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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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Prif Weithredwr – Chief Executive
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD MAWRTH, 25 MAI, 2021 am 2:00 y.p.	TUESDAY, 25 MAY 2021 at 2.00 pm
CYFARFOD RHITHIOL WEDI'I FFRYDIO'N FYW	VIRTUAL LIVE STREAMED MEETING
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

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

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Gwilym O. Jones, Richard Griffiths

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Jeff Evans, Peter Rogers (*Cadeirydd/Chair*)

AELOD LLEYG / LAY MEMBER

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

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A G E N D A

1 DECLARATION OF INTEREST

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

2 MINUTES OF THE PREVIOUS MEETINGS (Pages 1 - 14)

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

- 20 April, 2021
- 18 May, 2021 (election of Chair/Vice-Chair)

3 INTERNAL AUDIT ANNUAL REPORT 2020/21 (Pages 15 - 42)

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

4 ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2020/21 (Pages 43 - 62)

To present the report of the Chair of the Committee.

5 PROPOSED FORWARD WORK PROGRAMME 2021/22 (Pages 63 - 68)

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

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 20 April, 2021

PRESENT:	Councillor Peter Rogers (Chair) Mr Dilwyn Evans (Lay Member)(Vice-Chair) Councillors John Griffith, Richard Griffiths, G.O. Jones (from item 6 onwards), Dylan Rees.
IN ATTENDANCE:	Director of Function (Resources) and Section 151 Officer Head of Internal Audit & Risk (MP) Principal Auditor (NW) Programme, Business Planning and Performance Manager (GM) Committee Officer (ATH)
APOLOGIES:	Councillors Alun Roberts, Margaret M. Roberts, Mrs Annwen Morgan (Chief Executive), Mr Dylan Williams (Deputy Chief Executive)
ALSO PRESENT:	Councillor Robin Williams (Portfolio Member for Finance), Mr Alan Hughes (Performance Audit Lead - Audit Wales). Yvonne Thomas (Financial Audit Manager – Audit Wales), Senior Auditor – IoACC (NR)

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 9 February, 2021 were presented and were confirmed as correct.

Arising thereon –

- The Head of Audit and Risk confirmed that she had been in contact with the HR Training and Development Team to ask that a reminder be sent to those members of the Governance and Audit Committee who had not yet completed the cyber security awareness E-learning module of the need to do so as it is mandatory training. In response to comments by Members, she offered to ask the HR Training and Development Team to re-issue the reminder in case some Members had missed the original reminder and that in order to make access easier she would also request that guidance for accessing the E-Learning Portal via a laptop be included. The Committee accepted the offer.

ACTION: Head of Audit and Risk to ask the HR Training and Development Team to re-issue to members of the Governance and Audit Committee a reminder of the need to complete the Cyber Security Awareness E-learning module if they have not already done so, and to provide guidance on accessing the E-Learning Portal via laptop.

- Reference was made to the delays in certifying Housing Benefits claims which was raised in the Audit Summary presented to the Committee's previous meeting - specifically whether progress has been made to enable the DWP to release the outstanding subsidies of approximately £5m and the impact of this on the Council's financial position.

The Director of Function (Resources) and Section 151 Officer clarified that the Officer within the Finance Service who leads on finalising the subsidy claims is also engaged with issuing Council Tax bills which task has taken up a good part of March and the beginning of April; an agency support worker who was helping with the testing work for the subsidy claims also left for another position which meant that this gap had to be filled leading to some delay. Nevertheless, the aim remains to complete the 2018/19 Housing Benefit subsidy claim by the end of May, 2021 for which External Audit's qualification letter has been drafted; the testing work on the 2019/20 subsidy claim has been undertaken and the audit will be completed once the 2018/19 claim has been certified. However, the finalisation of the 2018/19 subsidy claim will of itself release a substantial proportion of the £5m total outstanding subsidies held by the DWP. Completing the 2019/20 claim by the end of June would then bring the process back on track. The draft pre-audit subsidy claim for 2020/21 has then to be submitted by the 30 April deadline with an audit completion date of 30 November, 2021; meeting these targets will bring the Housing Subsidy claims process up to date.

The Director of Function (Resources)/Section 151 Officer further advised that in smaller authorities such as Anglesey it is not always possible to have a number of staff dedicated to Housing benefit subsidy work; the responsible officer at Anglesey has other duties as well. Additionally, the Housing Subsidy claim is complex and requires detailed knowledge of how the claim is compiled; as such it is not work that can be easily taken up by another member of staff. Errors in compiling the claim will lead to audit queries and qualifications down the line.

The Committee accepted and noted the update provided.

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

The report of the Head of Audit and Risk updating the Committee on Internal Audit activity as at 6 April, 2021 was presented for consideration. The report provided a synopsis of the audits completed since the last report to Committee in February, 2021 along with the current workload and the priorities for the short to medium term going forward in the context of maintaining a flexible approach in order to meet the needs of the Council in an ever changing risk and control environment.

The Head of Internal Audit and Risk updated the Committee with regard to the following –

- The assurance work completed since the last update with reference to the table at paragraph 4 of the report which comprised of one audit for which a final report has been issued. This relates to a second follow up of the Primary Schools Themed Audit in connection with Income Collection which resulted in Reasonable assurance opinion with no risks/issues identified.
- Work in progress as illustrated by the table in paragraph 5 of the report involving three audits which are underway in areas relating to IT (in conjunction with Salford City Council); the identification of duplicate invoices and recovery of duplicate payments and emergency management assurance. These audits have been instigated at an Officer's request and/or because they are Covid-19 related and viewed as high risk and will be prioritised for completion so that they support the

Annual Internal Audit Opinion for 2020/21. The audit findings are expected to be reported to the Committee's May meeting (the June meeting having been earmarked for consideration of the draft 2020/21 Statement of Accounts).

- Work rolled forwards to 2021/22 which includes the four audits detailed under paragraph 6 of the report – Housing Allocations; Housing Homelessness; Recovering Council Debts and Special Care Payments to Social Care Workforce.
- Overdue actions as at 6 April as captured in the 4action dashboard at Appendix 1 to the report and expanded upon in a separate report under item 4 on the agenda.
- Investigation work specifically providing assistance with three investigations at the request of Human Resources, two of which have now been concluded and one which is ongoing.

In considering the information the Committee raised the following points –

- The rationale for engaging Salford City Council to assist with the IT audit when another Welsh local authority might be expected to be more familiar with the Council's systems, processes and its Internal Audit arrangements.

The Head of Audit and Risk clarified that the IT audit is a highly technical area and that skilled IT auditors are not widely available. Salford City Council has set itself up over a number of years as a specialist in this area and has dedicated Internal Auditors who are IT trained. It covers all councils in the North West of England and Anglesey has previously drawn on its expertise as have other councils in North Wales. The Internal Audit Service has reached the limits of its IT capabilities and Anglesey is too small an authority to have its own IT audit professionals which is true for the majority of local authority Internal Audit teams in Wales. The audit is being undertaken on a collaborative basis which means that as well as helping Salford City Council deliver the audit, the Internal Audit team will be learning from the engagement.

- Whether the Internal Audit function is sufficiently staffed to be able to cope with its current workload especially in light of the additional risks which the pandemic has created which require internal audit oversight.

The Head of Audit and Risk accepted that it had been a challenging year with the Service having supported the Council in its response to the Covid-19 emergency with one team member having being redeployed to the Track and Trace project and another to the Business Support Grants project which brought an element of assurance to that process. One further member of the team remains on secondment to the Accountancy Service until the end of August, 2021. Although there is an impact in having a team member engaged elsewhere, it can also pay dividends by way of the extra knowledge, skills and experience gained which the team member can then put to use on their return to the team. The Internal Audit Service has adapted, and has adjusted its work over the course of the past year in order to help the Council respond to the Covid 19 emergency and continue to deliver frontline services during that time; Internal Audit will remain flexible in the coming year and will prioritise its work in accordance with the Council's needs.

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

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

4. OUTSTANDING INTERNAL AUDIT ISSUES AND RISKS

The report of the Head of Audit and Risk which provided an update on the status and detail of the outstanding risks that Internal Audit has raised was presented for the Committee's consideration.

The Principal Auditor reported on the main points as follows –

- That this is the first time that a detailed report outlining overall performance in addressing audit actions has been presented to the Committee since the implementation of the new upgraded 4action tracking system. The new system has proved very successful in improving Internal Audit's follow-up and action tracking processes.
- The 4action dashboard which displays a real-time snapshot of current performance in addressing outstanding actions has been developed and refined. Overdue actions are continuously monitored thereby allowing updates from management on their progress in addressing them to be promptly obtained.
- That a bespoke service dashboard to assist Heads of Service and their management teams in monitoring and providing updates on their actions has also been developed. This is currently being piloted with the Resources Service and if successful will be rolled out further across the Council during 2020/21. The Covid 19 emergency has limited the Internal Audit Service's ability to roll out the new 4action system to services and provide training thereon so that management are able to fully utilise its functionalities. This work will resume as the pandemic recedes.
- As at 31 March, 2021 60 outstanding actions were being tracked in 4action of which 20 are rated "major" (amber) and 40 "moderate" (yellow) in risk priority (Graph 1 refers). No Red issues were raised during the year and there are no Red issues/risks currently outstanding. The actions outstanding are spread between 2014/15 and 2020/21 with the majority pertaining to the last two financial years. The oldest dating back to 2014/15 relates to the need for regular independent checks of payroll reports and is well underway to being completed. The outstanding action from 2016/17 relates to the requirement for services to provide assurance that their procurement activity is effective in the annual service challenge process. This action is expected to have been completed for the next service challenge process.
- That there are currently two actions that have reached their target date and have become overdue as shown in Graph 2. The overdue "major" rated action relates to training for IT staff on their responsibilities in the event of an IT incident requiring recovery action. Progress for this action will be determined when the formal follow up of the IT Resilience audit will be carried out in April, 2021. The overdue "moderate" related action relates to the need for regular, independent checks of payroll reports and as referred to previously is now mostly complete, but will need to embed within the service as a routine task.
- That as a result of Internal Audit work in 2020/21, a total of 21 issues/risks were raised requiring management attention (Graph 3). Of these, 7 were classified as "major" and 14 as "moderate" (Graph 4). Of the actions raised which became due for completion in 2020/21, management had addressed 6 of moderate risk priority before 31 March 2021 which represents 100% performance in this area. All six related to the Covid 19 self-assessment audit that Internal Audit carried out in the early stages of the pandemic in April, 2020.
- Graphs 5 and 6 show the current status of all actions be they in progress, not started or closed if they have been addressed and verified as such by Internal Audit. Graph 5 shows the status of all actions irrespective of the date management agreed to address them by – 40% have now been addressed 38% of which have been verified by Internal Audit. The remaining 2% relate to actions from an audit of IT Resilience which will be formally followed up in April, 2021. Around half of the actions shown as not started relate to two audits finalised towards the end of the year in relation to Payments – Supplier

Maintenance and Corporate Parenting Panel for which the due completion date has not yet been reached.

