan will be supporting documents for the Corporate Business Continuity Plan. Progress on the Corporate Business Continuity Plan to be reported to SLT in June.</p> <p>Update 30/06/2016 - Progress report on BCM</p>



Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
						submitted to Working Group on 05/04/16 and 27/05/16 including Disaster Recovery and ICT. Presentation on BCM to Penaethiaid on 12/4/16. Work not yet completed on building recovery plan due to no. of alternative sites identified by services and need to consider ICT aspects. Work on Building Recovery Plan led by Property services and rescheduled to be completed by September 2016. Progress report not submitted to SLT in June as planned due to sickness absence of Lead officer in NWEF service. Revised date will need to be agreed to report in September 2016.
10	Business Continuity Management Follow-up 049 2015/16	1.1b A copy of Business Continuity Plan should also be kept in a secure accessible off site location and be made available as a web link maintained on an off site hosting server to ensure it can be accessed even if the Council's information systems have been affected.	08/03/2016	30/06/2016	Head of Democratic Services	<p>Re-iterated from Business Continuity Report 007 2015/16.</p> <p>Use of Resilience Direct will be made to deposit a copy of the Business Continuity Plan. Administrators for use of the Resilience Direct platform received training on the use of system on 07/03/2016.</p> <p>Update 30/06/2016 - Draft BCM plan deposited in April on Resilience Direct site. Access awareness sessions to administrators yet to be arranged across North Wales.</p>
11	Business Continuity Management Follow-up 049 2015/16	4.1 The comprehensive Corporate Business Continuity Plan should incorporate Building Recovery Management arrangements.	08/03/2016	31/05/2016	Head of Democratic Services	<p>Re-iterated from Business Continuity Report 007 2015/16.</p> <p>Arrangements for identification and access to alternate building locations are scheduled to be finalised by the end of May 2016.</p> <p>Update 30/06/2016 – Work not yet completed on Building Recovery Plan due to number of alternative sites identified by services and need to consider ICT aspects. Work on Building Recovery Plan led by Property Services and rescheduled to be completed by September 2016.</p>

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
<b>Finance</b>						
12	Affordable Housing, Houses into Homes, Bridging Loan Scheme 025 2015/16	6.2a Interest accrues from the payments of interest owing and the accrued interest on the borrowing from the Bridging Loan Scheme should be recovered under the terms and conditions stated in the facility agreement.	16/12/2015	31/12/2015	Revenues & Benefits Manager.	
13	Affordable Housing, Houses into Homes, Bridging Loan Scheme 025 2015/16	6.2e Financial Information for Bridging Loan Scheme should be available to enable to Housing to financially monitor and/or conduct reconciliations on a regular basis (monitoring receipts of interest payments).	16/12/2015	31/12/2015	Revenues & Benefits Manager.	

**Medium Rated Internal Audit Recommendations Outstanding as at 30/06/2016**

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
<b>Corporate</b>						
14	Agency Staff 1940 2014/15	6.6 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.	02/07/2014	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.
15	System Controls - Logical Access and Segregations of Duties 1961 2014/15	3.1b 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.	08/09/2014	31/03/2015 – changed from 31/01/2015	Technical Services Manager	Case Review – designated officers responsible for ICT security for key identified electronic application and systems used for the storage of sensitive / personal data will be available following implementation of system administrator held accountable and responsible for the security of that system i.e. logical access, group and individual access rights and segregation of duties.  ICT - We will amend the ICT Security policy 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.
16	Information Governance 009 2015/16	1.2a The Procurement Section should ensure that Data Processing Agreements are included at the quotations/ tender stage and included as a separately executed appendix to every new relevant contract.	21/10/2015	30/11/2015	Procurement Officer	Meeting held on 22/02/2016 to discuss personal data security safeguards in procurement.
17	Information Governance 009 2015/16	1.2b 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.	21/10/2015	30/09/2015	Corporate Information Officer	Update 10/02/2016 – 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.

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
						<p>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.</p> <p>15/06/16 - No progress as efforts are currently directed towards ensuring DPA is included in all relevant new/ future contracts. However, the Corporate Information Officer has been in meetings with the Procurement section and is hoping to present a report to the SLT regarding a checklist for contracts in the near future.</p>
18	Information Governance 009 2015/16	1.2c SIRO should ensure that all 'Category 1' contracts operated by the Council are covered by DP Agreements in accordance with ICO recommendations.	21/10/2015	30/09/2015	Corporate Information Officer	15/06/16 - This recommendation is the responsibility of the Information Asset Owners/ Penaethiaid. The SLT have received a report to raise awareness of this issue. A checklist is in the process of being completed as a tool to ensure important elements are not missed when drawing a contract.
19	Information Governance 009 2015/16	1.4a IAOs responsible for remote sites (leisure centres, social services establishments etc.) should review personal data management systems and on site storage facilities to be able to provide assurance on the appropriateness of the measures in place for the secure storage, movement, retention and disposal of such records.	21/10/2015	30/06/2016 – changed from 31/01/2016	Corporate Information Officer	10/2/16 – Progress with this recommendation has been delayed because capacity has been diverted to implementing the ICO's Enforcement Notice. This item will be picked up by the Corporate Information Governance Board in due course.
20	Information Governance 009 2015/16	1.10 Compliance Officers should ensure that a review of all existing privacy notices is undertaken and updates and amendments actioned as appropriate; all privacy notices should be transferred to the privacy notice template and copies sent to the Corporate Information Officer to update the central log.	21/10/2015	31/05/2016 – changed from 30/09/2015	Customer Care Officer	<p>Due to the Enforcement Notice received in October 2015 this work has been delayed but will be picked up gain in the coming months. Target date changed to end of March 2016.</p> <p>There is now a monthly indicator to track all new Privacy Notices.19.4.16 - update. Target date changed to end of May - still some work to complete on the Enforcement Notice.</p>
21	Risk Management	6.1 Heads of Service should ensure that Service Delivery Plans are submitted promptly and	21/09/2015	31/12/2015	Business Planning and	02/03/2016 Corporate Planning and Performance Management Framework inclusive of budget

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	Framework 011 2015/16	within deadline with all sections completed including links to the Risk Registers.			Programme Manager	requirement circulated to all Heads of Service outlining and informing them of how different aspects are linked. Only 4 out of 9 Services submitted draft SDP's on time. At the beginning of March, 5 remain to be submitted and this issue has been raised to the Penaethiaid.
22	Business Continuity Follow Up 049 2015/16	1.3 Services should ensure that Business Continuity Plan and Emergency Planning arrangements are up to date and operational; the Service Delivery Plans should contain Business Continuity and Emergency Planning arrangements.	08/03/2016	30/04/2016	Head of Democratic Services	Re-iterated from Business Continuity Report 007 2015/16.  Update 30/06/2016 – Progress report to Penaethiaid in September 2016.
<b>Finance</b>						
23	Treasury Management 1983 2014/15	1.9 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.	06/05/2014	30/09/2015 – changed from 31/07/2015	Capital & Treasury Management Accountant	Re-iterated from Treasury Management Report 1932 2013/14 (reference 1.8).
24	NNDR 1988 2014/15	8.1a Debt recovery procedures should be applied consistently in accordance with the Council's agreed policies.	13/05/2014	31/03/2016 – changed from 31/03/2014	Operations Manager	Corporate policy and detailed appendices are in draft form, and these are being followed in practice. Corporate Scrutiny Committee, over next 7 - 12 months is reviewing debt collection and recovery procedures within the Council. Following this outcome, SLT Executive to consider formally adopting the draft policy.  Reiteration of recommendation in 2013/14 audit report (1920 13/14).
25	NNDR 1988 2014/15	8.1b 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 – changed from 30/04/2014	Operations Manager	Recent referrals to Enforcement Agents have been passed on a timelier basis. A review is being undertaken to reduce the pre-enforcement stage by amalgamating two letters into one.  Reiteration of recommendation in 2013/14 audit report (1920 13/14).

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
26	NNDR 1988 2014/15	8.2 Suppressed accounts should be reviewed on a regular basis and evidence of review retained on file.	13/05/2014	31/07/2015 – changed from 30/04/2014	Operations Manager	The suppressions with "end dates" are automatically removed by the system. Those which are "open" will be reviewed by end July.  Reiteration of recommendation in 2013/14 audit report (1920 13/14).
27	Ysgol Pentraeth 1960 2014/15	4.2.5 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 – changed from 31/01/2015	Income Officer	A copy of the report has been requested. The target completion date now changed to 30/06/15.
28	Sundry Debtors 1982 2014/15	3.1a Recovery action should be taken in line with the Council's Sundry Debtor Billing, Collection and Recovery Policy.	01/04/2015	31/12/2015 – changed from 30/04/2015	Revenues & Benefits Manager	For debt raised since April 2014 this is being undertaken. For older debts decisions do not comply with policy. Recovery is being targeted based on amount and age with the aim of reducing the age analysis biased towards older debts.
29	Sundry Debtors 1982 2014/15	3.4 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 relevant officer on a regular basis in order to ensure that all reasons for suppressions are on-going.  - 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.	01/04/2015	31/08/2015 – changed from 30/06/2015	Income Officer	All new suppressions have an end date. 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.
30	Housing Benefits	9.1 As intended action should be taken to bring actual accuracy performance towards the target	14/04/2015	30/06/2015	Operations Manager	All suppressions with an "end date" are automatically deleted by the system. All other

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	1997 2014/15	set of 99% accuracy.				suppressions are currently being reviewed.
31	Bryn Trewan 1993 2014/15	2 Invoices for the current year should be issued to those identified as liable under the land registry search (APPENDIX B)	06/05/2015	31/07/2015 – changed from 31/05/2015	Income Officer	Land Registry Searches have been obtained. Meeting to be arranged within Finance to agree way forward.
32	Affordable Housing, into Homes, Bridging Loan Scheme 025 2015/16	2.6 Council Tax should ensure an annual review is undertaken on all empty properties and exempt properties listed on the Council Tax System to ensure that the system is correct, up to date and charges have been applied where necessary, including the discretion to apply a council tax premium of up to 100% of the standard council tax charge on second homes should they wish to do so in future.	16/12/2015	01/04/2016	Revenues & Benefits Manager	
33	Fleet and Driver Management 016 2015/16	3.4a Responsibility for management of the LPG fuel contract should be clarified between the Building Service Engineer and the Procurement Manager.	19/01/2016	31/03/2016	Procurement Officer	
34	Fleet and Driver Management 016 2015/16	3.4b The extension period of the current contract between the Authority and MoD Commercial for supply of LPG fuel should be confirmed (Details were provided as at 22/12/2015)	19/01/2016	31/03/2016	Procurement Officer	
35	Council Tax 1987 2014/15	4.2 Suppressed accounts should be reviewed by a senior officer on a regular basis and evidence of review retained on file.	13/05/2014	30/09/2015 – changed from 31/03/2014	Operations Manager	Re-iterated from 2013/14 audit report (1921 13/14). Suppressions with "end dates" are removed automatically by the system. Those which remain open are being reviewed currently.
36	Council Tax 036 2015/16	2.1 Reconciliation should be made on a prompt basis of the number of Council Tax bills generated as per the billing files and the bills issues as per the postal docket provided by the contractor. The Reconciliation should be signed	30/03/2016	30/04/2016	Operations Manager	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
		accordingly by a senior officer to evidence the check carried out.				
37	Council Tax 036 2015/16	3.2c Forms for notification of occupancy single status and changes in circumstances should be made available on the Council's website / should include a declaration that the information provided is correct.	30/03/2016	30/06/2016	Revenues Supervisor	Integrating e-forms to Northgate system identified as priority within SDP – Victoria forms developed and intended to be fully functional by June 2016.
38	NDR 037 2015/16	2.1 Reconciliation should be made on a prompt basis of the number of NDR bills generated as per the billing files and the bills issues as per the postal docket provided by the contractor. The Reconciliation should be signed accordingly by a senior officer to evidence the check carried out.	30/03/2016	30/04/2016	Operations Manager	
39	Main Accounting 1984 2014/15	6.1 The bank reconciliation should be undertaken on a monthly basis and promptly from the relevant month end. The bank reconciliation records should be checked, reviewed, signed and dated by a senior officer within the Finance Service on a monthly basis in order to confirm that the reconciliation work has been undertaken in line with the controls.	16/06/2015	30/06/2016 – changed from 31/12/2015	Accountancy Manager	
40	Main Accounting 040 2015/16	1.2.3 Items within the suspense holding account should be investigated promptly and cleared out on a monthly basis.	18/04/2016	31/05/2016	Income Officer	
41	Main Accounting 040 2015/16	2.1.2 Reconciliations of Debtors should be undertaken on a monthly basis.	18/04/2016	31/05/2016	CIVICA Accountant	
<b>Housing</b>						
42	Homelessness 1868 2014/15	2.1 Key aspects of Homelessness procedures need improving to reflect the increase in focus on homeless prevention.  Procedures need to be enhanced to: <ul style="list-style-type: none"> <li>• Reflect administrative changes including the introduction of the new combined assessment</li> </ul>	23/12/2014	30/10/2015	Principal Housing Officer	



Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
		<p>form and Orchard System;</p> <ul style="list-style-type: none"> <li>• The use of the new CIVICA financial system;</li> <li>• Include more detail e.g. administration of the Homeless Prevention Fund, protection of the belongings of homeless persons.</li> </ul>				
43	Homelessness 1868 2014/15	3.1 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.	23/12/2014	30/10/2015 – changed from 31/03/2015	Principal Housing Officer	<p>As part of Licencing Conditions B&amp;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&amp;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> <p>Procedures to be implemented with Housing Options Manager to ensure compliance include:</p> <ul style="list-style-type: none"> <li>• formalise inspection procedure (both annual &amp; routine inspections)</li> <li>• create database of all B&amp;Bs used to include property &amp; room description, amenities &amp; facilities available within each of the premises.</li> </ul>
44	Homelessness 1868 2014/15	6.5 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.	23/12/2014	30/10/2015 – changed from 31/01/2015	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>
45	Homelessness	6.7a Responsibility for conducting a systematic	23/12/2014	30/10/2015 –	Principal	Agreed that this would be implemented by the

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	1868 2014/15	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 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.		changed from 31/01/2015	Housing Officer	Housing Options Team.
46	Bryn Trewan 1993 2014/15	4 The Service should review the current rates and decide whether rates re-charged are increased in line with expenditure each year.	06/05/2015	30/10/2015 – changed from 31/05/2015	Technical Services Manager	
47	Affordable Housing, Houses into Homes, Bridging Loan Scheme 025 2015/16	3.1b Housing should ensure that each prioritisation form can be backed up with the priority assessment to demonstrate that a fair assessment has been undertaken and decisions validated.	16/12/2015	31/12/2015	Business Manager	
48	Affordable Housing, Houses into Homes, Bridging Loan Scheme 025 2015/16	4.2 Housing should ensure that the agreement with Grŵp Cynefin is reviewed and renewed to ensure that the agreement reflects current procedures and these are agreed upon by both parties.	16/12/2015	31/03/2016	Business Manager	Update 12/4/2016 – Not reviewed as intended by the 31 <sup>st</sup> of March 2015/16, but will be reviewed during the first quarter of 2016/17.
49	Affordable Housing, Houses into Homes, Bridging Loan Scheme	6.1b Records for all future/new schemes should be maintained centrally to ensure that all relevant staff are able to access information to cover staff on sickness / leave.	16/12/2015	31/03/2016	Business Manager	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	025 2015/16					
50	Affordable Housing, Houses into Homes, Bridging Loan Scheme 025 2015/16	6.1c Financial information for each new scheme should be available to the Housing Department for financial monitoring and/or reconciliation on a regular basis.	16/12/2015	31/03/2016	Business Manager	
51	Housing Strategy 035 2015/16	1.2 Housing should ensure that changes influencing the Corporate Objectives from the Housing Strategy should be communicated to key internal stakeholders as well as external partners.	04/05/2016	31/05/2016	Housing Strategy & Development Officer	
<b>Adult Services</b>						
52	Home Care Hours 1949 2014/15	4.1 A detailed plan of how the reduction in Service is to be undertaken to ensure that the Unit can plan to operate effectively and efficiently within the next three years should be produced.  The review of hours should be documented and made available on request.	13/08/2014	01/01/2016 – changed from 31/12/2014	Business Manager	Evaluation tool be identified to provide assurances in relation to the quality of service provided once in-house care services are outsourced. Implement new data capture / key performance indicators/ contract monitoring/ payment processes with providers.  Continued monitoring re quality assurance, safeguarding and service continuity processes. The following tasks have been identified in the project plan to ensure that the unit will operate effectively and efficiently and work closely with the external providers who will be providing the currently in housed services.  A project group has been set up and are currently meeting every 2 weeks and a detailed project plan has been put in place. There is a meeting on the 23rd of June (2015) to create an options appraisal which will include a review of all current hours provided by internal and external providers within each patch across the Island.

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
<b>Education</b>						
53	Ysgol Cemaes 028 2015/16	4.1.1 School meals income should be accurately recorded on the PY7, CT182a, CT183a and the PY40 registers in accordance with the Education Department's directives. The school meals register should be signed by the individual collecting the monies to certify the correct monies have been received and by whom.	04/01/2016	31/01/2016	Head Teacher	
54	Ysgol Cemaes 028 2015/16	4.1.3 The school should follow the Education Department's procedures for the administration and recovery of school meals arrears and steps taken to ensure that any arrears are dealt with promptly to prevent levels of arrears becoming difficult for parents to repay.	04/01/2016	31/01/2016	Head Teacher	
55	Ysgol Cemaes 028 2015/16	4.2.1 Ordering requisitions should be completed before receiving goods. In cases of an emergency a verbal order may be raised and the relevant documentation completed the next working day.	04/01/2016	31/01/2016	Head Teacher	
56	Ysgol Cemaes 028 2015/16	4.2.2 Before any invoice is paid all relevant boxes on the requisitions form should be completed in accordance with the specified procedures to ensure appropriate certification and a complete audit trail. In cases of an emergency a verbal order may be raised and relevant documentation completed the next working day.	04/01/2016	31/01/2016	Head Teacher	
57	Ysgol Cemaes 028 2015/16	4.3.1 Letting of the school should be administered in accordance with the Authority's guidelines and use of the lettings form, which should be completed by the hirer before renting the building.	04/01/2016	31/01/2016	Head Teacher	
58	Ysgol Cemaes 028 2015/16	4.3.2 To ensure that the hirer is aware and has agreed to the Authority's terms of the letting, the hirer should return the signed agreement slip	04/01/2016	31/01/2016	Head Teacher	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
		prior to the letting being agreed.				
59	Ysgol Cemaes 028 2015/16	4.3.4 The school should set the lettings fees, which should be approved by the Governing Body.	04/01/2016	31/01/2016	Head Teacher	
60	Ysgol Cemaes 028 2015/16	4.3.5 Lettings income should not be paid into the school fund account. Lettings should be banked using the CT202 "Girobank School Income Analysis Form" same as school meals income.	04/01/2016	31/01/2016	Head Teacher	
61	Ysgol Cemaes 028 2015/16	4.4.1 The school fund accounts should be independently audited in accordance with the Guidelines for Governors and Head teachers on the Administration of School Funds and presented annually to the Governing Body.	04/01/2016	31/01/2016	Head Teacher	
62	Ysgol Gynradd Bodedern 029 2015/16	5.5.1 The teachers' review of pay forms should be forwarded promptly to the Contract and Pensions Team.	29/02/2016	31/03/2016	Head Teacher	
63	Ysgol Gynradd Bodedern 029 2015/16	5.7.1 The school should register with the Information Commissioner in accordance with the Data Protection Act 1988.	29/02/2016	31/03/2016	Head Teacher	
64	Ysgol Gynradd Bodedern 029 2015/16	5.8.1 A CCTV Policy should be drawn up in accordance with statutory requirements. The requirement for an annual assessment of the equipment should be included in the policy.	29/02/2016	31/03/2016	Head Teacher	
65	Ysgol Talwrn 029 2015/16	4.3.1 A receipt should be accurately completed, signed by the member of staff in receipt of any income and issued to the payer on receipt of any income.	15/03/2016	31/03/2016	Head Teacher	
66	Ysgol Talwrn 029 2015/16	4.6.1 A risk assessment should be undertaken to identify risks associated with responding to the security alarm.	15/03/2016	31/03/2016	Head Teacher	
67	Ysgol Talwrn	4.7.1 Weekly checks on the fire alarm system	15/03/2016	31/03/2016	Head	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	029 2015/16	should be undertaken and recorded, including periods during the absence of the Head Teacher.			Teacher	
68	School Meals Arrears – Thematic Review (Ysgol Parch. Thomas Ellis) 047 2015/16	1.5 The Head Teacher should complete detailed supervisory checks of school meals records to ensure completeness and accuracy in accordance with Education Service guidance.	21/04/2016	30/04/2016	Head Teacher	
69	School Meals Arrears – Thematic Review (Ysgol Parch. Thomas Ellis) 047 2015/16	4.4 The Head Teacher should ensure that the school follows Education Service procedures for dealing with school meal arrears in order to ensure that arrears are effectively managed and not allowed to escalate to a problematic level.	21/04/2016	30/04/2016	Head Teacher	
70	School Meals Arrears – Thematic Review (Ysgol Llanfawr) 047 2015/16	1.3b The Head Teacher should complete detailed supervisory checks of school meals records to ensure completeness and accuracy in accordance with Education Service guidance.	21/04/2016	31/05/2016	Head Teacher	
71	School Meals Arrears – Thematic Review (Ysgol Llanfawr) 047 2015/16	4.1 The Head Teacher should ensure that the school follows Education Service procedures for dealing with school meal arrears in order to ensure that arrears are effectively managed and not allowed to escalate to a problematic level.	21/04/2016	31/05/2016	Head Teacher	
72	School Meals Arrears – Thematic Review (Ysgol Kingsland) 047	4.1 The Head Teacher should ensure that the school follows Education Service procedures for dealing with school meal arrears in order to ensure that arrears are effectively managed and not allowed to escalate to a problematic level.	21/04/2016	21/04/2016	Head Teacher	

Ref	Report	Recommendation	Date Raised	Agreed Date of Implementing	Responsible Officer	Comments
	2015/16					
73	Ysgol Llanerchymedd 058 2016/17	4.2.1 The school should raise invoices for lettings to the Community Council on a regular basis.	10/05/2016	31/05/2016	Head Teacher	
74	Ysgol Llanerchymedd 058 2016/17	4.2.2 Payments made by the Community Council for hiring the school should be paid into the Authority's bank account and not the school fund as the monies belong to the Council and not the school.	10/05/2016	31/05/2016	Head Teacher	
75	Ysgol Llanerchymedd 058 2016/17	4.11.1 Driver records should be updated annually and every member of staff required to complete a form – Declaration for Drivers of Council or Private vehicles.	10/05/2016	30/06/2016	Head Teacher	
76	Ysgol Llanfair PG 057 2016/17	4.5.1 Driver records should be updated annually and every member of staff required to complete a form – Declaration for Drivers of Council or Private vehicles.	15/06/2016	30/06/2016	Head Teacher	
77	Ysgol Esceifiog 055 2016/17	4.1.1 Ordering requisitions should be completed before receiving an invoice or goods. In cases of an emergency, a verbal order may be raised and the relevant documentation completed the next working day.	16/06/2016	30/06/2016	Head Teacher	
78	Follow Up of School Audits (Ysgol Bodorgan) 050 2015/16	3.1.6 The monthly CT182a register should be accurately completed and certified by the Head Teacher as a true and accurate record after the final banking.	15/06/2016	30/06/2016	Head Teacher	Re-iterated from 2013/14 audit report (1918 2013/14).
79	Follow Up of School Audits (Ysgol Bodorgan) 050 2015/16	3.1.18 The Governing Body Constitution should comply with the relevant statutory requirements.	15/06/2016	30/06/2016	Head Teacher	Re-iterated from 2013/14 audit report (1918 2013/14).