- Graph 6 shows the status of all actions that have reached their target date. Of these, management has addressed over 90% with work in progress for the remainder. Occasionally target dates are extended but only if services are able to demonstrate a legitimate reason for the extension. As a result of the Covid 19 emergency several target deadlines have been extended for services whose priority over the last 12 months has been focused on responding to the pandemic.

In discussing the report the Committee raised the following matters –

- Although recognising that work is ongoing on outstanding actions that have yet to be fully completed, the Committee was disappointed to learn that among those actions are one that dates back to 2014/15 and another to 2016/17; the Committee sought clarity on management's explanation for not fully addressing these issues on the basis that the longer issues remain unaddressed, the greater the risk of their escalating into something bigger.

The Head of Audit and Risk clarified that the outstanding action from 2014/15 relates to Payroll which has been the subject of a long restructure. Whilst the outstanding action in the form of a control that requires regular independent checks of payroll reports to be made is now in place, Internal Audit needs to be satisfied that this task has become embedded in day to day payroll work over a period of time. The outstanding action from 2016/17 relates to procurement and derives from a procurement audit undertaken some years ago which suggested that the Council does not have any mechanism for measuring the effectiveness of its procurement activity. As a result of looking at how other councils undertook this task and Welsh Government putting forward but then withdrawing the need to produce a report, it has taken time to determine how best to provide the Council with assurance about the effectiveness of its procurement activity. It was subsequently agreed with the Procurement Manager and the Section 151 Officer that the mechanism for doing so would be via the service challenge process whereby services during that process would have to provide assurance that their procurement activity is effective. The opportunity to test the mechanism was missed in last year's service challenge process and as a once a year process, it has had to be deferred until the next service challenge process this coming autumn.

- Whether in instances where an audit review raises issues across the range of major, moderate and minor risk priority levels, the major issues should be given greater prominence and if necessary brought forward for implementation on the basis that if left to drift for a length of time there is a danger that the impetus and motivation to address those issues diminish. In that case, actions need to be refreshed and/or reassessed rather than just revisited.

The Head of Audit and Risk advised that Internal Audit takes each risk/issue raised and the management action proposed to address them on their own merits and a date for implementation is agreed with management – in some cases management is overly optimistic in its estimation of the time it will take to fully address an issue raised and is advised on an achievable timescale. The democratic process especially where policy change and consultation are involved, can take time and in instances where a system redesign or service restructure take place as in Payroll then the process can become drawn out. Although Internal Audit does differentiate between major and moderate risks/issues both are given equal prominence when they are followed up with management. Whilst Internal Audit endeavours to pursue

all outstanding actions to ensure their completion, actions in relation to issues/risks deemed major in risk priority would not be allowed to be subject to protracted delay. As is noted in the report the “old” actions dating back to 2014/15 and 2016/17 are rated “moderate” in risk priority.

The Head of Audit and Risk further advised that when the new 4action tracking system was introduced, in the region of 380 historic recommendations were individually assessed and 60 were deemed of sufficient significance to be brought forward for continued monitoring and follow up.

The Principal Auditor confirmed that there are no major rated risks/issues that are more than a year old.

In considering the frequency with which a detailed report on outstanding issues and risk raised by Internal Audit should be submitted to Committee, Members were guided by the advice of the Head of Audit and Risk who deemed that a biannual report would meet the requirements in terms of the Committee’s governance responsibilities and would also be achievable within the Internal Audit team’s current workload.

It was resolved –

- **To note the Council’s progress in addressing the outstanding Internal Audit Issues/Risks.**
- **That a detailed report on outstanding Internal Audit Issues/Risk be submitted to the Committee biannually.**

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

5. DRAFT INTERNAL AUDIT STRATEGY 2021/22

The report of the Head of Audit and Risk incorporating the draft Internal Audit Strategy for 2021/22 was presented for the Committee’s consideration.

The Head of Audit and Risk highlighted the following key elements of the Audit Strategy –

- The current context whereby the unprecedented circumstances of the global coronavirus pandemic has shaped the outlook for 2021/22 leading to a refocusing of priorities.
- Adopting a risk-based and agile approach to audit delivery meaning that internal audit activity will be aligned with the corporate risk registers. In agile auditing activity is based on risks and the organisation’s needs; there is focus on collaboration and communication between the audit team and stakeholders, the priority is on speed and efficiency leading to a more streamlined process and more rapid audit delivery.
- Utilising the three lines model (First line – operational functions; second line – functions that support, monitor and facilitate e.g. Legal, Quality Assurance, Information Security; third line – functions that provide independent assurance e.g. internal and external regulators) as a framework to bring sources of assurance together. Internal Audit will work with the first and second line to secure these assurances and the Council’s Corporate Business and Performance Team to support the Council’s Annual Governance Statement.
- Concentrating on what matters most to the Council meaning that the majority of Internal Audit activity will be a review of the red and amber residual risks on the Corporate Risk Register including the seven risk areas listed in the report where the Council has assessed both the inherent and residual risk as Red.

- Reviewing the management of the Covid-19 risk register to ensure that the Senior Leadership Team continues to effectively manage the risks associated with the pandemic.
- Managing the risk of fraud which has been exacerbated by the current pandemic. During 2021/22 Internal Audit will deliver training and an e-Learning package to raise awareness and proactively identify fraud in the organisation; undertake targeted counter fraud activities and continue with the review of the Council's approach to counter-fraud, anti-bribery and corruption, anti-money laundering and terrorism financing and will update the Fraud Response Plan accordingly.
- Conducting reviews of areas in response to Heads of Service's assessment of current risk and control issues as outlined in the report.
- Resuming work which was identified and planned before the pandemic took hold when internal resources were redeployed and focused on supporting the emergency response.
- Continuing to implement the established follow-up process to ensure that management has effectively addressed the risks raised by Internal Audit.
- Implementing a streamlined suite of performance measures to determine the effectiveness of Internal Audit's work.
- Committing to the ongoing training and development of the Internal Audit Service's staff. The team continues to include a wealth of internal and external audit experience along with an excellent mix of professional qualifications. Staff turnover remains an issue despite a recent recruitment exercise. However, the experience from last year has provided valuable learning and together with a new and dedicated team and new action tracking software, has placed the Internal Audit Service in a good position to deliver its strategy

In discussing the report and strategy, the Committee made the following points –

- With regard to the designated red risk in relation to the real term reduction in the Council's funding and the potential effect on services, priorities and the Council's financial resilience, reference was made to the legal challenge to the decision by Gwynedd Council to raise its council tax premium on second homes to 100%. Should the challenge prove successful, the Committee wanted to know if there were implications for this Council in terms of having to reimburse premiums paid and whether it needs to be identified as a risk.

The Director of Function (Resources)/Section 151 Officer advised that he understood that the legal challenge has been mounted on the basis that the increase in the second homes premium approved by Gwynedd Council is unfair and discriminatory. The Housing Wales Act 2014 allows local authorities to levy a premium of up to 100% of the standard rate of council tax on long term empty homes and second homes in their areas meaning that Gwynedd Council has therefore acted within its legal rights. A court will likely look at the process by which the decision was reached and the consultation process undertaken. The Director of Function (Resources)/Section 151 Officer said that in Anglesey the Executive has determined that the Council will over the summer months consult on increasing the premium for second homes in its area and in doing so it will have regard to the conduct of the consultation process held by Gwynedd Council. In the event that a legal ruling on the fairness of Gwynedd Council's process is made in the meantime, then Anglesey would take that into consideration prior to commencing or completing its own consultation process and amending the premium level.

- With regard to the Corporate Risk Register, the rationale for the designation of Ash Die back and Poverty as red inherent risks.

The Head of Audit and Risk clarified that Ash Die Back is considered a significant issue given the number of trees that are affected and will have to be felled during the next 15 years with many being in high footfall areas near buildings, highways and private property. The issue has been raised as a high risk by the Council's insurers and a dedicated Officer has been engaged by the Council to look into the matter. Whilst Poverty as a risk was originally designated as the Introduction of Welfare Reform, it was decided to expand the scope of the risk from welfare reform as a cause to include the wider effects of poverty on individuals' wellbeing and the impact on Council services and their ability to support people in poverty.

- Whether in developing the Internal Audit strategy consideration has been given to the changes to the Committee's responsibilities which the Local Government and Elections (Wales) Act 2021 is introducing and any resulting impact on Internal Audit activity.

The Head of Audit and Risk clarified that whilst she could not immediately think of any way in which the new legislation would affect the activity of Internal Audit if, after reflection, she considered otherwise she would report back and advise accordingly.

It was resolved to approve the Internal Audit Strategy for 2021/22 and to endorse the approach and priorities outlined thereon as fulfilling the Council's assurance needs.

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

6. EXTERNAL AUDIT: 2021 AUDIT PLAN – ISLE OF ANGLESEY COUNTY COUNCIL

The External Audit report incorporating the proposed Audit Plan for the 2020/21 audit year was presented for the Committee's consideration. The Plan set out the work proposed to be undertaken in relation to the financial audit, the performance audit programme for the year along with the programme of grant certification work and audit reporting timetable.

Mr Alan Hughes, Performance Audit Lead for Audit Wales summarised the External Auditor's responsibilities with regard to the audit of financial statements, and in relation to assessing the Council's arrangements for obtaining value for money from the resources it uses and the extent to which it applies the sustainable development principle when setting and taking steps to meet its well-being objectives. He referred to the performance audit programme for 2021/22 which comprised of pieces of work relating to the Well-being of Future Generations Act (Wales 2015) (WFG examination) the details of which are to be confirmed; Assurance and Risk Assessment around arrangements to secure value for money in the use of resources and thematic work in relation to the transformative and adaptive capabilities of councils in building for a sustainable future. He confirmed that Audit Wales will continue to work flexibly to deliver the audit work set out in the plan and is committed to ensuring that this work will not impede the activities that the Council needs to do to respond to ongoing challenges presented by the Covid19 pandemic.

Yvonne Thomas, Audit Wales Financial Audit Manager elaborated on the key financial statement audit risks identified at the planning stage and the proposed audit response in dealing with those risks and she confirmed that the risks are applicable to all councils in Wales.

The Committee raised the following points on the proposed audit plan –

- The arrangements that will replace the External Auditor's continuous improvements responsibilities which will no longer apply as a result of changes arising from the Local Government and Elections (Wales) Act 2021.

Mr Alan Hughes clarified that under the Local Government (Wales) Measure 2009 Audit Wales undertook to certify the Council Plan and Improvement report and issued certificates to that effect. The new legislation places a duty on councils to review and report on their performance by way of self-assessment which Wales Audit will examine in order to obtain assurance regarding the work undertaken by councils in Wales and will be a key component of the assurance framework which will in turn feed into External Audit's assurance and risk methodology.

- The purpose and functions of Corporate Joint Committees to which reference is made as part of the key financial audit risks identified under other matters.

The Director of Function (Resources)/Section 151 Officer clarified that the Local Government and Elections (Wales) Act 2021 provides for the establishment of Corporate Joint Committees (CJC) which are designed to enable certain functions – economic development; transport, strategic planning and education improvement - to be delivered strategically at regional level thereby making more efficient use of resources. A North Wales Regional Corporate Joint Committee encompassing all six North Wales local authorities forms part of the arrangements. The CJs are corporate entities in their own right and will be able to employ staff, hold assets and set budgets.

It was resolved to accept the 2021 External Audit Plan and to note its contents.

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

7. CONSTITUTIONAL CHANGES AFFECTING THE GOVERNANCE AND AUDIT COMMITTEE

The report of the Head of Audit and Risk setting out the constitutional changes affecting the Governance and Audit Committee due to the resignation of a lay member and the implementation of the Local Government and Elections (Wales) Act 2021 was presented for consideration.

The Head of Audit and Risk reported that following the resignation of a lay member of the Governance and Audit Committee, the Committee made a request to amend the Council's Constitution to reduce the number of lay members on the Committee from two to one lay member until the provisions of the Local Government and Elections (Wales) Act 2021 come into effect. The amendment was approved by Full Council on 9 March, 2021.

The specific changes affecting the Governance and Audit Committee as a result of the Act are in relation to its name (a change of name has already come into effect), committee membership, composition and proceedings, appointment of chair and deputy chair as well as the requirement that the Committee review and assess the Council's ability to handle complaints effectively. Although the Committee has already been receiving an annual report on complaints, concerns and whistleblowing as part of its oversight of governance arrangements at the Council and will be familiar with the subject area, arrangements are being made with the Complaints Standards Authority of the Office of the Public Services Ombudsman for Wales for complaints training to be delivered to the Committee ahead of the submission of the annual complaints report in September.

The Head of Audit and Risk also referred to changes arising from the new legislation with regard to Council Performance and Performance assessment which will see the Governance and Audit Committee receive for review, a draft self-assessment report which the Council will be required to compile as well as a report on a panel performance assessment (and the Council's response) which the Council will have to arrange at least once during each electoral cycle.

It was resolved to note the changes to the Council's Constitution following its request, and the reforms introduced by the Local Government and Elections (Wales) Act 2021.

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

8. PROCURING WELL-BEING IN WALES REPORT

The report of the Business Planning, Programme and Performance Manager incorporating the recommendations set out in the Procuring Well-being in Wales report published by the Future Generations Commissioner in February, 2021 was presented for the Committee's consideration. The Procuring Well-being in Wales report outlines the extent to which the Well-being of Future Generations Act is informing commissioning and procurement decisions across all 44 public bodies in Wales.

The Director of Function (Resources) and Section 151 Officer reported that Anglesey Council was among a sample of local authorities that took part in the fieldwork for the report which examines how procurement is being undertaken at the Council and how the requirement of the Wellbeing of Future Generations Act are being embedded in day to day procurement work. Attached under Appendix 1 is the Council's draft response to the report's recommendations the majority of which require Welsh Government action before they can be then implemented at Council level.

The Director of Function (Resources) and Section 151 Officer advised that the Council has been reviewing its contract management arrangements including the possibility of introducing a formal system to better manage this function and is investigating the availability of such systems, their features, benefits and cost implications and how they may be integrated with the Council's existing financial systems. The Council's Procurement Team is also undertaking an audit of a sample of contracts to evaluate the standard and quality of current contracts and to establish whether the contract management and performance management elements are sufficiently robust and how they are subsequently monitored and enforced. The findings from these two pieces of work will inform any decisions with regard to contract management going forward. The Council's Procurement Strategy is also under review and is being developed in readiness for the new Council in May, 2022 to be aligned with the new Council's Corporate Plan.

It was resolved –

- **To note the findings of the report Procuring Well-being in Wales – A Review into How the Well-being of Future Generations Act is informing procurement in Wales.**
- **To approve the Council's response to the associated recommendations published.**

NO PROPOSAL FOR ADDITIONAL ACTION WAS MADE

9. FORWARD WORK PROGRAMME

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

The Head of Audit and Risk advised that the Committee's June, 2021 meeting has been earmarked for consideration of the draft 2020/21 Statement of the Accounts and draft Governance Statement and that she was consulting on the contents of the Work Programme in light of the changes created by the Local Government and Elections (Wales) Act 2021.

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

**Councillor Peter Rogers
Chair**

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 18 May 2021

PRESENT: Councillors Jeff Evans, John Griffith, Richard Griffiths, G O Jones, Dylan Rees, Alun Roberts, Margaret Murley Roberts, Peter S Rogers.

Lay Member: Dilwyn Evans

IN ATTENDANCE: Chief Executive,
Head of Function (Council Business)/Monitoring Officer,
Head of Democratic Services,
Committee Officer (MEH).

APOLOGIES: None

ALSO PRESENT: Councillor Glyn Haynes – Chair of the County Council.

1 DECLARATION OF INTEREST

None received.

2 ELECTION OF CHAIRPERSON

Councillor Peter S Rogers was elected Chairperson for the Governance and Audit Committee.

3 ELECTION OF VICE-CHAIRPERSON

Mr Dilwyn Evans was elected Vice-Chairperson for the Governance and Audit Committee.

**COUNCILLOR GLYN HAYNES
AS CHAIR OF THE COUNTY COUNCIL**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	25 May 2021
Subject:	Internal Audit Annual Report 2020-21
Head of Service:	Marc Jones, Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor, Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Nature and Reason for Reporting: The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Annual Report.	

1. Introduction

- 1.1. The Public Sector Internal Audit Standards (PSIAS) require the ‘chief audit executive’ to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee’s terms of reference also require it to consider the annual report of the internal auditors.
- 1.2. This report provides the Committee with the Internal Audit Annual Report for 2020-21, which provides the Head of Audit and Risk’s overall opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management and control during the year.

2. Recommendation

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



INTERNAL AUDIT ANNUAL REPORT 2020-21

Marion Pryor BA MA CMIIA CPFA

May 2021

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FOREWORD – CURRENT CONTEXT

The impact of COVID-19 on all the public services has been considerable and for internal auditors it raised the question of whether they would be able to undertake sufficient internal audit work to gain assurance during 2020-21.

This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) where the Head of Internal Audit is required to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is one of the sources of assurance that the Council relies on for its Annual Governance Statement.

CIPFA¹ recognised that local government bodies were struggling with considerable challenges and were having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. Meanwhile, there was no change to the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conformed to PSIAS.

CIPFA therefore, during December 2020, published sector specific guidance for internal auditors working in or for local government in the UK; it set out and discussed in detail six key requirements for local government bodies that heads of internal audit, leadership teams and audit committees ought to follow in order for the organisation to meet their assurance needs.

Following consultation with the Senior Leadership Team (SLT) to take into account the CIPFA guidance and to revise and agree the internal audit team's priorities to cover the new risks and changes from the impact of COVID-19, the Head of Audit and Risk submitted a report to the Governance and Audit Committee in February 2021. It outlined the provisions that would be made, while taking into account capacity issues, to obtain sufficient assurance to support the annual opinion.

¹ CIPFA is the Relevant Internal Audit Standard Setter (RIASS) for local government and works with the other UK RIASS to mandate the PSIAS across the public sector.

INTRODUCTION

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Head of Audit and Risk, to deliver an annual internal audit opinion that the organisation can use to inform its Annual Governance Statement².

The annual opinion must include:

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

² The Accounts and Audit (Wales) Regulations 2014 requires a review of governance arrangements to be reported within the authority, in the Council's case, the Governance and Audit Committee, and externally in the published accounts. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Head of Audit and Risk provides a written annual report to those charged with governance to support the AGS.

INTERNAL AUDIT OPINION

Head of Internal Audit Opinion 2020-21

For the 12 months ended 31 March 2021, the Isle of Anglesey County Council's Head of Audit and Risk's opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

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

There are no qualifications to this opinion.

BASIS OF MY OPINION

Scope

I have reached my opinion by considering the work and activities we have carried out during the year, discussed further below. The opinion does not imply that we have reviewed all risks and assurances relating to the Council. It is substantially derived from the setting of a risk-based plan of work, which management have agreed and the Governance and Audit Committee have approved. It should provide a reasonable level of assurance, subject to the inherent limitations [below](#) and to the [report](#) submitted to the Governance and Audit Committee in February 2021 and discussed in the [Foreword - Current Context](#) above.

Limitations

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

Assurance³

Key to being able to obtain sufficient assurance to inform the opinion was to take into account both internal audit work and other sources of assurance:

Internal Audit Work

- Corporate risk register audits (informed by the risk-based audit strategy)
- Review of COVID-19 Emergency Response (Self-Assessment) and Follow Up - completed between April and June 2020

³ Definitions of assurance ratings in place during 2020-21 can be found at [Appendix A](#)

- Other audit work
- Mandatory audits of grants

Corporate Risk Register Audits

During 2020-21, seven additional risks were rated as having a red or amber residual risk rating on the corporate risk register, raising the total from 13 in 2019-20 to 20 in 2020-21. We reviewed 20% of these during 2020-21 (34% over a 36-month rolling period).

We reviewed five out of the seven (71%) corporate risks with a red residual rating over a 24-month rolling period. We audited some risks more than once in the 36-month period, undertaking 13 audits of specifically corporate risk register audits. ([Appendix B](#) refers).

We were able to provide '**Reasonable**' assurance that the Council was effectively managing all but two of the corporate risk register risks we reviewed. We were only able to provide '**Limited**' assurance for IT Resilience and IT Service Continuity (Phishing) audits, but when revisiting the IT Resilience 'Issues/Risks' later in the year, we were able to increase the assurance to '**Reasonable**'.

Review of COVID-19 Emergency response arrangements

Early in the emergency, the Deputy Chief Executive, on behalf of the Emergency Management Response Team (EMRT), commissioned Internal Audit to provide assurance that the Council's emergency response arrangements were safe, robust, effective and fit for purpose.

We reported the outcome of our work in two parts, giving '**Reasonable**' assurance for each and raising six 'Issues/Risks', to be addressed by the EMRT. We reviewed these 'Issues/Risks' a month later and were able to report that all had been addressed.

Other audit work

We also reviewed other key areas of the Council's activities, including areas where the Director of Function (Resources) and Section 151 officer and SLT had raised concerns ([Appendix C](#) refers).

Of the nine audits of this type we finalised during 2020-21, we gave five **'Reasonable'** assurance for the arrangements for governance, risk management and internal control and four **'Limited'** assurance.