## SCHEDULE OF FOLLOW UP AUDITS 2016/2017

	Description	Auditor	Audit Date	Follow up Date	No. Recs	Recs Outstan- Ding & WIP	High	Medium	Low	Original Audit Opinion	Revised Audit Opinion
1	Schools Recommendations – Ysgol Pentraeth Follow Up	NO	Mar 15	June 16	11	6 (3 WIP)	0	6	0	Reasonable	Reasonable
2	Schools Recommendations – Ysgol Henblas Follow Up	NO	Sept 14	June 16	5	2 (2 WIP)	0	1	1	Substantial	Substantial
3	Schools Recommendations – Ysgol Bodorgan Follow Up	NO	Aug 15	June 16	19	7	0	6	1	Reasonable	Reasonable
4	Risk Management Framework – Follow Up	SAJ	Sept 15	Jun 16	3	1	0	1	0	Reasonable	Reasonable
5	Sundry Debtors Follow Up	EWP	April 15	June 16	18	9 (3 WIP)	0	6	3	Limited	Limited



**SUMMARY OF SPECIAL INVESTIGATIONS - 1 APRIL 2016 TO 30 JUNE 2016**

Job No.	Type of Incident	No. of Days	Comment / Result
055.16/15	Theft of cash, burglary, Ysgol Llanerchymedd	7.36	Burglary at Ysgol Llanerchymedd, when someone stole the keys to the community hall and Mudiad Meithrin classroom from the home of one of the Mudiad's organisers. No loss of cash to the authority, but cash in excess of £500.00 was stolen from the Mudiad. Police have concluded their enquiries and no suspect was identified. Advice given to the headteacher regarding safeguarding the school and contents. Keys to the community part of the school are now held by the caretaker, headteacher and official key holder only.
052. 15/16	Mon Community Transport Time Sheet (MCT) referral	4.73	Referral from Highways and property regarding the possibility of a member of MCT staff falsifying his time sheets for financial gain. Enquiries have shown that whilst the staff member may have maximised his hours he did not exceed his contracted hours for which he was paid regardless therefore there was no criminal financial loss the Authority. There may be management issues and these are in the process of being dealt with by Highways and property. There is also a separate enquiry regarding staff relationships which are being dealt with by the department and HR. The file is still open pending the conclusion of this enquiry.
	Regulation of Investigatory Powers Act (RIPA) research re procedures etc.	1.22	Research into various RIPA issues prior to meeting with other authorising officers.
	Receipting of Planning Applications	2.43	Concern raised that Compliments slips were being issued in lieu of receipts at the Planning Department. Enquiries have confirmed that the monies received following the issue of such slips had been recorded and banked correctly. Advice given that in future an official receipt form should be issued.
	Primary School Crime Prevention report	3	Following a number of incidents of theft/loss of cash at Primary Schools a crime prevention and best practice appraisal is being carried out, with the view of producing a report for the Education Department outlining improvements and best practice that could be considered by the Primary Schools within the Authority.
	Others ongoing/continuous. HB/CTR, RIPA, NFI	16	
<b>TOTAL DAYS</b>		<b>37.74</b>	

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<b>CYNGOR SIR YNYS MON / ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>MEETING:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>25 July 2016</b>
<b>TITLE OF REPORT:</b>	<b>CONCERNS, COMPLAINTS AND WHISTLEBLOWING 2015-2016</b>
<b>PURPOSE OF THE REPORT:</b>	<b>Assurance on Policy Compliance</b>
<b>REPORT BY:</b>	<b>Monitoring Officer</b>
<b>CONTACT OFFICER:</b>	<b>Corporate Information and Complaints Officer Ext. 2588 <a href="mailto:bjxcs@ynysmon.gov.uk">bjxcs@ynysmon.gov.uk</a></b>

## CONCERNS AND COMPLAINTS

### Introduction & Summary

1. This report is produced to provide information on issues arising under the Council's [Concerns and Complaints Policy](#) for the period 1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016. For the first time this report also includes a high level summary of whistleblowing issues notified during the same period.
2. This report includes Social Services complaints but only those where the complainant is not a service user. Service user complaints are dealt with under the [Social Services Policy – Representations and Complaints Procedure for Children and Adults](#). These are reported annually to the Corporate Scrutiny Committee.
3. Complaints may provide valuable information about how we are performing, what users think of our services, and how and where we should focus our drive for improvement.
4. During the said period, 261 concerns were recorded and 59 formal complaints were received. The Public Services Ombudsman for Wales (Ombudsman) defines a concern as an expression of dissatisfaction that can be resolved 'there and then' at the initial point of contact or very soon thereafter. A complaint is usually more serious in nature, may often not be possible to remediate, and generally requires an investigation into the circumstances before a response or resolution can be achieved.
5. The number of complaints received has fallen to 59, from 65 in 2014-15 and from 66 in 2013-14. The highest recorded number of complaints since statistics have been collected was in 2011-12 when 89 complaints were recorded under the Policy.
6. The Council also publishes [complaints information](#) monthly.
7. The overall rate of responses to complaints, issued within the specified time limit (20 working days) is 70%. When responses are late, services are expected to send a 'holding response' to the complainant to keep them informed of progress and to explain reasons for the delay.

8. Of the 59 complaints received during the period, 10 were upheld in full, 6 were partially upheld and 43 were not upheld. 5 complaints were referred to the Ombudsman but none was accepted for investigation.

### Summary of Concerns and Complaints by Service for 2015-2016

Service	Number of concerns	Number of complaints	Number of complaints upheld/ partially upheld	Number of late responses
Chief Executive's Section	0	1	0	0
Involving more than one service	0	2	0	1
Finance	11	16	2 upheld & 3 partially upheld	8
Highways	1	4	1 partially upheld	1
Housing	12	9	4 upheld & 2 partially upheld	3
Leisure	5	1	1	0
Legal	0	1	0	0
Lifelong Learning*	10	2	1	0
Planning	15	8	0	1
Public Protection	0	4	0	0
Waste Management	207	11	2	4
<b>Totals</b>	<b>261</b>	<b>59</b>	<b>16</b>	<b>18</b>

\* Excluding schools

9. The Council also records compliments received, and 561 were recorded during the relevant period. Additionally, 2059 positive comments were received at the Oriel and 513 at the Breakwater Country Park.

### Summary of Compliments by Service for 2015-2016

<b>Service</b>	<b>Compliments</b>
Economic Development	3
Education	46
Finance	2
Highways	48
Housing	18
Leisure	4
Planning	145
Public Protection	264
Waste Management	31
Internal Services	
Human Resources	49
ICT	137
<b>Totals</b>	<b>747</b>

### 10. Lessons Learnt

The Concerns and Complaints Policy places an emphasis on learning lessons from complaints and thereby improving services. The issues noted below were identified as lessons learnt, but none required any formal action plans to be put in place:-

- Quicker response times to initial enquiries & letters (Finance)
- Staff reminded about customer service standards and the need to ensure that cases continue to be dealt with in the event of staff absence (Housing)
- Need for training and bilingual scripts for Heritage Centres

Other minor system and training issues were also identified and these have been addressed at service level.

#### **11. Complaints to the Ombudsman.**

The Concerns and Complaints Policy has, as its third stage, the option to escalate a complaint to the Ombudsman where the complainant remains dissatisfied with the Council's response.

During 2015/16, 5 complaints were made to the Ombudsman but, having looked at the complaints and the Council's responses, the Ombudsman decided not to investigate the complaints. These complaints related to the Planning and Public Protection Services.

#### **12. Complaints Against Elected Members**

Any complaint against an elected member will be based on an alleged breach, or breaches, of the Members' Code of Conduct with the Ombudsman exercising 'first sift' jurisdiction (i.e. assessing merit).

During 2015/16, 2 such complaints were received. One complaint was not investigated and the other complaint is currently under investigation.

Additionally, there were 4 complaints carried forward from 2014/15:-

- one was an appeal against a decision of a Case Tribunal of the Adjudication Panel for Wales and resulted in a sanction;
- two complaints were investigated but the Ombudsman concluded that no further action was required;
- one investigation was initiated but subsequently discontinued.

#### **13. Language Related Complaints**

One complaint was received during the year. This is recorded above under the Lifelong Learning Service. It is also recorded in paragraph 10 above under "Lessons Learnt".

The complaint related to a member of staff at a heritage site speaking English to a group of visitors whose language of preference was Welsh. This has been addressed. A bilingual script has been produced and staff have now been trained and are confident to present information in their audience's preferred language.

## WHISTLEBLOWING

14. The Council's [Whistleblowing Policy](#) has been devised to encourage and enable employees to raise those concerns, which fall within the ambit of the Policy, without fear of victimisation or discrimination. Whistleblowing is the popular term used when a member of staff (it includes contractors but does not relate to the public or elected members) raise concerns about fraud, criminality, danger or serious risk that might threaten the public, their co-workers or the Council's reputation.
15. A local [Guidance](#) document on Whistleblowing has also been issued to support staff in raising any Whistleblowing concerns.
16. This is the first time that Whistleblowing has been reported corporately, and the level of information being provided has been agreed by the Senior Leadership Team. It is acknowledged that this process may evolve over time (especially its collection and reporting) but, owing to the inevitably sensitive nature of such matters, and the Council's legal obligation to protect Whistleblowers, only limited information will ever be disclosed.

### Summary of Whistleblowing Complaints Reported by Services for 2015-16

Date Raised	Type of Disclosure / Reported to	Nature of Concern	Investigated	Outcome	Lessons learnt/any new arrangements	Results fed back to the Whistleblower
7.7.15	First level* - reported to the Head of Service (Adults)	Working practices at a Council Care Home	Yes	Substantive issue was upheld whilst secondary issues were considered but left for local resolution	Steps taken to ensure that policies in relation to relief workers are adhered to at all times	Yes
21.9.15	First level* – reported to the Monitoring Officer	Failure to follow due process in the disposal of an asset	Yes	Disposal discontinued. Reported to Members as a “Part 2” item	Internal Audit Report awaited but <a href="#">Guidance</a> on the Officers’ Code of Conduct amended	Yes
1.12.15	First level* – reported to the Monitoring Officer	Compliance and standards issues in proceedings	Yes	Reported to SLT. Action Plan to respond to concerns. Reported to Members.	Additional funding allocated and Action Plan progressing and reported to Members	Yes
24.03.16	First level* – reported to	Alleged abuse of	Under investigation	Not yet Known	Not yet Known	Not Yet

	the Monitoring Officer	process				
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\* A first level disclosure means reported within the Council, as opposed to second level disclosure (to Regulators) or third level disclosure (to the media).

**17. Decision/Recommendations**

- The Committee accepts that this report provides reasonable assurance that the Council is compliant with its Concern and Complaints Policy and Whistleblowing Policy.
- The Committee agrees that officers undertake further work with a view to ensuring that the process shall include more emphasis on:-
  - capturing lessons learnt, and changes arising therefrom, and implemented by Services;
  - analysing the overall corporate data and using the information to best effect;
  - assessing whether there is parallel role and complementary role for the Corporate Scrutiny Committee to consider any emerging patterns.

LB  
6/7/2016



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>25 JULY 2016</b>
<b>SUBJECT:</b>	<b>ANNUAL TREASURY MANAGEMENT REVIEW FOR 2015/16</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR H E JONES</b>
<b>LEAD OFFICER(S):</b>	<b>R MARC JONES</b>
<b>CONTACT OFFICER(S):</b>	<b>CLAIRE KLIMASZEWSKI/ELFED ROBERTS (EXT. 1865/2608)</b>
<b>Nature and reason for reporting</b>	
<p>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2015/16 (Appendix 8 of the Treasury Management Strategy Statement 2015/16). In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this committee.</p>	

## **Summary**

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 26 February 2015);
- a mid-year treasury update report (received on 10 March 2016);
- an annual review following the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council.

In order to support the scrutiny role of the members of the Audit Committee Member training on treasury management issues was undertaken during July 2014 and a refresher course will be provided during 2016.

During 2015/16, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

Data for actual prudential and treasury indicators	2014/15 Actual £000	2015/16 Original £000	2015/16 Actual £000
Capital expenditure			
• Non-HRA	15,769	15,520	16,369
• HRA	5,518	8,590	27,607
• Total	21,287	24,110	43,976
Total Capital Financing Requirement:			
• Non-HRA	85,926	92,787	84,297
• HRA	22,650	43,836	43,360
• Total	108,576	136,623	127,657
Gross borrowing	89,590	126,000	110,744
External debt	89,590	165,000	110,744
Investments			
• Longer than 1 year			-
• Under 1 year	10,983		16,210
• Total	10,983		16,210

Other prudential and treasury indicators are to be found in the main body of this report. The S151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit), was not breached.

The financial year 2015/16 continued the challenging investment environment of previous years, namely low investment returns.

## RECOMMENDATIONS

The Committee is recommended to:-

- (i) Note that the outturn figures in this report will remain provisional until the audit of the 2015/16 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in this report will be reported as appropriate;
- (ii) Note the provisional 2015/16 prudential and treasury indicators in this report;
- (iii) Consider the annual treasury management report for 2015/16 and pass on to the next meeting of the Executive with any comments.

## Appendices:

- Appendix 1 - Summary Portfolio Valuation as at 31 March 2016
- Appendix 2 - Credit ratings of investment counterparties and deposits held with each as at 31 March 2016
- Appendix 3 - Credit ratings of investment counterparties and deposits held with each at 15 July 2016
- Appendix 4 - The Economy and Interest Rates – A Commentary by Capita Asset Services

## Background papers

- Treasury Management Strategy Statement 2015/16
- Prudential and Treasury Indicators 2015/16
- Treasury Management Mid-Year Review Report 2015/16

## 1. INTRODUCTION

This report summarises the following functions / activities / outcomes in financial year 2015/16:-

- Capital activity;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

## 2. THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2015/16

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:-

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- Financed from borrowing; this may be through planned borrowing or otherwise. If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m	2014/15 Actual (£m)	2015/16 Estimate (£m)	2015/16 Actual (£m)
Non-HRA capital expenditure	16	15	16
HRA capital expenditure	5	9	28
<b>Total capital expenditure</b>	<b>21</b>	<b>24</b>	<b>44</b>
Non-HRA financed in year	11	8	18
HRA financed in year	5	6	3
<b>Non-HRA capital expenditure financed by borrowing</b>	<b>5</b>	<b>10</b>	<b>2</b>
<b>HRA capital expenditure financed by borrowing</b>	<b>0</b>	<b>0</b>	<b>21</b>

## 3. THE COUNCIL'S OVERALL BORROWING NEED

3.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2015/16 capital expenditure financed by borrowing (see above table), and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources.

**3.2** Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council.

### 3.3 Reducing the CFR

**3.3.1** The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

**3.3.2** The total CFR can also be reduced by:-

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

**3.3.3** The Council's 2015/16 MRP Policy (as required by WG Guidance) was approved as part of the Treasury Management Strategy Report for 2015/16 on 26 February 2015.

**3.3.4** The Council's CFR for the year is shown below, and represents a key prudential indicator. This would include any PFI and leasing schemes on the balance sheet, which would increase the Council's borrowing need, the CFR. There were no such schemes during the year.

CFR: Council Fund	2014/ 15 Actual (£m)	2015/ 16 Budget (£m)	2015/ 16 Actual (£m)
Opening balance	85	93	86
Add capital expenditure financed by borrowing(as above)	5		2
Less MRP/VRP*	(4)	(4)	(4)
Closing balance	86	92	84

CFR: HRA	2014/ 15 Actual (£m)	2015/ 16 Budget (£m)	2014/ 15 Actual (£m)
Opening balance	24	44	23
Add unfinanced capital expenditure (as above)	-	-	21
Less MRP/VRP*	(1)	(1)	(1)
Closing balance	23	43	43

\* Includes voluntary application of capital receipts

**3.3.5** The borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

### 3.4 Gross borrowing and the CFR

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2015 Actual (£m)	31 March 2016 Budget (£m)	31 March 2016 Actual (£m)
Gross borrowing position	89.6	110.7	110.7
CFR	108.6	136.6	127.7

**3.4.1** As part of the financing of capital expenditure for 2015/16 borrowing was used to finance the gap between available resources (capital receipts, capital grants, capital contributions and revenue contributions) and the capital expenditure. It was decided, in light of current and projected market interest rates and counterparty credit risks, to continue internalising borrowing, in the short term at least. This means that instead of borrowing externally from the PWLB, the Council has instead used its own council reserves. This strategy has now been implemented throughout each of the last five years. As a result of continuing with this strategy, the gap between CFR and external borrowing increased during 2015/16 by £19m. The gross borrowing at 31 March 2016 is less than the forecast CFR for the following 2 years. The gross borrowing position has increased during 2015/16 due to the loan from the PWLB for the HRA Buy-out which replaces the former subsidy payments to Welsh Government. This has also had a significant impact on the capital financing requirement.

**3.5** The other debt related indicators are:

**3.5.1 The authorised limit** - the authorised limit is the "affordable borrowing limit" required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council maintained gross borrowing within its authorised limit.

**3.5.2 The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**3.5.3 Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16
Authorised limit	£165.0m
Maximum gross borrowing position	£110.7m
Operational boundary	£126.0m
Average gross borrowing position	£110.7m
Financing costs as a proportion of net revenue stream - CF	6.06%
Financing costs as a proportion of net revenue stream - HRA	13.83%

The reason for the Council Fund financing costs being a marginally lower percentage of the net revenue stream than estimated in the Treasury Management Strategy 2015/16 (6.53%) was due to lower than budgeted financing costs, combined with lower than budgeted investment income and higher than expected net revenue stream.

#### 4. TREASURY POSITION AS AT 31 MARCH 2016

4.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2015/16. The borrowing and investment figures for the Council as at the end of the 2014/15 and 2015/16 financial years are as follows:-

	31 MARCH 2015			31 MARCH 2016		
	£'000	Average Rate (%)	Average Maturity (yrs)	£'000	Average Rate (%)	Average Maturity (yrs)
Debt: All Public Works Loans Board, fixed rate	89,585	5.72	25.4	110,741	5.72	24.9
CFR	108,582			127,657		
Over / (under) borrowed	(18,997)			(16,916)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	Nil			5,000	0.50	
No notice investments (all managed in house)	10,983	0.36		11,209	0.35	
Total Investments	10,983	0.36		16,209	0.40	

See a more detailed analysis in Appendix 1. The upper limits for fixed rate and variable rate exposures were not breached during the year.

4.2 Borrowing is further broken down by maturity as:-

	31 MARCH 2015		31 MARCH 2016		2014/15 and 2015/16 Limits	
	£m	% of total	£m	% of total	% of total (upper)	% of total (lower)
Total borrowing	89.6	100	110.7	100		
Under 12 months	0.0	0.0	0.0	0.0	20	0
12 months and within 24 months	0.0	0.0	5.5	4.97	20	0
24 months and within 5 years	15.5	17.3	14.5	13.10	50	0
5 years and within 10 years	8.8	9.8	4.2	3.79	75	0
10 years and above	65.3	72.9	86.5	78.14	100	0

4.3 There was no debt rescheduling during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable. New external borrowing of £21.169m was taken out during the year to fund the HRA Buy-out from the Welsh Government HRA Subsidy system.

4.4 Part of the Council's deposits are held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £11.0m at 0.35% (31 March 2015 11m at 0.36%). There was one deposit being held for a period of less than 1 year for £5m at an interest rate of 0.50% (31 March 2015: Nil).

## **5. TREASURY STRATEGY FOR 2015/16**

- 5.1** The expectation for interest rates within the strategy for 2015/16 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2015/16. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 5.2** In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 5.3** The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.
- 5.4** The economic position and PWLB and investment rates are shown in Appendix 4.

## **6. INVESTMENT OUTTURN FOR 2015/16**

- 6.1** The Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1, 2016 but then moved back to around quarter 2, 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme
- 6.2** The expected investment strategy was to keep to shorter term deposits (up to 364 days) although the ability to invest out to longer periods was retained. Available cash balances were expected to be up to £30m, ranging between £15m and £35m. The budget was set at 0.75% or £225k after adjusting for the higher rates on existing investments. As it turned out, average balances of £20.4m returned £88k (0.36%). The lower than budgeted average cash balance was partly the result of continuing to internalise borrowing. The lower than budgeted return was due to worse than anticipated rates of return on investments, with rates continuing to fall throughout the year.

## **7. INVESTMENT SECURITY AND CREDIT QUALITY**

- 7.1** No institutions in which we had made investments had any difficulty in repaying investments and interest on time and in full during the year.
- 7.2** During 2015/16, credit ratings remained poor across the range of our usual counterparties. Since late 2008 it has been challenging to place deposits with appropriate counterparties. In December 2008, the Council's approval was obtained to extend flexibility with counterparties to deal with market changes; this included the ability to invest all our surplus funds with central government if necessary. The list was further widened in April 2010 to include nationalised and partly nationalised institutions and this list was clarified in March 2013 in relation to nationalised and part nationalised UK banks for the 2014/15 criteria. Previous decisions had extended flexibility for investing with local authorities. Appendix 2 shows the institutions where the Council's deposits were held as at 31 March 2016 and their ratings.
- 7.3** The practical effect of these policies was as follows: during the year we continued to use no notice accounts with major high street institutions (Santander, HSBC, RBS and Bank of Scotland) for day to day cash flow. In addition £5m was placed in 3 month deposits with Nationwide at a higher rate of 0.50%.