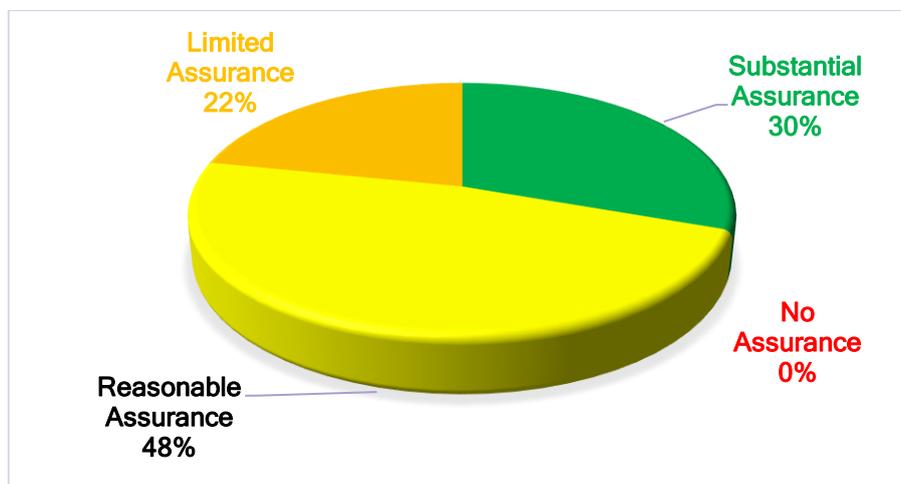
Grant certification work

We also undertook grant certification work where there was a requirement to undertake an audit under the terms and conditions of the grant ([Appendix D](#) refers).

Of the nine grant certification audits we finalised during 2020-21, we gave seven **'Substantial'** assurance for the arrangements for governance, risk management and internal control and found no significant or material **'Risks/Issues'**.

Internal Audit Assurance ratings provided during 2020-21

Overall, we were able to provide **'Reasonable'** assurance or above for 78% of the audits we undertook.



Five audits (22%) received **'Limited'** assurance during the year, compared to two in 2019-20. In accordance with our protocol, we formally revisit all the **'Issues/Risks'** raised in reports with a **'Limited'** assurance, when they become due, to ensure they are effectively addressed. We formally revisited four reports with a **'Limited'** assurance rating. We also revisited two reports which had a **'Reasonable'** assurance rating; one where it was recognised as a risk in the corporate risk register (Emergency Response) and one which had a number of **'Issues/Risks'** remaining outstanding (Sundry Debtors).

Following our revisit, we were able to raise the assurance to **'Reasonable'** in all the reports we revisited.

No audits received **'No'** assurance and no **'Critical'** (red) 'issues/risks' were raised during the year.

Where we identified 'Issues/Risks', management accepted them all. The remaining 'Issues/Risks' were monitored by recording in our action tracking system, discussed in further detail in the following [section](#).

First Line Assurance

Emergency Management Assurance

Guidance issued by CIPFA (see [Foreword - Current Context](#) above) advocated heads of audit consider, alongside internal audit work, other sources of assurance in order to fulfil the head of audit's responsibility to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

We therefore undertook a piece of work that involved management completing two questionnaires, one strategic-level, and one at operational level. We developed the questionnaires to gain direct, 'first line'⁴ assurance from senior and middle managers about how the Council had coped with the challenges that COVID-19 brought, to identify the changing risks and impacts on the Council itself and whether key governance, risk management and internal control arrangements had deteriorated or been maintained.

Overall, the results of the self-assessment were positive. Due to the volume and depth of responses received from across the services, the Council can take **'Reasonable'** 'first line' assurance that the governance, risk management, and control frameworks have been adequately maintained while it has responded to the COVID-19 pandemic.

⁴ From the Institute of Internal Auditors' Three Lines Model, available at <https://www.iaa.org.uk/resources/corporate-governance/application-of-the-three-lines-model/>

OUTSTANDING ISSUES/RISKS

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

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

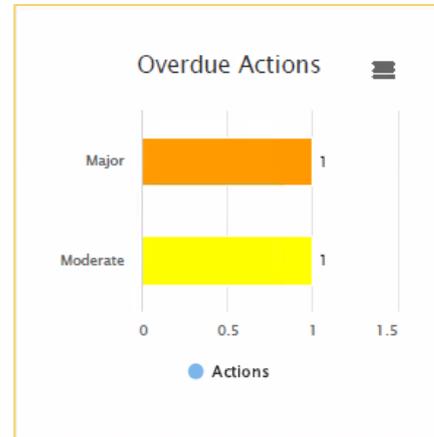
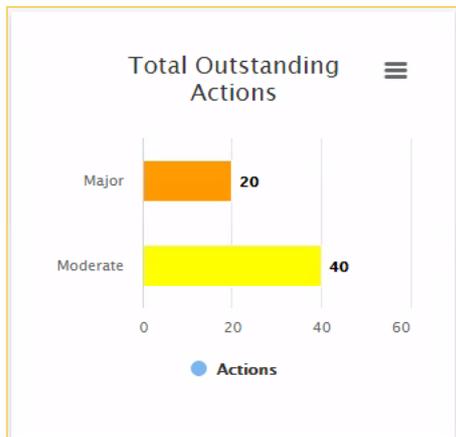
We have also developed a bespoke service dashboard to assist heads of service and their management teams in monitoring and providing updates on their actions. We are currently piloting this with the Resources service and if successful will continue to roll out further across the Council during 2021-22.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

Current performance

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

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

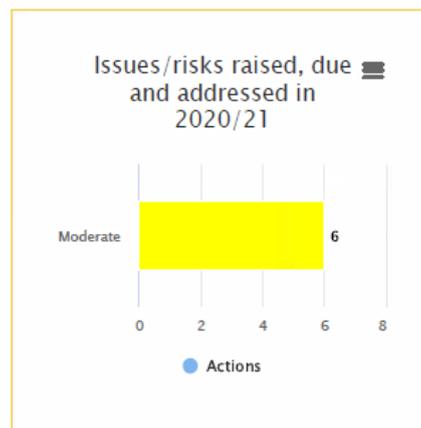
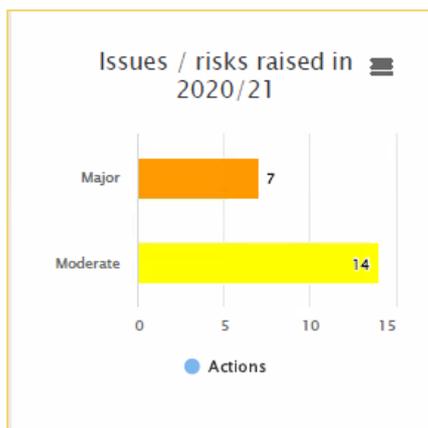
Outstanding and Overdue Actions



As at 31 March 2021, we were tracking 60 outstanding actions. Of these, 20 were rated 'major' (amber) and 40 'moderate' (yellow) in risk priority, as shown above left.

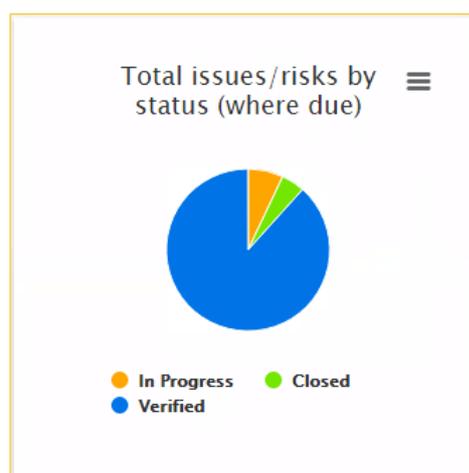
We actively monitor all actions and pursue them with management when they become overdue to ensure they are addressed. As at 31 March 2021, there were two actions that had reached their target date and had become 'overdue', as shown above right.

Issues / Risks Raised and Due in 2020-21



We raised 21 'issues/risks' that required management attention in 2020-21. Of these, we classified seven as 'major' and 14 as 'moderate'. Of the actions that we raised and subsequently became due for completion in 2020-21, management had addressed six of moderate risk priority before 31 March 2021. This represents 100% performance in this area.

Status of Issues / Risks



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

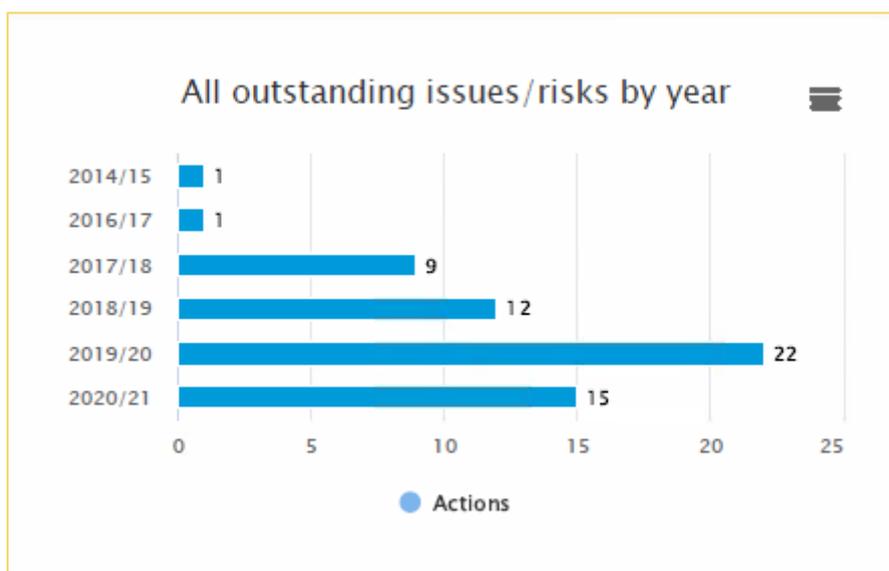
The graph above left shows the status of all actions irrespective of the date by when management had agreed to address them. It shows that management have now addressed 40% of them. Internal audit have verified 38% of these. The remaining 2% relate to actions from an audit we will follow up formally in April 2021. We will verify completion of these actions during this piece of work.

Around half of the actions shown here as ‘not started’, relate to two audits finalised towards the end of the year. Therefore, actions identified as a result of these audits are not yet due for completion.

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

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

Outstanding Issues / Risks by Year



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

These range between 2014-15 and 2020-21. While the graph indicates the majority relate to the last two financial years, it does however highlight a small number of old actions that management has yet to fully address.

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

ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

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

During 2020-21, we have found senior management at the Council to be supportive and responsive to the issues we have raised. We have a good relationship with management; they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity for making improvements.

We have also been commissioned to undertake advisory work in the year at the request of management, which gives a strong indicator that managers are willing to engage with Internal Audit to establish good risk and control environments.

OUR PERFORMANCE

When delivering the risk-based audit strategy, the Head of Audit and Risk, supported by SLT, has made every effort to make best use of available internal audit resources during the pandemic, including:

- streamlining reports to the Governance and Audit Committee
- narrowing the focus of audit scopes to examine only key risks
- filling vacant audit posts on a temporary basis - additional Senior Auditor recruited
- buying in audit expertise from an external provider - IT Audit from Salford City Council
- evaluating all requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion - School Fund guidance and training, audit certificate work outsourced
- avoiding diversion of internal audit staff to counter fraud work - the counter fraud programme has been delayed until 2021-22
- reducing to a minimum non-audit work, such as COVID-19 returns and redeployment to the Test, Trace and Protect (TTP) and business grants teams
- increasing communication with services to help ensure good co-operation and avoid unnecessary delays when undertaking audits - there has been better use of technology, such as Microsoft Teams
- continuing with the adoption of an 'agile audit' approach to smooth bottlenecks and remove barriers to progression.

Adding Value

Although opportunities have been limited due to the pandemic, even in this demanding context, throughout the year we have strived to add value wherever possible. We have continued to support managers across the Council by providing training, advice and sourcing external resources to provide assurance.

We have also continued to support peers across Wales and the North West of England by sharing good practice and work programmes, along with areas of emerging risk.

Performance Measures

We have in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit service. In February 2020, the Governance and Audit Committee agreed a number of performance targets within the Strategy for 2020-21, which can be seen at [Appendix E](#).

We have performed well against our targets, with three out of five indicators meeting their target.

We have performed less well in terms of the percentage of the red and amber residual risks reviewed and this is due in the main to the reduction in our staffing complement, losing staff again this year to promotion, secondment, long-term absence and also the COVID-19 emergency. Despite the emergency, we recruited two new members of staff, although the situation delayed their commencement with the team.

The completion of two audits was also delayed due to the COVID-19 emergency and caused us to fail to meet our target of completing 100% of audits within six months, by 7%.

Benchmarking

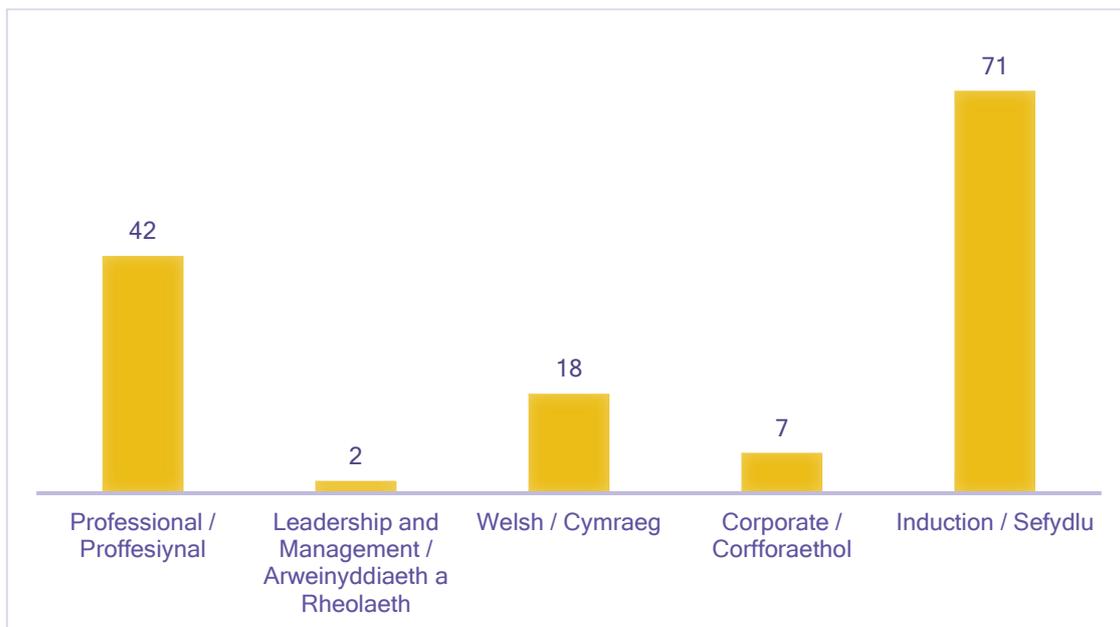
Normally we would benchmark our performance against the 22 members of the Welsh Chief Auditors Group, although only 19 regularly participate. However, due to the pandemic, benchmarking has been cancelled for 2020-21.

Despite being the smallest authority within the group in terms of population and not benefiting from the economies of scale available to some of the other members, in the past we have regularly achieved top quartile performance.

TRAINING AND DEVELOPMENT

All current members of the team are professionally qualified, with a good mix of professional qualifications. The service has invested significantly to ensure they continue their professional development and stay abreast of emerging risks and developments in the sector. We have also participated in the mandatory corporate training, where required.

In total, the service has invested 139 days in training and development during 2020-21 (113 days in 2019-20), consisting of the following:



The significant increase is due to the induction of two new members of staff commencing during the year.

CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

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

An external assessment of the Isle of Anglesey County Council Internal Audit Service, conducted in June 2017, provided assurance that the service '**Generally Conforms**'⁵ with the Standards, which is the top assessment available to the assessor.

The next assessment is due next year and arrangements are being progressed with the Welsh Chief Auditors Group for a peer review by Flintshire County Council in June 2022.

⁵ 'Generally Conforms' means the evaluator has concluded that the relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the service has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.

CHALLENGES AND OPPORTUNITIES GOING FORWARDS

Before 2020-21 could even get started, the COVID-19 emergency rendered the 2020-21 Internal Audit Strategy out of date. Most of the Internal Audit and Risk Management team were deployed to priority parts of the business to support the Council's emergency response. Those remaining worked closely with the Emergency Management Response Team (EMRT) to provide assurance that its arrangements for responding to the emergency were fit for purpose. Although not in the Audit Plan, it was critical assurance work.

We also supported the EMRT to utilise the upgraded 4action system during the emergency. It proved to be a fundamental tool in supporting the EMRT in managing and tracking actions required in responding to the ongoing crisis.

We are confident that the time invested this year in the 4action system upgrade will pay dividends in our ability to effectively monitor and track outstanding 'issues/risks'. It will also provide the Governance and Audit Committee with the information they need to hold Internal Audit to account on its effectiveness in tracking the 'issues/risks'. The ease of use and usefulness of the new system has compelled managers to better engage with the process of providing updates on outstanding 'issues/risks'.

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

APPENDIX A: DEFINITION OF ASSURANCE RATINGS 2020-21

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

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(G) Green; (Y) Yellow; (A) Amber; (R) Red

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APPENDIX B: RED AND AMBER RESIDUAL RISKS IN THE CORPORATE RISK REGISTER

Risk Ref	Risk	Inherent Risk Rating	Residual Risk Rating	Date Created	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21
YM 4	Risk that a health and safety incident results in serious injury, illness or death	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	20/06/2018	Yellow Residual Risk	Yellow Residual Risk	Amber residual risk from 27/08/20
YM 5	Risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable, to deliver efficient and effective services.	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	20/06/2018	Recruitment & Retention (March 2019) (Y)		
YM 9	Risk that key services cannot be provided following a major event (e.g. civil emergency, major flooding, Covid-19, foot and mouth, major contractor ceasing to trade etc)	E / I = 5 T / L = 5 A1 (25) (R)	E / I = 5 T / L = 3 C1 (15) (R)	20/06/2018		Business Continuity (February 2020) (Y)	Review of COVID-19 Emergency Response (April 2020) (Y)
YM 11	Risk that a serious safeguarding error results in or contributes towards serious harm to those vulnerable individuals who the Council has a responsibility for	E / I = 4 T / L = a B2 (16) (R)	E / I = 3 T / L = 4 C2 (12) (A)	20/06/2018	Deprivation of Liberty Safeguards (June 2018) (Y)	Corporate Safeguarding (September 2019) (Y)	Corporate Parenting Panel (January 2021) (Y)
YM 13	Risk that the Council's ability to plan for demographic change on the Island is not robust enough to deal with the resulting change in demand for services	E / I = 4 T / L = 5 A2 (20) (R)	E / I = 3 T / L = 4 B3 (12) (A)	20/06/2018			
YM 15	Risk that the schools modernisation project is not fully implemented and affects standards and the ability to reduce surplus school places and the lack of school places.	E / I = 5 T / L = 4 B1 (20) (R)	E / I = 4 T / L = 3 C2 (12) (A)	20/06/2018	Director requested postponement of audit due to temporary postponement of programme		

Risk Ref	Risk	Inherent Risk Rating	Residual Risk Rating	Date Created	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21
YM 17	Risk that the Island's infrastructure does not meet the needs of the public and businesses across the island	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 2 D2 (8) (A)	21/06/2018			
YM 22	The risk of the Council entering into contracts which impose an unnecessary financial / resource burden on the Council	E / I = 4 T / L = 3 C2 (12) (A)	E / I = 4 T / L = 2 D2 (8) (A)	21/06/2018			
YM 28	The risk of a cyber-attack having a significant impact on the Council's ability to deliver front line and support services.	E / I = 5 T / L = 4 B1 (20) (R)	E / I = 5 T / L = 3 C1 (15) (R)	21/06/2018	IT Audit - Cyber Security (February 2019) (Y)		IT Audit - Phishing (May 2021) (A)
YM 29	The risk that the Council cannot agree on a suitable, cost effective site that meets the needs of those identified in the Gypsies and Traveller Accommodation Needs Assessment 2016	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	21/06/2018	Gypsies and Travellers (Requirements of the Housing Act 2014) (April 2019) (Y)		
YM 30	The risk that gypsy and travellers form unauthorised encampments which results in disruption to local businesses and residents.	E / I = 3 T / L = 5 A3 (15) (A)	E / I = 3 T / L = 4 B3 (12) (A)	21/06/2018	Gypsies and Travellers (Requirements of the Housing Act 2014) (April 2019) (Y)		
YM 38	The risk that IT failure significantly impacts service delivery	E / I = 5 T / L = 5 A1 (25) (R)	E / I = 5 T / L = 3 C1 (15) (R)	10/09/2018		IT Audit - IT Resilience (April 2020) (A)	IT Audit - IT Resilience Follow Up (May 2021) (Y)
YM 40	Risk that the UK's withdrawal from the EU (Brexit) will negatively impact the Isle of Anglesey	E / I = 4 T / L = 5 A2 (20) (R)	E / I = 4 T / L = 4 B2 (16) (R)	04/01/2019		Managing the Risks of Brexit (January 2020) (Y)	

Risk Ref	Risk	Inherent Risk Rating	Residual Risk Rating	Date Created	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21
YM 41	The risk that the real term reduction in the Council's funding continues and leads to statutory services being curtailed, priorities not being achieved, investments not being made , and increased staffing pressures	E / I = 5 T / L = 5 A1 (25) (R)	E / I = 4 T / L = 4 B2 (16) (R)	14/05/2019		Financial Resilience (April 2020) (Y)	Risk redefined 25/01/2021
YM 43	The risk that Anglesey will not fully recover from the COVID-19 crisis	E / I = 5 T / L = 4 B1 (20) (R)	E / I = 4 T / L = 4 B2 (16) (R)	11/05/2020			New in 2020/21
YM 45	The risk of an increase in poverty increasing demand on Council services	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	18/08/2020	Welfare Reform (April 2019) (Y)		New in 2020/21
YM 47	The risk of the trees that the Council is responsible for falling and causing significant injury or damage	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	01/10/2020			Risk redefined 25/01/2021
YM 48	The risk that the Council's response to climate change is considered inadequate to protect local communities from the side-effects	E / I = 4 T / L = 4 B2 (16) (R)	E / I = 4 T / L = 3 C2 (12) (A)	07/12/2020			New in 2020/21
YM 49	The risk that the Council's physical assets (e.g. buildings, roads, IT network) will not be fit for purpose if the Council cannot invest sufficiently to sustain and develop them	E / I = 5 T / L = 4 B1 (20) (R)	E / I = 4 T / L = 4 B2 (16) (R)	19/02/2021			New in 2020/21
YM 50	The risk that the Council does not have the specialist resources needed to carry out its duties as an airport owner	E / I = 3 T / L = 5 A3 (15) (A)	E / I = 3 T / L = 4 B3 (12) (A)	25/03/2021			New in 2020/21