## **8. ACTIVITY DURING 2015/16**

**8.1** It has previously been reported that this Authority was preparing to exit the HRA subsidy system on 2nd April 2015. At the time of reporting for Quarter 3 2014/15, treasury activity, it was known that the buyout was to be financed through the PWLB, but the settlement amount and rate of interest on the borrowing were under consultation. The potential effect of the buy-out was reflected in the budget setting papers presented to Members for 2015/16 (including the 2015/16 Treasury Management Strategy Statement presented to this Committee for scrutiny on 9th February 2015). It can be confirmed that that buy-out took place and the HRA is now self-financed. The exact structure of loans arranged by the Council to fund its self-financing of the HRA, reflected the requirements of the HRA business plan, the overall requirements of the Council and certain limitations, (e.g. the minimum average duration of any borrowing), put in place by the Welsh Government. The loans were, therefore, arranged at a set of bespoke, higher PWLB interest rates that applied only to Welsh HRA self-financing authorities and may make these loans less flexible, from a restructuring perspective, than would normally be the case.

## **9. ACTIVITY SINCE 2015/16**

**9.1** The UK referendum result on 23 June 2016 to leave the European Union and the political instability which followed the result has created an economic shock which saw the value of sterling decrease; impacted on stock market values and led to UK banks long-term outlook being downgraded from stable outlook to negative outlook. All the council's deposits are held in banks which have been downgraded. However their short and medium term ratings are still within the appropriate ratings approved in the Treasury Management Strategy 2015/16. The status of the banks and the Council's deposits are under constant review to ensure that the Council's risks are minimised. The bank base rate has been held at the same rate currently at 0.50% however it is predicted that there will be a cut in the rate in the future to support the economy during the uncertain period following the EU referendum. While this would undermine interest earned on deposits further it would reduce the cost of borrowing from PWLB which would make external borrowing for capital expenditure more attractive. Appendix 3 shows the Council's current deposits and the ratings of the financial institutions the deposits are invested in (as at 15 July 2016). It shows that despite the downgrading of UK banks generally since the referendum there is little change in the individual ratings per institution the authority holds deposits in.

## **10. CONCLUSION**

**10.1** A review of the Treasury Management Performance for 2015/16 has been provided. The year was fairly stable with the most significant activity being a loan from PWLB amounting to £21.169m for the HRA Buy-out from the annual subsidy to Welsh Government. This will not only save the Council money but offers the HRA increased flexibility to manage its housing stock. The council held appropriate cash balances at all times though the low interest rate meant that the returns were low. However this is consistent with the Treasury Management Strategy 2015/16 where the key objectives were low risk and ensuring there is sufficient cash to pay the council's creditors, etc. The financial position of the Council's financial instruments as at 31 March 2016 is shown in appendix 1.



**Summary Portfolio Valuation  
As at 31 March 2016**

<b>FINANCIAL ASSETS</b>	<b>Nominal / Principal (£)</b>	<b>Fair Value (£)</b>
Cash (interest bearing accounts) (1)	11,209,812	11,239,940
Fixed Term Deposits (2)	5,000,000	5,004,184
<b>FINANCIAL LIABILITIES</b>		
PWLB loan – Maturity	110,484,478	181,198,276
PWLB loan – Annuity	347,664	450,712

**Counterparties**

<b>(1)</b>	Cash (interest bearing accounts)	
	Santander	6,783,222
	Bank of Scotland	707,475
	HSBC	3,718,240
	RBS	<u>875</u>
		11,209,812
<b>(2)</b>	Fixed Term Deposits	
	Nationwide Building Society	5,000,000

ATODIAD / APPENDIX 2

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 31 Marwth 2016 \*  
Credit ratings of investment counterparties and deposits held with each as at 31 March 2016\*

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	707	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	3,718	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	6,783	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	1	Galw/ Call	n/a	0.25	BBB+	F2	Ba1	NP	BBB-	A-3	
Not Applicable	Nationwide Building Society	5,000	Three month deposit		0.50	A	F1	A1	P-1	A	A-3	Coch – 6 Mis/Red 6 Months

\* Ceir y Rhestr Meini Prawf Gwrthbartion yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2015/16 / The Counterpart Criteria can be found at Appendix 6 of the 2015/16 Treasury Management Strategy Statement.

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

ATODIAD / APPENDIX 3

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 15 Gorffennaf 2016 \*  
Credit ratings of investment counterparties and deposits held with each as at 15 July 2016\*

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
UK	N/A					AA	N/A	Aa1	N/A	AA	N/A	N/A
Lloyds Banking Group plc	Bank of Scotland plc	7,411	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	2,423	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	7,499	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	2	Galw/ Call	n/a	0.25	BBB+	F2	Ba1	NP	BBB-	A-3	
Not Applicable	Nationwide Building Society	5,000	Three month deposit		0.50	A	F1	Aa3	P-1	A	A-1	Coch – 6 Mis/Red 6 Months
Total Deposits 15/07/16		22,736										

\* Ceir y Rhestr Meini Prawf Gwrthbartion yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2015/16 / The Counterpart Criteria can be found at Appendix 6 of the 2015/16 Treasury Management Strategy Statement.

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

## The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2016 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

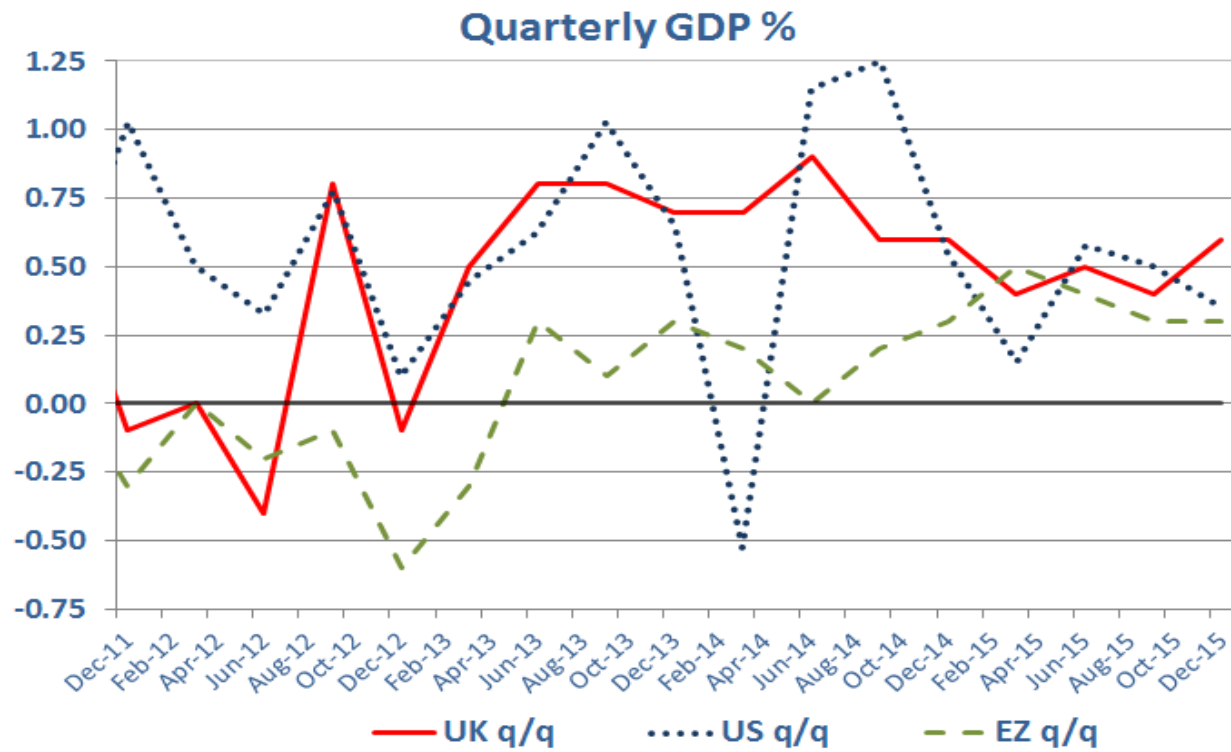
The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

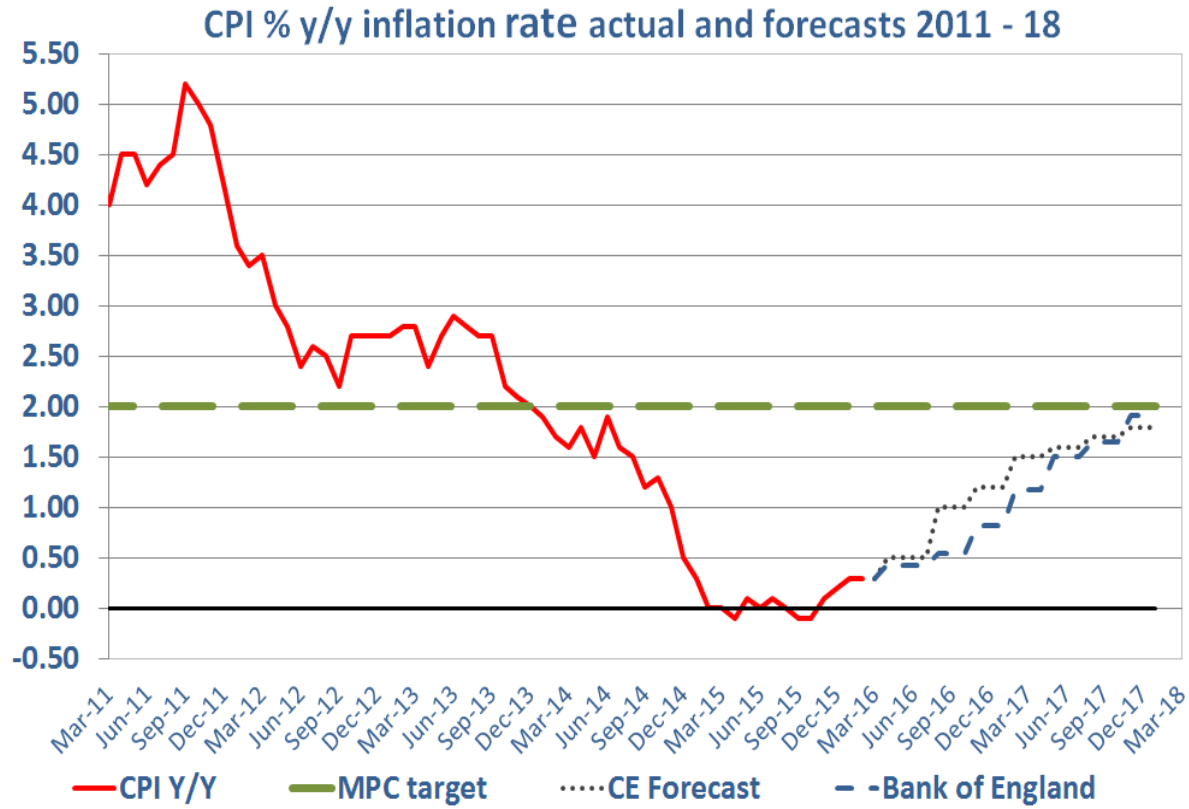
On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