(G) Green; (Y) Yellow; (A) Amber; (R) Red

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APPENDIX C: OTHER INTERNAL AUDIT WORK IN 2020-21

Title of Audit	Date of Final Report	Assurance Level	Critical (R)	Major (A)	Moderate (Y)
Managing the Risk of Fraud	May-20	Reasonable (Y)	0	0	6
Management of School Unofficial Funds	Sep-20	Limited (A)	0	1	4
Leavers' Process	Sep-20	Limited (A)	0	1	3
Sundry Debtors (Third Follow Up)	Sep-20	Reasonable (Y)	0	0	5
System Controls - Logical Access and Segregation of Duties (Fourth Follow Up)	Sep-20	Reasonable (Y)	0	0	1
Payments - Supplier Maintenance	Jan-21	Limited (A)	0	5	5
Primary Schools Themed Audit - Income Collection (Second Follow Up)	Mar-21	Reasonable (Y)	0	0	0
Emergency Management Assurance (First Line Assurance)	May-21	Reasonable (Y)	0	0	0
Identification of duplicate invoices and recovery of duplicate payments	May-21	Limited (A)	0	3	3
		9	0	10	27

(G) Green; (Y) Yellow; (A) Amber; (R) Red

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APPENDIX D: GRANT CERTIFICATION WORK IN 2020-21

Title of Audit	Date of Final Report	Assurance Level	Critical (R)	Major (A)	Moderate (Y)
Rent Smart Wales Grant	Sep-20	Substantial (G)	0	0	0
Pupil Development Grant	Sep-20	Substantial (G)	0	0	0
Pupil Development Grant - Looked After Children Allocation	Sep-20	Substantial (G)	0	0	0
Local Authority Education Grant - Minority Ethnic and Gypsy Roma Traveller Learners	Nov-20	Substantial (G)	0	0	0
Local Authority Education Grant - Teachers Pay Award - Cost of Teachers' pay award (excluding 6th forms) & Financial Pressures Associated with Teachers Pay Award	Nov-20	Substantial (G)	0	0	0
Local Authority Education Grant - Pupil Development Grant (PDG) - Access	Jan-21	Reasonable (Y)	0	0	0
Local Authority Education Grant - Professional learning to support and raise the quality of our teachers	Jan-21	Substantial (G)	0	0	0
Local Authority Education Grant - Wellbeing - A whole-school approach to mental health and emotional well-being	Jan-21	Substantial (G)	0	0	0
LEA Sixth Form & Adult Community Learning Allocations 2019-20 Certification	Feb-21	n/a	n/a	n/a	n/a
		9	0	0	0

(G) Green; (Y) Yellow; (A) Amber; (R) Red

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APPENDIX E: PERFORMANCE MEASURES – COMPARISON AGAINST TARGET

Performance Indicator	Performance 2018-19	Performance 2019-20	Target 2020-21	Performance 2020-21
Red and Amber Residual Risks in the Corporate Risk Register audited ⁶	29%	50%	80%	20% (R)
Audits completed within six months	Not measured	93%	100%	93% (A)
Clients responses at least 'satisfied'	100%	100%	100%	100% (G)
Reported to Governance and Audit Committee within target	87%	86%	100%	100% (G)
Audits completed within planned time	100%	100%	100%	100% (G)
Number of staff	4.0 FTE	4.0 FTE	5.0 FTE	2.6 FTE ⁷ (R)

(G) Green; (Y) Yellow; (A) Amber; (R) Red

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⁶ Due to the fairly stable nature of these risks, this will be measured over a rolling 24-month period from 2021-22

⁷ 0.7 FTE supporting COVID-19; 0.4 FTE lost to long term sickness; 1.7 FTE lost to vacancies and flexible working

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee / County Council
Date:	25 May 2021 / 7 September 2021
Subject:	Annual Report of the Governance & Audit Committee 2020-21 – Chair’s Report
Head of Service:	Marc Jones, Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor, Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Nature and Reason for Reporting: The Governance and Audit Committee is required to report to ‘those charged with governance’ (the County Council) an assessment of its performance on its activities during the year to demonstrate how the Committee has discharged its responsibilities.	

1. Introduction

1.1. This report details the activities of the Governance and Audit Committee during 2020-21. The Governance and Audit Committee is an important element of the Council’s governance arrangements. Reporting on its activities helps demonstrate the Council is a well-managed authority which in turn contributes to ensuring that it is making the best use of its resources.

2. Recommendation

2.1. That the Governance and Audit Committee endorses the Annual Report of the Governance and Audit Committee for 2020-21 prior to its submission to the meeting of the County Council on 7 September 2021.

Background Information

1. The Governance and Audit Committee is a statutory Committee of the Council. It is a key component of the Council's governance framework providing independent and high level resource to support good governance and strong public financial management.
2. The Committee provides, to those charged with governance, independent assurance on the adequacy of the governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, it makes an important contribution to ensuring that effective assurance arrangements are in place.

Governance

3. The core functions of an audit committee are to be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
4. Governance documents received during the year were:

Annual Governance Statement 2019-20

5. The Committee received the draft Statement of Accounts and Annual Governance Statement for 2019-20 prior to their review by External Audit at its meeting of 21 July 2020. The Committee's review of the Statement of Accounts is detailed under [Financial Statements](#) below.
6. The Director of Function (Resources) and Section 151 Officer presented the report of the External Auditor on the Financial Statements (ISA 260 Report) to the Extraordinary Meeting of the Governance and Audit Committee on 13 October 2020 confirming there were no material changes made to the Statement of Accounts. The Committee resolved to approve the Annual Governance Statement and refer the document to the Leader of the Council and the Chief Executive for signature.

Information Governance Annual Report 2019-20

7. The Director of Function (Council Business) and Monitoring Officer (Designated Senior Information Risk Owner (SIRO)) presented the annual report to the Committee on 1 September 2020. The report set out the SIRO's statement and overview of the Council's compliance with the legal requirements and relevant codes of practice in handling corporate information and information about the Council's contact with external regulators, security incidents and breaches of confidentiality or near misses along with Freedom of Information requests and complaints during the period.

8. The statement provided analysis of key information governance issues for the period and detailed actions taken to strengthen and further improve how the Council manages risk to information.
9. Following clarification by the Director of Function (Council Business) and Monitoring Officer around matters specifically in relation to the risk implications of the outstanding audit in the Learning Service, the workload pressures generated by the volume of FOI requests year on year and the management of CCTV, the Committee resolved to accept and adopt the report recommendations.

Concerns, Complaints and Whistleblowing 2019-20

10. On 1 September 2020, the report of the Director of Function (Council Business) and Monitoring Officer provided information on issues arising under the Council's Concerns and Complaints Policy. The report also included Social Services complaints but only those where the complainant was not a service user.
11. The Committee expressed a view that in order to obtain a balanced picture of customer satisfaction around service delivery, it would be useful to have information about compliments, expressions of appreciation and/or positive feedback about aspects of service included within the report.
12. In relation to a compliance issue with regard to staff without access to the Policy Portal, while acknowledging the explanation provided, the Committee sought assurance that the matter was being pursued at the highest level.
13. The Committee accepted the report as providing reasonable assurance that the Council is compliant with the processes required under its Concerns and Complaints Policy and Whistleblowing Policy / Guidance and accepted and noted the Lessons Learnt Table within.

Policy Acceptance 2019-20 – Year 3 Compliance Data

14. On 1 September 2020, the report of the Director of Function (Council Business) and Monitoring Officer provided details of the level of compliance in relation to policy acceptance via the Council's Policy Portal management system for the third year of monitoring.
15. The report provided the Committee with assurance that individual members of staff are reading, understanding and formally accepting key Council policies. The Committee accepted the assurance and having noted a year on year decline in the policy acceptance compliance level within one service over the past three years, requested a response to this from the relevant Head of Service.

Annual Cyber Security Report 2019-20

16. On 1 December 2020, the IT Service and Performance Management Manager presented the Cyber Security Annual Report for 2019-20 on behalf of the Head of Profession (HR) and Transformation. The report summarised the cyber threats facing

the Council and provided an overview of some of the mitigations the Council had in place to counter these threats.

17. The Committee welcomed the report and having highlighted the issue of councillor and officer cyber security training and quantitative assessment of the success of mitigation measures, resolved to accept the report and note the assurance provided.

Anglesey Schools Data Protection Evaluation Report

18. On 1 December 2020, the report of the Schools Data Protection Officer provided an analysis of schools' position in respect of compliance with requirements under data protection legislation, mainly under the General Data Protection Regulations (GDPR).
19. The report gave a summary of the Schools Data Protection Officer's findings following the first visit to primary and secondary schools and outlined the next steps to take to ensure that all schools met data protection requirements as soon as possible.
20. Following clarification by the Schools Data Protection Officer specifically around the plan to deliver proposed changes, third party providers who process / store personal data on behalf of schools, and the impact of the COVID-19 emergency on planned GDPR training for school governors, the Committee resolved to accept the report and endorse the report recommendations.

Risk Management

21. In relation to risk management, the core functions of an audit committee are to consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that management is taking action on risk-related issues, including partnerships and collaborations with other organisations.
22. In addition, the Local Government Measure (Wales) 2011 includes a requirement for local authorities to appoint a Committee with responsibility to review and assess the risk management, internal control and corporate governance arrangements of the Council. The Governance and Audit Committee's terms of reference also charge it with fulfilling these requirements.
23. The Committee has continued to support the Risk Management framework within the Council during the year. It considered the Council's corporate risks during its meeting on 1 December 2020. The Risk and Insurance Manager presented the report of the Head of Audit and Risk incorporating the revised Corporate Risk Register for the Committee's consideration. The Committee received clarification around the rationale for redefining risks and clarification concerning other risks.
24. The Committee resolved to note the amendments to the Corporate Risk register as part of the Council's arrangements for managing its risks and to take assurance that the Senior Leadership team had recognised and was managing the risks to the achievement of the Council's priorities.

Financial Statements

25. In relation to financial statements, the Committee's core function is to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
26. The Committee received the draft Statement of Accounts and Annual Governance Statement for 2019-20 prior to their review by External Audit at its meeting of 21 July 2020.
27. At its meeting of 1 September 2020, the Director of Function (Resources) and Section 151 Officer advised the Committee that he presented the External Auditors with the Council's draft Statement of Accounts for 2019-20 for audit on 6 July 2020. However, due to resourcing issues within the External Audit team, compounded by a delay in NHS audits because of COVID-19, External Audit was not able provide an audit opinion or publish its ISA 260 report on the financial statements due to outstanding reviewing and reporting work at that time.
28. As the detailed audit work was substantially complete, the Committee resolved to recommend to the Full Council that it would confirm acceptance of the 2019-20 Interim Final Statement of Accounts at its next meeting. It noted that the Statement of Accounts 2019-20 would return to the Governance and Audit Committee and Full Council to be signed again by the Director of Function (Resources) and Section 151 Officer once the audit opinion and report had been completed.
29. The Committee held an extraordinary meeting 13 October 2020 to consider the finalised Statement of Accounts 2019-20 and the report of External Audit on the Financial Statements (ISA 260 Report).
30. The Director of Function (Resources) and Section 151 Officer highlighted the main issues arising since the draft Statement of Accounts was presented to the Governance and Audit Committee on 1 September, 2020 and confirmed that no material changes had been made to the Statement of Accounts.
31. Following clarification sought about officer's remuneration, an increase in interest incurred since the draft Statement of Accounts, funding from the David Hughes' Charity Trust and payroll controls, the Committee resolved to recommend to the County Council that it confirmed the acceptance of the 2019-20 Statement of Accounts.
32. While the External Auditor noted that some work was outstanding around a review of the Pensions Liability, he confirmed it would be completed before the full Accounts were submitted to the full Council for acceptance.
33. The External Auditor congratulated the Council on meeting the original statutory timetable for issuing draft accounts to a very high standard during the difficult period due to the COVID-19 pandemic and noted that the minor typographic amendments would be rectified before submission to the Authority's full Council meeting.

Treasury Management

34. The audit committee supports the Council by undertaking a wider role in reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).
35. In accordance with its terms of reference and the CIPFA Code of Practice for Treasury Management in Public Services (2011), the Committee considered the Annual Treasury Management Review Report for 2019-20. The Director of Function (Resources) and Section 151 Officer presented the report for the Committee's consideration and scrutiny in line with regulations under the Local Government Act 2003 and the Council's Treasury Management Scheme of Delegation for 2019-20 on 21 July 2020.
36. The Committee noted that the outturn figures in the report would remain provisional until the audit of the 2019-20 Statement of Accounts was completed and signed off; any resulting significant adjustments to the figures included in the report would be reported as appropriate. The Committee also noted the provisional 2019-20 prudential and treasury indicators in the report and accepted to recommend it to the Executive without comment.
37. The Committee also received a mid-year report on Treasury Management at its meeting of 1 December 2020 to monitor developments and trends. The Director of Function (Resources) and Section 151 Officer made particular reference to the impact of COVID-19 and confirmed compliance with the approved treasury and prudential indicators. The Committee in its discussions raised points and gained clarity on matters including the progress of the capital programme, differences between interest rates for borrowing and investments and the extent of the Council's cash balances, and thereafter resolved to accept the report without further comment.
38. The Committee scrutinised the Council's Treasury Management Strategy Statement for 2021-22 on 9 February 2021. The Committee noted the increase in transaction limits in Appendix 8 to the report and resolved to accept the Treasury Management Strategy for 2021-22 and to forward the strategy to the Executive for approval subject to Table 4 being updated to reflect the current position.
39. As part of the scrutiny of the above reports, the Committee reviewed the Council's risk exposure and its ability to manage risk in relation to its Treasury Management activities.

Internal Audit

40. In relation to the authority's internal audit functions, the Committee's core function is to oversee its independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.
41. It also has a role in supporting effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encouraging the active promotion of the value of the audit process.
42. The Committee received the Head of Audit and Risk's Internal Audit Annual Report 2019-20 at its meeting of 21 July 2020. Following discussion around performance measures, staffing levels and adapting to the new working environment, assurances received around IT resilience and three long standing 'Issues/Risks' from 2014, the Committee resolved to accept the Head of Audit and Risk's overall audit opinion in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ending 31 March 2020.
43. At its meeting on 9 February 2021, the Committee resolved to note the review and to approve the continued appropriateness of the Internal Audit Charter. At the same meeting, the Committee reviewed the Head of Audit and Risk's report on the Internal Audit Assurance Provision for 2020-21. The Committee resolved to approve the arrangements for ensuring the Head of Audit and Risk would have sufficient assurance to support the Internal Audit Annual Opinion for 2020-21, and noted that there would be no limitation of scope.
44. The Committee approved the draft Internal Audit Strategy for 2021-22 at its meeting of 20 April 2021, accepting that the approach and priorities as outlined met the Council's assurance needs.
45. Due to the impact of the COVID-19 emergency on the work of internal audit, the Head of Audit and Risk provided an update on the internal audit strategy and priorities to each of the Committee's regular meetings. As part of this she reported outcomes of each audit assignment undertaken in the period and outlined the upcoming priorities for the internal audit service. The reports also included the progress of services in implementing management actions to address 'Issues/Risks' raised by Internal Audit.

External Audit

46. The core functions of an audit committee are to consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
47. The Auditor General for Wales is the statutory external auditor of the Council. The Auditor General's role includes examining how the Council manages and spends public money, including how it achieves value in the delivery of public services and on how well the Council plans for improvement.

48. At its meeting of 21 July 2020, the Performance Audit Lead, on behalf of the Auditor General, set out the proposed Audit Plan for the 2019-20 audit year. It included the work proposed in relation to financial audit, an outline of the performance audit programme and a timetable for the completion and reporting of the external audit work at the Authority. Two supplementary letters outlined firstly, potential issues with regard to the accounts and financial audit process and timetable as a result of the COVID-19 emergency, and the second, dated June 2020, updated the performance audit work programme for 2020-21 and schedule in the wake of COVID-19.
49. Audit Wales presented its Annual Audit Summary 2020 to the Committee on 9 February 2021. The Committee resolved to accept the Annual Audit Summary report for 2020 and to note the contents.
50. The Committee has received and considered regular reports from Audit Wales. This is an important aspect of the Committee's business to ensure that the Council considers all external reports, by either the Governance and Audit Committee or one of the Scrutiny Committees, and that it is taking appropriate action:

Financial Sustainability Assessment at the Isle of Anglesey County Council

51. On 1 September 2020, Audit Wales presented a report following its assessment of the sustainability of the Council's short to medium term financial position as part of a broad study of the financial sustainability of all 22 councils in Wales. The report focused on the financial strategy of each council as well as reviewing financial indicators of each council's financial position in relation to performance against budget; delivery of savings plans; use of reserves, Council tax and borrowing. The draft report was agreed during February / March 2020; however the final version was not issued until much later due to the intervention of COVID-19.
52. Following responses to the report's findings by the Director of Function (Resources) and Section 151 Officer, and the Head of Audit and Risk, the Committee questioned whether it should be revised and updated to reflect the Council's actual position, in particular the positive revenue outturn result for 2019-20 and improved reserves position. Following this and further discussions around performance in delivering savings and zero-based budgeting methodologies, the Committee resolved to accept External Audit's Financial Sustainability Assessment Report and to note its contents.

Wellbeing of Future Generations: An examination of early intervention and prevention to ensure that children are safe and supported at the Isle of Anglesey County Council

53. On 1 September 2020, Audit Wales presented a report following its examination of the extent to which the Council is acting in accordance with the sustainable development principle in early intervention and prevention to ensure that children are safe and supported.
54. The Committee noted its contents and accepted the report as providing a positive assessment overall of the Council's work in this area, and highlighted that the Council has made great strides in Children's Services generally in the past few years.

Covid-19 Response & Recovery Interim Assurance Report

55. On 1 December 2020 the report of Audit Wales, to assess the Council's response to the COVID-19 emergency and its approach to recovery, was presented to the Committee.
56. The Committee took assurance from Audit Wales's interim findings and resolved to accept and to note the interim findings of Audit Wales as presented in the report.

North Wales Regional Pooled Funds in relation to Care Home places for older people

57. On 1 December 2020, Audit Wales presented its report relating to regional pooled funds in relation to care home places for older people to the Committee. The report, in the form of two letters; one to the Chief Executive of Anglesey County Council, and the other to the Director General for Health and Social Services, raised value for money issues in respect of the current North Wales pooled funding arrangements in this area.
58. Following comments and reservations expressed by Officers and the Social Services Portfolio Member with regard to the practical and governance aspects of the North Wales Pooled Fund, the Committee resolved to note the position as set out in the Audit Letters and confirmed that it was satisfied with the stance taken by the Authority and was happy to support it.

Delivering with Less: Leisure Services

59. On 9 February 2021, the report of Audit Wales, setting out the findings of a follow-up review to the Auditor General's 2015 national report, Delivering with Less – Leisure Services was presented to the Committee. The report considered the impact of reductions in local government funding on the Council's leisure services and the effectiveness of the Council's arrangements for delivering those services.
60. Having raised and discussed specific issues relating to leisure service delivery models, the impacts of the COVID-19 on the Council's leisure facilities, and the condition of Council leisure buildings, the Committee resolved to accept the report and note its contents.

Countering Fraud and Corruption

61. The committee is required to review the effectiveness of the council's whistleblowing arrangements, including the policy, its counter-fraud and corruption strategy, actions and resources, fraud and corruption risks, and to oversee any major areas of fraud, and monitor action plans to address control weaknesses.
62. The Committee received the Director of Function (Council Business) and Monitoring Officer's report on issues arising under the Council's Concerns and Complaints Policy at its meeting on 1 September 2020, and took assurance that the Council is compliant

with the processes required under its Concerns and Complaints Policy and Whistleblowing Policy/Guidance.

63. On 1 September, the Head of Audit and Risk reported that two frauds had been attempted against the Council during the first lockdown period. Both were 'malicious redirection' frauds. The first involved a supplier's email system being hacked resulting in the Council paying two invoices using fraudulent bank details. The second involved a fraudulent email asking for staff bank account details to be changed. The majority of the funds were recovered from the first fraud, and due to successful officer training, the second was averted entirely.
64. As a result of these attempted frauds, the Head of Audit and Risk advised the Committee that a number of audits of the Creditors and Payroll systems were planned.
65. The Committee were advised that Internal Audit includes an assessment of fraud risks during each audit, which were reported to the Committee regularly throughout the year. In addition, Internal Audit conducted a specific audit of the management of the risk of fraud during 2019-20 and reported reasonable assurance; however, this was not reported to the Committee until 2020-21.

Frequency of Meetings

66. To discharge its responsibilities effectively the Committee should meet regularly, at least four times a year, and have a clear policy on those items it will consider in private and those it will consider in public.
67. The Committee's terms of reference require it to meet a minimum of four times per year. During the year, three meetings (April, May and June 2020) were cancelled due to the COVID-19 emergency. However, the Committee met formally (virtual meetings) on four occasions, with a fifth meeting to present the Statement of Accounts 2019-20 and the report of External Audit on the Financial Statements (ISA 260 Report). The membership and attendance at meetings during 2020-21 is at [Appendix A](#).
68. The Committee's terms of reference provide for it to meet privately and separately with the external auditor and the Head of Audit and Risk if required, although there was no such requirement during 2020-21.