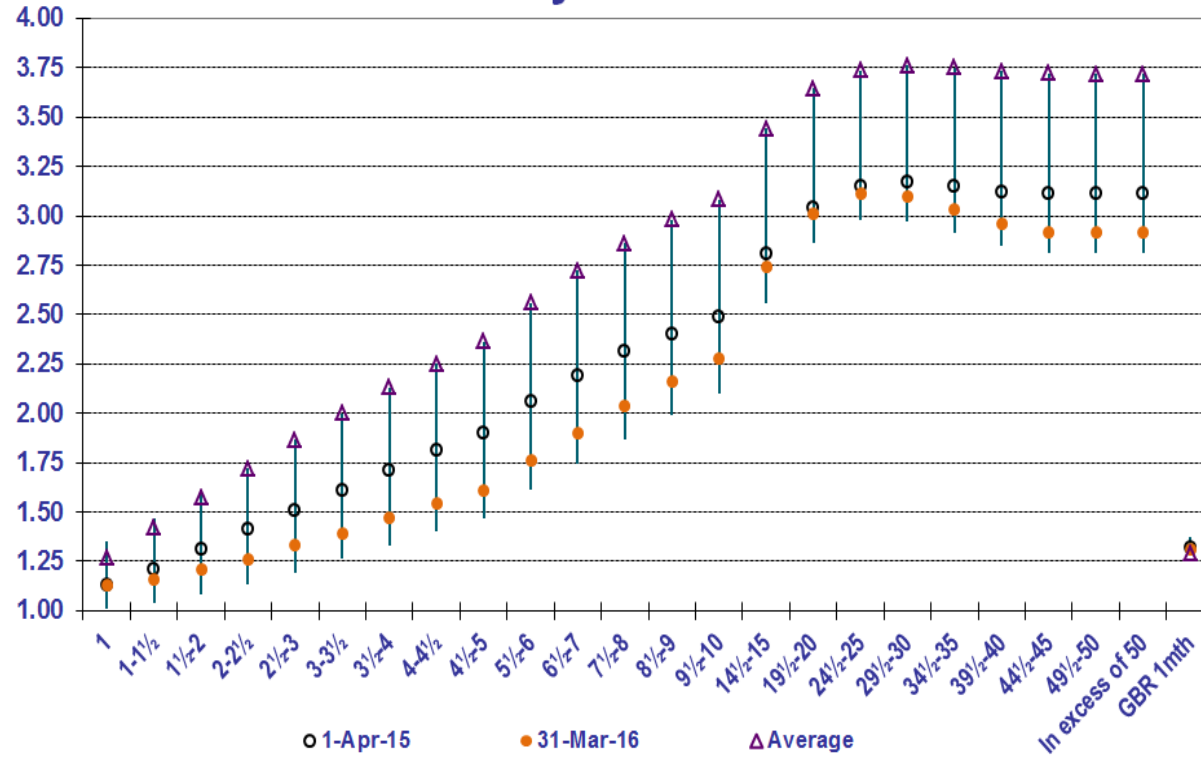
### Gross Domestic Product Analysis (GDP)



Inflation Rate Forecasts



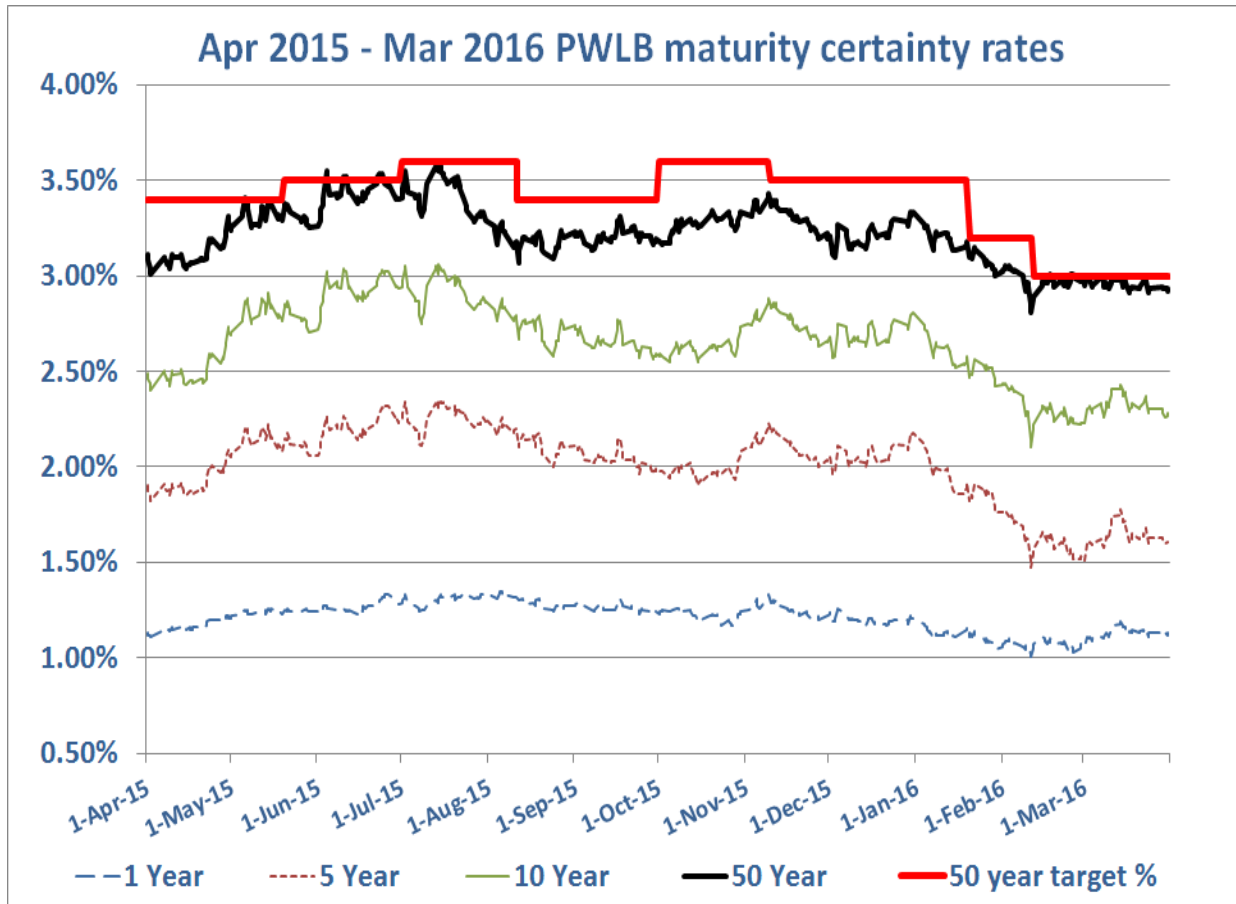
### PWLB certainty rate variations in 2015-16



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/15	1.130%	1.210%	1.510%	1.710%	1.900%	2.490%	3.150%	3.110%	1.320%
31/3/16	1.130%	1.160%	1.330%	1.470%	1.610%	2.280%	3.110%	2.920%	1.310%
High	1.350%	1.470%	1.860%	2.120%	2.350%	3.060%	3.660%	3.580%	1.370%
Low	1.010%	1.040%	1.190%	1.330%	1.470%	2.100%	2.980%	2.810%	1.310%
Average	1.212%	1.302%	1.608%	1.814%	2.004%	2.653%	3.348%	3.216%	1.336%
Spread	0.340%	0.430%	0.670%	0.790%	0.880%	0.960%	0.680%	0.770%	0.060%
High date	05/08/2015	06/08/2015	02/07/2015	15/07/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015	30/10/2015
Low date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	21/03/2016

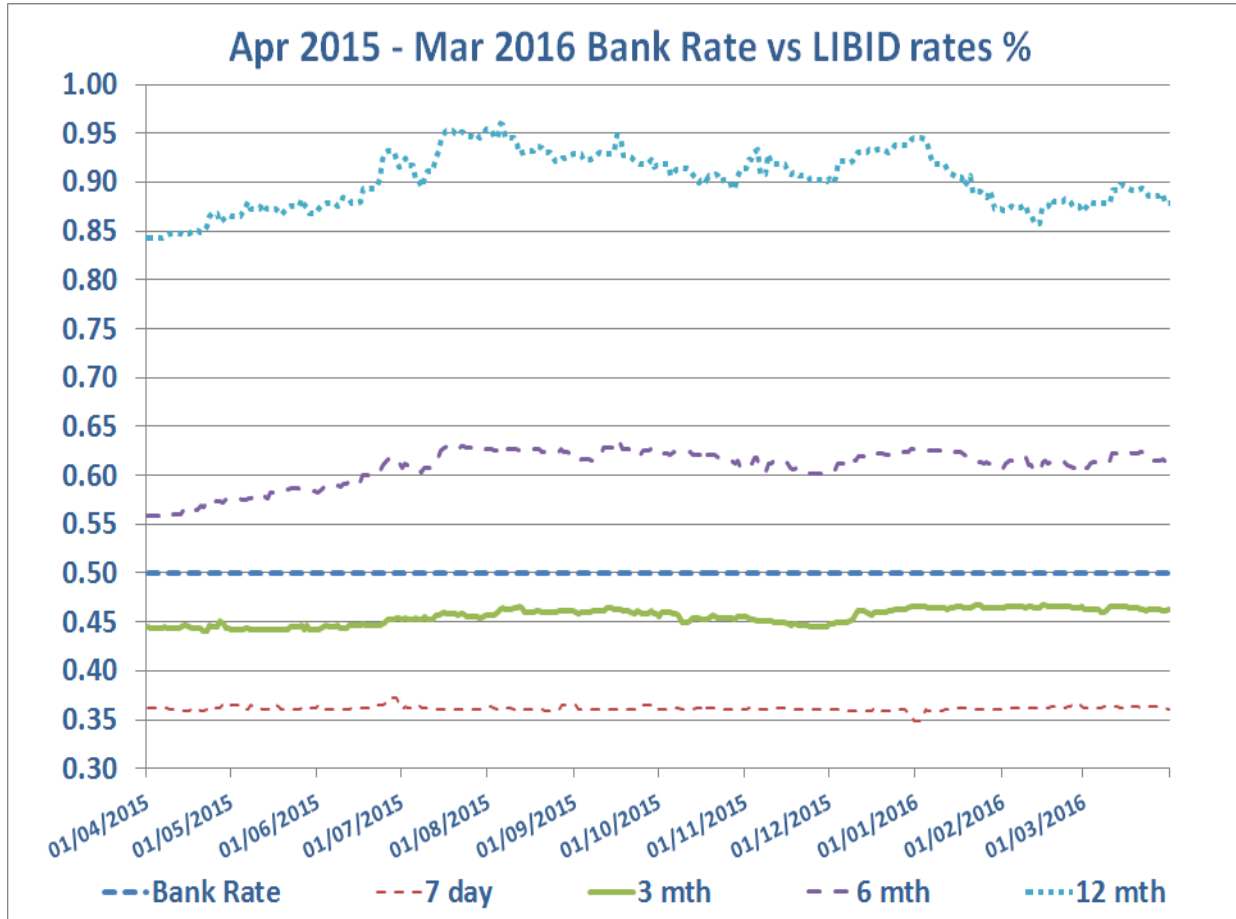
	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/15	1.13%	1.90%	2.49%	3.15%	3.11%
31/3/16	1.13%	1.61%	2.28%	3.11%	2.92%
Low	1.01%	1.47%	2.10%	2.98%	2.81%
Date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.21%	2.00%	2.65%	3.35%	3.22%





Investment Rates 2015-16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.





WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## Isle of Anglesey County Council

Issued: June 2016

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Andy Bruce, Fflur Jones, Dyfrig Williams and Jeremy Evans under the direction of Jane Holownia.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

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## Detailed report

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# Summary report

## About this report

- 1 This Annual Improvement Report (AIR) was prepared by the staff of the Wales Audit Office on behalf of the Auditor General for Wales. The report summarises the audit work undertaken at Isle of Anglesey County Council (the Council) since the last such report was published in December 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## 2015-16 performance audit work

- 5 The work carried out since the last AIR and Corporate Assessment, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Financial Resilience	Review of the Council's financial position and how it is budgeting for and delivering required savings.
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering improvement objectives.
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.
CSSIW Annual Report	Annual review and evaluation of performance of the Council's social services functions for 2014-15.
Wales Audit Office Performance management: Benchmarking social services costs against performance	Review across the North Wales councils to explore the value of the current social services performance indicators and the links, if any, with costs.
Welsh Language Commissioner: Review of the Council's Welsh Language Scheme	Assessment of the effectiveness of the scheme in providing Council services to the public in Welsh.
Wales Audit Office Follow-up work	To provide assurance that the Council has appropriate corporate processes for responding to reports, tracking implementation of recommendations and reporting progress to the appropriate committee.
National Reports	<ul style="list-style-type: none"> <li>• The financial resilience of councils in Wales</li> <li>• Community safety partnerships</li> <li>• Income generation and charging</li> <li>• Council funding of third-sector services</li> </ul>

## The Council has continued to make progress in priority areas while restructuring its leadership and governance arrangements and it remains self-aware

- 6 Based on, and limited to, the work carried out by the staff of the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure and secure improvement during 2016-17.
- 7 The Auditor General has reached this conclusion because:
  - a the Council continues to improve performance across its priority areas and has complied with the Local Government Measure 2009, although it recognises the need to improve in some service areas;
  - b the Council has appropriate financial management arrangements which are continuing to improve; and
  - b Members and officers continue to co-operate well within a new leadership and governance framework and it has adequate corporate processes for responding to reports and recommendations from external regulators.

## Recommendations

- 8 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - b make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - c conduct a special inspection and publish a report and make recommendations; and
  - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 9 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work.



- 10 The Auditor General also makes recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).
- 11 In addition, the Care and Social Services Inspectorate Wales (CSSIW), Estyn and the Welsh Language Commissioner included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available at [www.cssiw.org.uk](http://www.cssiw.org.uk), [www.estyn.gov.wales](http://www.estyn.gov.wales) and [www.comisiynyddygydraeg.org](http://www.comisiynyddygydraeg.org).

# Detailed report



# Performance

The Council continues to improve performance across its priority areas and has complied with the Local Government Measure 2009, although it recognises the need to improve some services

## Estyn's evaluation of school performance

- 12 The proportion of pupils eligible for free school meals in Anglesey is just below the Wales average. This is taken into account when evaluating the performance in the Council.
- 13 The percentage of pupils achieving the Foundation Phase indicator<sup>1</sup> has improved over the last four years. In 2015, performance for this indicator is just below the average performance in Wales. At key stage 2, the percentage of pupils achieving the core subject indicator<sup>2</sup> has improved over the last four years and, in 2015, performance in this indicator is well above the Wales average.
- 14 Performance at the key stage 3 core subject indicator has improved steadily over the last three years and, in 2015, is above the Wales average. At key stage 4, performance in the level 2 threshold including English or Welsh first language and mathematics, and the core subject indicator has improved over the last four years. However, the rate of improvement for the three indicators is at a slower rate than the average in Wales. The percentage of pupils achieving five A\* to A grades or equivalent qualifications has declined since 2012 and in 2015 is lower than the Wales average.
- 15 In most of the indicators for primary and secondary schools, the performance of pupils eligible for free school meals is above the Wales average. Attendance rates for both primary and secondary schools have slowly improved over the last four years, but no longer compare well with attendance rates in similar authorities.

<sup>1</sup> The **Foundation Phase indicator** refers to the percentage of pupils who reach the expected performance (outcome level 5) in three areas of learning in the Foundation Phase: literacy, language and communication in English or Welsh first language; mathematical development; and personal and social development, wellbeing and cultural diversity.

<sup>2</sup> The **core subject indicator** refers to the percentage of pupils who attain the level expected of them in mathematics, science and either English or Welsh as a first language. This equates to level 4 or above at key stage 2 and level 5 or above at key stage 3. The performance indicators for the Foundation Phase key stages 2 and 3 are based on teacher assessment. The performance indicators for key stage 4 are based on externally verified qualifications such as GCSEs.

The Council's services for adults and children continue to improve but further progress is necessary in a number of areas identified in CSSIW's previous report

- 16 The CSSIW published its Performance Evaluation Report 2014-2015 in October 2015 and this is available on their website.
- 17 The CSSIW found that in adult services the Council is making good use of available resources and is delivering on its aim of supporting people to be independent and as self-sufficient as possible. The Council is performing strongly in delivering against its business plan and in many areas including meeting its targets. Significant steps have been made in modernising services, and engaging with communities in line with the principles of the Social Services and Wellbeing (Wales) Act. There are some positive outcomes demonstrating the impact of the changes such as the increased support for carers. However, there has been less progress in developing services for younger adults, and the full impact of the change for older adults needs evaluating to ensure they are not exposed to any unnecessary risks.
- 18 The Council is aware of the risks within children's services where improvement is fragile. The CSSIW found good results in meeting performance targets in children's services, but there is a need for sustained improvement in the quality of the services as development has been slower, which the Council attributes to allowing time for improvements to embed.
- 19 The CSSIW found that Social Services has benefited from improvements in corporate support, oversight and scrutiny. However, the capacity to deliver on improvement plans is an issue within the service, and this is reflected in the lack of progress in relation to a number of areas for improvement identified in last year's report.
- 20 Although good progress has been made in both adult and children's services, a significant increase in demand within children's services during 2015-16, accompanied by the continuous drive to secure consistent practice across the service has presented challenges. The Head of Service has secured the support of the Senior Leadership Team to both the immediate and medium-term action plan, while a children's services Transformation Board was established to provide a framework for measuring progress against the action plan.

- 21 As part of the work undertaken by Wales Audit Office staff on Social Services Sustainability across the six North Wales councils, we produced a document for the Council that presented:
- a future demand for social services in Anglesey through benchmarking population projections for children and older people; and
  - b a suite of graphical analyses that combined financial and performance data for social services in Anglesey over multiple years and which also placed the Council within the context of the other 21 Welsh councils.
- 22 There were no recommendations or conclusions from this work as we provided each Council with a data pack that displayed information from a value-for-money perspective and facilitated a North Wales-wide workshop for Directors of Social Services and other key senior managers. We received positive feedback on the output and await to see how the Council uses this approach as part of its internal challenge processes.

**The Council continues to produce balanced evaluations of its performance and complies with the Local Government Measure 2009, but several national indicators have declined from the previous year**

- 23 The Council has met its improvement reporting duties under the Measure and the Auditor General's November 2015 Improvement Assessment Certificate concluded that the Council had discharged its improvement reporting duties under the Measure.
- 24 The Council produced a balanced assessment of its performance in 2014-15 and acknowledged a dip in performance from the previous year. The Council noted the number of performance indicators in the top quartile<sup>3</sup> declined from 17 in 2013-14 to 10 in 2014-15. Similarly, there has been a small increase in the number of performance indicators in the lower quartile – from 13 in 2013-14 to 15 in 2014-15. Whilst there has been an increase in the number of performance indicators in the upper middle quartile, from six in 2013-14 to eight in 2014-15, there has also been a corresponding increase in the numbers of performance indicators in the lower middle quartile, from five in 2013-14 to nine in 2014-15.
- 25 The Council is also required to prepare and publish an Improvement Plan describing its plans to discharge its duties to make arrangements to secure continuous improvement in the exercise of its functions. The Auditor General's May 2015 Improvement Plan Certificate concluded that the Council had discharged its improvement planning duties under the Measure.

<sup>3</sup> Quartiles are the values that divide a list of numbers into quarters – in this context to be in the top quartile, Council performance needs to place it amongst the top quarter of all councils in Wales.

## Welsh Language Commissioner's evaluation of Anglesey's performance

- 26 The Welsh Language (Wales) Measure 2011 created the role of the Welsh Language Commissioner (the Commissioner). New powers to impose standards on organisations came into force through secondary legislation on 31 March 2016. The Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 27 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 28 The Commissioner included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available on their [website](#).

## The Council responding to weaknesses in information security is making progress to address the Information Commissioner's recommendations

- 29 We previously reported, in our December 2015 Annual Improvement Report and Corporate Assessment, concerns about the Council's information security arrangements. We noted a report by the Information Commissioner's Office (ICO) in July 2013, following a succession of serious security breaches, which concluded that the Council's arrangements provided 'very limited assurance'.
- 30 The Council responded positively to the ICO's report, by implementing an action plan that combined the ICO's recommendations with those contained in internal audit reports. In addition, the Council set up a Corporate Information Governance Board to provide the necessary leadership. A further report by the ICO in January 2015 reduced the Council's risk rating from 'red' to 'amber', and removed the Council from the ICO's formal monitoring category. Despite this reduced risk rating and the Council's progress in addressing a number of recommendations, some weaknesses remained and in October 2015, the ICO issued an Enforcement Notice under the Data Protection Act 1998. The ICO concluded that the Council has contravened the Seventh Data Protection Principle by failing to 'take appropriate security measures against the unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data'.

- 31 The Council's Corporate Information Governance Board subsequently produced a revised action plan addressing the ICO's Enforcement Notice and nine recommendations. The Council prioritised the most important recommendations and states that six of the nine recommendations are complete, while three remain partially completed. In particular the Council notes the following important areas as having been addressed:
- a data protection key performance indicators are now in place and reported;
  - b a mandatory data protection training programme is in place and the Council is looking to develop an e-learning package;
  - c completion of training is now monitored and properly documented;
  - d 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; and
  - e the Council undertakes consistent and regular monitoring to enforce the clear desk policy.

**Actions to improve the Council's procurement and contracts management function are progressing well**

- 32 We reported in our December 2015 Annual Improvement Report and Corporate Assessment that a programme of procurement fitness checks had been undertaken in 2013 across all local authorities by KPMG on behalf of the Finance Minister for the Welsh Government. The purpose of the fitness check was to identify whether organisational procurement capability was adequate and to enable individual councils to identify their strengths and areas for improvement. The Council's Audit Committee considered its procurement fitness check in April 2014. The check identified that the Council was performing poorly relative to other local authorities in Wales in the area of procurement.
- 33 In order to address some of the recommendations made, the Council established a procurement improvement project. The project team reports to a corporate board and to the Council's Audit Committee twice a year on its progress.
- 34 The Council has made good progress by adopting a new procurement strategy and the development of a Contracts Management Strategy, which centralises the management of some main contracts. The Council has also increased the staffing of the procurement team to improve its capacity.