Structure and Membership

69. The Committee is independent of both the executive and the scrutiny functions and includes an independent member as required by legislation. It has clear rights of access to other committees / functions, and is directly accountable to the Council.
70. The Committee consists of eight members of the Council, which are politically balanced, plus a maximum of two co-opted Lay Members appointed by the Committee. For the majority of the year, the Committee included two co-opted Lay Members', whose tenure commenced in June 2017.

71. Membership is objective, independent of mind, knowledgeable and has a mix of expertise. Members are supportive of good governance principles and their practical application towards the achievement of organisational objectives. Members have unbiased attitudes and treat auditors, the executive and management fairly and have the ability to challenge the executive and senior managers when required.
72. During 2020-21, due to the COVID-19 emergency, Councillor Peter S Rogers and Mr Jonathan Mendoza (Lay Member) continued in their positions as Chairperson and Vice Chairperson for an additional year, following their election on 14 May 2019.
73. Mr Jonathon Mendoza resigned as lay member and Vice-Chairperson during the year, with his last meeting being on 1 December 2020. On 9 February 2021, the Committee elected Mr Dilwyn Evans as new Vice-Chairperson of the Governance and Audit Committee.
74. Also on 9 February 2021, as a result of Mr Mendoza's resignation, the Director of Function (Resources) and Section 151 Officer reported the considerations with regard to the replacement of a lay member for the remainder of the term to be served, i.e. until May 2022. The Committee resolved to ask the Council to amend its Constitution to reduce the number of lay members required on the Governance and Audit Committee from two to one. This was to allow for the provisions of the Local Government and Elections (Wales) Act 2021 passed on 20 January 2021, which includes changes to the Governance and Audit Committee's lay membership, to come into effect.
75. During the year, members attended internal and external training, which is listed at [Appendix B](#), along with regular internal briefing sessions.
76. The Director of Function (Resources) and Section 151 Officer and the Head of Audit and Risk also attend every meeting of the Committee. The Chief Executive, and Director of Function (Council Business) / Monitoring Officer, and the appointed external auditor all regularly attend. These officers are able to access the Committee, or the Chair, as required.
77. The Committee's Forward Work Programme for 2021-22 is at [Appendix C](#). This is subject to change due to the current emergency situation.

Terms of Reference

78. Good practice suggests that committees should periodically review their terms of reference for appropriateness. During 2018-19, following a full revision of the CIPFA guidance to take account of legislative changes and professional developments, the Committee's terms of reference were substantially revised to update the core functions of the audit committee in relation to governance, risk management, internal control and audit.
79. On 20 April 2021, the Committee received the Head of Audit and Risk's report, which outlined the constitutional changes affecting the Committee following the

implementation of the Local Government and Elections (Wales) Act 2021. The newly named Governance and Audit Committee, resolved to note the changes to the Council's Constitution and the reforms introduced by the Local Government and Elections (Wales) Act 2021.

Effectiveness

80. The Committee has worked within its current terms of reference, which includes the requirements of the Local Government (Wales) Measure 2011 in relation to the role of the Governance and Audit Committee in monitoring risk management, governance and internal control within the Council.
81. Due to the current emergency situation, the self-assessment against the new CIPFA Audit Committees Practical Guidance for Local Authorities and Police (2018), which commenced in March 2020, has not been finalised. Depending on the emergency situation, it is hoped that it will be finalised during 2021-22.

Chair's Remarks

82. The Chair would like to express his gratitude to the Committee's Members for their attendance and contribution to the work of the Committee during a particularly challenging year.
83. The Chair would also like to express his gratitude to those Council employees who have attended and contributed to the meetings and, in particular, the Chair takes this opportunity to thank all the staff within the Finance and Internal Audit services whom he has found most helpful.
84. The Chair takes this opportunity to remind the Council of the importance of the work of the Committee, which is even more relevant in the current economic and emergency situation in terms of ensuring that the Council is run in a sound manner and that it obtains value for money.
85. The Committee is committed to continuing to work with Council employees in supporting continuing improvements in the Council's operations in 2021-22.

COUNCILLOR PETER S ROGERS
CHAIR OF THE GOVERNANCE & AUDIT COMMITTEE
MAY 2021

Appendix A – Frequency of Meetings and Attendance

Members	Meetings					Number of Meetings Attended
	21/07/2020	01/09/2020	13/10/2020	01/12/2020	09/02/2021	
Cllr Peter S Rogers (Chair)	Yes	Yes	Yes	Apologies	Yes	4/5
Mr Jonathan Mendoza (Lay Member) (Vice-Chair)	Yes	Yes	Yes	Yes	Resigned	4/4
Cllr Robert Ll. Jones	Yes	Yes	Yes	Yes	Yes	5/5
Cllr John Griffith	Yes	Yes	Yes	Yes	Yes	5/5
Cllr Richard Griffiths	Apologies	Yes	Yes	Apologies	Apologies	2/5
Cllr Gwilym O. Jones	Yes	Yes	Yes	Yes	Yes	5/5
Cllr Dylan Rees	Yes	Yes	Yes	Yes	Yes	5/5
Cllr Alun Roberts	Yes	Yes	Yes	Yes	Yes	5/5
Cllr Margaret M. Roberts	Yes	Yes	Yes	Yes	Yes	5/5
Mr Dilwyn Evans (Lay Member)	Yes	Yes	Yes	Yes	Yes	5/5
Cllr Robin Williams (Finance Portfolio Holder)	Yes	Yes	Yes	Yes	Yes	5/5
Total for Committee¹	9	10	10	9	9	

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¹ In accordance with the Committee's Terms of Reference, the committee will consist of eight elected members and two (one from February 2021) lay members. Elected members will be politically balanced and will not be members of the Executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee.

Appendix B – Training Attended by Members 2020-21

Training	Cllr Peter S Rogers (Chair)	Mr Jonathan Mendoza (Vice-Chair) (Lay Member)	Cllr Robert LI. Jones	Cllr John Griffith	Cllr Richard Griffiths	Cllr Gwilym O. Jones	Cllr Dylan Rees	Cllr Alun Roberts	Cllr Margaret M. Roberts	Mr Dilwyn Evans (Lay Member)
Microsoft Teams				✓	✓	✓	✓	✓	✓	
CIPFA – Understanding the Impact of COVID-19										✓
Informal Zoom training	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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Appendix C – Proposed Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Accountability arrangements (3.4.8.3)	Annual Chair's Report 2020-21 (3.4.8.3.1) Review of Forward Work Programme 2021-22 (3.4.8.3.2)				Annual Review of Committee's Terms of Reference		Committee Self-assessment (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement (3.4.8.4.1/2/3)	Local Code of Governance (3.4.8.4.1/3)	Final Annual Governance Statement (3.4.8.4.1/2/3)			
Treasury Management (3.4.8.5)			Annual Report 2020-21 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2022-23 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7) Risk Management (3.4.8.8)				Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)	Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	
Countering Fraud and Corruption (3.4.8.9)			Fraud Strategy (3.4.8.9.2/3) Annual Fraud Report 2020-21 (3.4.8.9.4)	Annual Comments, Complaints & Whistleblowing Report (3.4.8.9.1)			

Appendix C – Proposed Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2020-21 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6)		Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)	Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) Outstanding Issues/Risks (3.4.8.10.11)	Review of Internal Audit Charter (3.4.8.10.3/13) Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)	Annual Internal Audit Strategy 2022-23 (3.4.8.10.1/2/5/6) Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)	Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) Outstanding Issues/Risks (3.4.8.10.11)
External Audit (3.4.8.11)				Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)	Annual Audit Summary 2021 (3.4.8.11.3)		Annual Audit Plan 2021-22 (3.4.8.11.1/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2020-21 (3.4.8.12.1/2)		Final Statement of Accounts 2020-21 (3.4.8.12.1/2)			

Appendix C – Proposed Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Other regulators and inspectors (3.4.8.13)			Annual Health & Safety Report (3.4.8.13.1)	Annual Insurance Report 2021-22 (3.4.8.13.1) Annual Information Governance Report 2021-22 (3.4.8.13.1) Annual Policy Acceptance Report 2021-22 (3.4.8.13.1) Annual ICT Security Report 2021-22 (3.4.8.13.1)	Annual Information Governance in Schools Report (3.4.8.13.1)		
Complaints Handling (3.4.8.14)				Annual Comments, Complaints & Whistleblowing Report (3.4.8.14.1/2)			
Panel Performance (3.4.8.15)			Draft Self-assessment 2020-21 (3.4.8.15.1/2)				

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ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	25 May 2021
Pwnc: Subject:	Proposed Forward Work Programme 2021-22
Pennaeth Gwasanaeth: Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: To seek approval from the members of the Governance and Audit Committee for the proposed Forward Work Programme for the Committee.	

Introduction

1. Good practice suggests that committees should periodically review their forward work programme for appropriateness. In December 2019, following a full revision of the CIPFA guidance to take account of legislative changes and professional developments, the Committee's terms of reference were substantially revised to update the core functions of the audit committee in relation to governance, risk management, internal control and audit. More recently, the Committee's terms of reference were updated to take account of new legislation – the Local Government and Elections (Wales) Act 2021.
2. The proposed Forward Work Programme at [Appendix A](#) takes into account these core functions and new legislation. Consultation has been undertaken with services contributing reports to the Committee.

Recommendation

3. That the Governance and Audit Committee:
 - considers whether the proposed Forward Work Programme for 2021-22 meets its assurances needs
 - identifies further items for inclusion, if necessary
 - approves the proposed Forward Work Programme for 2021-22.

Appendix A – Proposed Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
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Governance (3.4.8.4)		Draft Annual Governance Statement (3.4.8.4.1/2/3)	Local Code of Governance (3.4.8.4.1/3)	Final Annual Governance Statement (3.4.8.4.1/2/3)			
Treasury Management (3.4.8.5)			Annual Report 2020-21 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2022-23 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7) Risk Management (3.4.8.8)				Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)	Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	
Countering Fraud and Corruption (3.4.8.9)			Fraud Strategy (3.4.8.9.2/3) Annual Fraud Report 2020-21 (3.4.8.9.4)	Annual Comments, Complaints & Whistleblowing Report (3.4.8.9.1)			

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External Audit (3.4.8.11)				Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)	Annual Audit Summary 2021 (3.4.8.11.3)		Annual Audit Plan 2021-22 (3.4.8.11.1/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2020-21 (3.4.8.12.1/2)		Final Statement of Accounts 2020-21 (3.4.8.12.1/2)			

Appendix A – Proposed Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Other regulators and inspectors (3.4.8.13)			Annual Health & Safety Report (3.4.8.13.1)	Annual Insurance Report 2021-22 (3.4.8.13.1) Annual Information Governance Report 2021-22 (3.4.8.13.1) Annual Policy Acceptance Report 2021-22 (3.4.8.13.1) Annual ICT Security Report 2021-22 (3.4.8.13.1)	Annual Information Governance in Schools Report (3.4.8.13.1)		
Complaints Handling (3.4.8.14)				Annual Comments, Complaints & Whistleblowing Report (3.4.8.14.1/2)			
Panel Performance (3.4.8.15)			Draft Self-assessment 2020-21 (3.4.8.15.1/2)				