- 35 The Council subsequently conducted an internal self-assessment of its procurement function based on the initial fitness check. The results of the self-assessment concluded the Council's maturity was improving and developing towards conforming. However, in order to provide a greater level of assurance, the Council has commissioned an independent assessment of its procurement function scheduled for July 2016. The Council has also engaged with Value Wales which will provide support over the next 12 months.
- 36 As part of the Auditor General's audit programme for 2016-17, we are currently conducting a national study covering the procurement of goods and services across the Welsh public sector. We will subsequently feedback to the Council on relevant findings arising from the national report.



# Use of resources

## The Council has appropriate financial management arrangements which are continuing to improve

- 37 On 10 December 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

## 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

- 38 Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services. Good financial management:
- a helps authorities take the right decisions for the short, medium and long term;
  - b helps authorities deliver services to meet statutory obligations and the needs of local communities;
  - c is essential for good corporate governance;
  - d is about managing performance and achieving strategic objectives as much as it is about managing money;
  - e underpins service quality and improvement;
  - f is the basis of accountability to stakeholders for the stewardship and use of resources; and
  - g is a key management discipline.
- 39 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.
- 40 There is an effective corporate framework for financial planning at the Council. 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. The Council's Medium Term Financial Plan (MTFP) is updated annually 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).

- 41 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.
- 42 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. An appropriate group of officers and members, including the Council Leader, relevant Cabinet, Shadow Cabinet and Scrutiny Members, challenges all service review self-assessments.
- 43 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 approach 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.
- 44 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.
- 45 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 are supported by robust data.

**The Council's finance department is more stable and arrangements for financial control, including processes for budget setting and consultation, have improved**

- 46 As we reported in the December 2015 Annual Improvement Report and Corporate Assessment, 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 they enhanced shared understanding and ownership within the budget-setting process.

- 47 Further changes have been introduced for the 2016-17 budget-setting process, termed 'Cyllid Môn 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. The proposals have subsequently been submitted for member workshops and public consultation.
- 48 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 re-launch 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.
- 49 The Council has taken steps to address issues of inconsistency among individual services applying the Council's authority-wide policy on income generation and charging. A new charging procedure has been agreed by the Executive and ensures a schedule of all fees and charges are adopted Council-wide and 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.
- 50 The Council manages its useable reserves prudently, and is taking constructive steps to ensure school reserves and balances are maintained and any school deficits managed. The reserves policy is clear and comprehensive and was considered by the Executive as part of the budget setting process in March 2016.
- 51 Over the previous five years, four different individuals, two of whom were appointed on an interim basis, had led the Council's Finance Department. 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 affected adversely on the Council's capacity to develop financial management expertise among its service managers and pursue its stated aim of 'growing its own'. 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.

52 The Council's 2015-16 savings and efficiencies plans are being effectively managed and look 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 come from, including realistic part-year assumptions, costings and savings from transformational change.

**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**

53 The Council has improved its arrangements for reporting and reviewing financial performance and has systems in place for holding underperformance to account. Quarterly budget reports are submitted to the Executive and Corporate Scrutiny Committee on the budgetary performance of the Council.

54 The Council held services more closely to account for their 2015-16 savings plans than has been the case in previous years. Services are required to report on progress against their stated savings plans to the finance team and to the Senior Management Team, and are held to account for significant variances. 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.

55 We also identified that progress in implementing some internal audit recommendations has been slow and there was 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.

56 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 is addressing high levels of sickness absence

- 57 Council employees are the most important resource to delivering services, therefore maintaining low levels of sickness absence is an important factor. The Council acknowledges staff sickness absence has been a problem and has set aside a dedicated resource to provide support and guidance to managers in their role in managing absence. In 2013, the role of a Corporate Sickness Absence Management Co-ordinator was established on a temporary basis with the responsibility to support and work with the heads of service, service managers and team of HR officers to improve the levels of sickness absence.
- 58 Over the past three years, the Council has seen an improvement in sickness absence rates amongst staff, Sickness levels reduced from 14.4 days per employee in 2012-13 to 12.4 days in 2013-14. A further reduction followed in 2014-15 to 11.4 days. However, an analysis of the first three quarters of 2015-16 indicates that the Council is unlikely to improve on last year's average. The Council is aware of this issue and has sharpened its focus on preventing long-term sickness absence and increasing the levels of absence review meetings to the same percentage as return to work interviews. To enable services to gain the support they need to help improve sickness levels, the Council has subsequently extended the contract of the Sickness Absence Management Co-ordinator to September 2017.
- 59 To support the Council in reducing its sickness absence levels we will undertake a local review of sickness absence management. The findings of this review will be reported to the Council later this year.

# Governance

**Members and officers continue to co-operate well within a new leadership and governance framework and corporate processes for responding to reports and recommendations from external regulators are adequate**

**A revised leadership and governance framework reflects recent structural changes, and arrangements should ensure that members across all political groups are well informed**

- 60 As we reported in our December 2015 Annual Improvement Report and Corporate Assessment, the Council's political leadership sought the Chief Executive's advice on how it might reduce senior management costs following his retirement in May 2015. A number of options were considered including a restructure aimed to reduce the size of the Senior Leadership Team whilst, at the same time, increasing officer capacity to focus on corporate issues. The departure of the Deputy Chief Executive during the same period introduced greater complexity and risk to the planning of the new structure. The potential loss of the entire senior leadership over a short period brought with it a risk that the Council might lose both direction and momentum in implementing its transformation programme.
- 61 The Executive agreed a new framework, which removes the post of Deputy Chief Executive and the tier of three Corporate Directors and replaces it with two Assistant Chief Executives who report directly to the Chief Executive. The Executive also decided to include the Monitoring Officer and S151 Officer as full members of the Council's Senior Leadership Team alongside the two new posts.
- 62 The new Chief Executive was formally appointed in June 2015 from within the existing management team. He has been involved in the Council's transformational programme from its inception and has a comprehensive knowledge of the challenges facing Anglesey. The two Assistant Chief Executives were appointed, from outside the Council, in September 2015 and bring a range of experience and knowledge to the Council. Since then, the new arrangements have embedded and maintained the Council's momentum for improvement.

- 63 As part of the Council's corporate governance arrangements, three Programme Boards were initially developed. The aims of the Programme Boards were to oversee the delivery of the Council's Delivery Plan and to ensure that individual change programmes and projects are managed, monitored and delivered. The Boards include senior officers and councillors, therefore providing both leadership and co-ordination. The Boards receive regular progress reports, have the authority to report, and make recommendations to the Executive and Senior Leadership Team. Board members have the necessary status within the Council to be able to influence Executive decisions and to ensure that these decisions are subsequently implemented. Following an agreed review of the arrangements, the Council has subsequently reduced the number of Programme Boards, from three to two. The new arrangements have helped reduce potential overlap of Council business, while reflecting similar arrangements for scrutiny. The two Programme Boards have clearly defined areas of responsibility, one that focuses on corporate and internal Council business, while the other focuses on external issues including partnerships. Both Programme Boards are respectively led by the recently appointed Assistant Chief Executives.
- 64 The Council has effective arrangements to ensure that Members across all political groups are well informed about Council business. These arrangements have helped to build mutual trust between Members and officers. Following the election in May 2013, the Council established a Shadow Executive to keep members informed and engaged, and to help build the capacity of opposition members. The Shadow Executive exists through an informal agreement between the controlling and opposition groups, with the support of the Senior Management Team, to help to ensure good governance within the Council. Regular meetings between the Council Leader, group leaders and Chief Executive, and the use of informal Executive briefings has helped improve trust and relationships between officers and members. Officers can consult with members before any significant work is undertaken, and Members remain well briefed about significant planned developments at the Council. In addition, the Council's Heads of Service Group, 'y Penaethiaid', has been refreshed and is an effective body, which encourages more corporate working across services.
- 65 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. This is reinforcing the accountability of heads of service.

## The Council has satisfactory processes for responding to recommendations arising from external scrutiny

- 66 The Council has satisfactory corporate processes for responding to reports from the Auditor General for Wales, tracking implementation of recommendations and reporting this to meetings of the Council. In our December 2015 Annual Improvement Report and Corporate Assessment, we identified those audit recommendations that may be relevant to the Council arising from the Auditor General's reports applicable to local government.
- 67 The Council has a clear process to feed findings and recommendations from external reviews to the Senior Leadership Team, who determine and prioritise the recommendations, which present the highest potential risk to the Council, and require follow up.
- 68 Priority recommendations are subsequently presented to Heads of Service who decide on the appropriate action that needs to be taken. The process helps to minimise services potentially duplicating actions already planned and ensures that any corresponding activity is aligned to the Council's corporate priorities. Services record their improvement through a Service Self-Assessment and Departments are assessed on progress through a RAG (Red, Amber and Green) basis. Departments are required to update the register of recommendations every three months.
- 69 The Audit Committee provides an overview control mechanism and receives a report of recommendations and when they can be expected to be put into practice. The committee provides an over-arching management of the implementation of findings from audit work.
- 70 Since our last Annual Improvement Report was published we have produced a further five National Reports with recommendations that may be relevant to the Council. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).



# Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

# Appendix 2 – Annual Audit Letter

Cllr. Ieuan Williams  
Isle of Anglesey County Council  
Council Offices  
Llangefni  
Anglesey  
LL77 7TW

Dear Cllr. Williams

## **Annual Audit Letter – Isle of Anglesey County Council 2014-15**

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and reporting responsibilities under the Code of Audit Practice.

### **Isle of Anglesey County Council complied with its responsibilities relating to financial reporting and use of resources**

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires the Auditor General for Wales to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming the completion of the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 30 September 2015, the Auditor General for Wales issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. This report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit and Governance Committee in the Audit of Financial Statements report on 23 September 2015, and a more detailed report will follow in due course.

**The Auditor General for Wales is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

The Auditor General for Wales' consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

**The Auditor General for Wales issued a certificate confirming that the audit of the accounts had been completed on 30 September 2015.**

**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**

A more detailed report on grant certification work will follow in 2016 once this year's programme of certification work is complete.

The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

**Lynn Pamment**  
**Partner, PricewaterhouseCoopers LLP**

For and on behalf of the Auditor General for Wales

## Appendix 3 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial resilience of Councils in Wales</b></p>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul> <p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p> <p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p> <p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p> <p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>

Date of report	Title of review	Recommendation
April 2015	<p>The Financial resilience of Councils in Wales</p>	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>• The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>– information sharing and consultation about developments related to school improvement;</li> <li>– developing collaborative relationships of shared accountability; and</li> <li>– undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul> <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view.	<p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul>



Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/ inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul> <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these overtime;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council's position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council 'subsidy';</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council's wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council 'subsidy';</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of 'new commercial' initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul> <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected Members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)

## Certificate of Compliance

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### Audit of Isle of Anglesey County Council's 2016-17 Improvement Plan

#### Certificate

I certify that I have audited the Isle of Anglesey County Council's (the Council) Improvement Plan (Council Plan 2016-17) in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

#### Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

CC: Mark Drakeford, Cabinet Secretary for Finance and Local Government

Andy Bruce, Manager

Gwilym Bury, Performance Audit Lead