

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR LLYWODRAETHU AC ARCHWILIO</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DYDD MAWRTH, 19 EBRILL, 2022 am 2:00 y. p.</b>	<b>TUESDAY, 19 APRIL 2022 at 2.00 pm</b>
<b>CYFARFOD RHITHIOL WED'I FFRYDIO'N FYW</b>	<b>VIRTUAL LIVE STREAMED MEETING</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **AELODAU / MEMBERS**

Cynghorwyr / Councillors:-

## **PLAID CYMRU / THE PARTY OF WALES**

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

## **Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP**

Gwilym O. Jones, Richard Griffiths

## **ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS**

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

## **AELOD LLEYG / LAY MEMBER**

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

*Please note that meetings of the Committee are streamed for live and subsequent broadcast on the Council's website. The Authority is a Data Controller under the Data Protection Act and data collected during this live stream will be retained in accordance with the Authority's published policy*

## **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 APPOINTMENT OF LAY MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE (Pages 1 - 2)**

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

### **3 MINUTES OF THE PREVIOUS MEETING (Pages 3 - 18)**

To present the minutes of the previous meeting of the Governance and Audit Committee held on 8 February, 2022.

### **4 GOVERNANCE AND AUDIT COMMITTEE SELF-ASSESSMENT OF GOOD PRACTICE (Pages 19 - 28)**

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

### **5 GOVERNANCE AND AUDIT COMMITTEE'S DRAFT TERMS OF REFERENCE (Pages 29 - 40)**

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

### **6 INTERNAL AUDIT UPDATE (Pages 41 - 50)**

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

### **7 OUTSTANDING ISSUES AND RISKS (Pages 51 - 62)**

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

### **8 INDICATIVE FORWARD WORK PROGRAMME 2022-23 (Pages 63 - 68)**

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

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	19 April 2022
<b>Pwnc: Subject:</b>	Appointment of Lay Members to the Governance and Audit Committee
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<p><b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b>            In accordance with the Local Government and Elections (Wales) Act 2021, the Governance and Audit Committee requires a third of its members to be lay members. This report asks the Committee to recommend to Council the approval of the selection and appointment of the three additional lay members required and the continuance of the current lay member for a second five-year term.</p>	

## 1. INTRODUCTION

1.1 The Local Government and Elections (Wales) Act 2021 introduces reforms of the performance and governance regime, including changes to the committee membership composition and proceedings (sections 116-118). The Act requires that:

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

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

- not a member or an officer of any local authority
- has not at any time in the period of 12 months ending with the date of that person's appointment been a member or an officer of any local authority; and

- not the spouse or civil partner of a member or an officer of any local authority.
- 1.3 For the Isle of Anglesey County Council, this means there will be a requirement for four lay members. Mr Dilwyn Evans, current lay member, has indicated he is willing to serve a second term five-year term, which is provided for in the Governance and Audit Committee's Terms of Reference (and Constitution).
  - 1.4 Three additional lay members will be required to comply with the Local Government and Elections (Wales) Act 2021.

## **2. PROCESS**

- 2.1 Following a collaboration with the Welsh Local Government Association and national programme of promotion, as previously advised, the Council received 13 application forms.
- 2.2 A panel consisting of the Chair and Vice-Chair of the Governance and Audit Committee, and the Director of Function (Resources) and Section 151 Officer, conducted a shortlisting exercise on 19 January 2022. The panel identified four candidates for interview.
- 2.3 A panel consisting of the Chair of the Governance and Audit Committee, the Director of Function (Resources) and Section 151 Officer and the now Chief Executive interviewed the four candidates in February 2022. The interview panel selected the following three candidates to be considered for appointment:
  - Michael Wilson, of Llangefni, Anglesey
  - Sharon Warnes, of Pwllheli, Gwynedd
  - William Parry, of Rhosneigr, Anglesey
- 2.4 All candidates have accepted their invitation to be considered for appointment and two satisfactory references have been received for each.
- 2.5 In accordance with the current Constitution, paragraph 3.4.8.2.2, the Chair and Vice-Chair recommend the appointment of the lay members to the Governance and Audit Committee.

## **3. RECOMMENDATION**

- 3.1 That the Governance and Audit Committee approves:
  - the selection and appointment of the three candidates as lay members to the Governance and Audit Committee and recommends their appointment to Council
  - the recommendation to Council in relation to the continuance of the current lay member for a second five-year term

## GOVERNANCE AND AUDIT COMMITTEE

### Minutes of the virtual meeting held on 8 February, 2022

**PRESENT:** Councillor Peter Rogers (Chair)  
Mr Dilwyn Evans (Lay Member) (Vice-Chair)

Councillors John Griffith, Richard Griffiths, Gwilym O. Jones, Dylan Rees, Margaret Roberts, Alun Roberts.

**IN ATTENDANCE:** Chief Executive  
Director of Function (Resources) and Section 151 Officer  
Head of Internal Audit & Risk (MP)  
Head of Adults' Services (AO)  
Regeneration Manager (DLI)  
IT Team Manager (MH)  
Risk and Insurance Manager (JJ)  
ICT Cyber Security Engineer (CCT)  
Committee Officer (ATH)

**APOLOGIES:** Councillor Robin Williams (Portfolio Member for Finance)

**ALSO PRESENT:** Councillor Llinos Medi (Leader & Portfolio Member for Social Services) Jeremy Evans (Audit Wales), Mathew Brushett (Audit Wales), Nick Selwyn (Audit Wales) Yvonne Thomas (Audit Wales), (Bethan Owen (Accountancy Services Manager), Marc Davies (IT Infrastructure Manager), Nannette Williams (Principal Auditor), Andrew Lewis (Senior Auditor), Nia Rogers (Senior Auditor), Gwyndaf Dale (ICT Security & Automation Trainee)

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#### 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 December, 2021 presented and were confirmed as correct

Arising thereon – with regard to item 9 on the minutes, the Head of Audit and Risk confirmed that there had been no further amendments to the Local Code of Governance and that the Code would now be submitted to the Full Council for approval on 10 March, 2022.

#### 3. UPDATE ON THE RECRUITMENT OF LAY MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE

The report of the Head of Audit and Risk updating the Committee on progress as at 25 January, 2022 with recruiting the additional lay members to the Governance and Audit Committee in accordance with the provisions of the Local Government and Elections (Wales) Act 2021 was presented for information.

The Head of Audit and Risk briefly summarised the requirements of the Act in terms of committee membership composition and proceedings which means that for the Isle of Anglesey County Council, its Governance and Audit Committee will include four lay members. She confirmed that as Mr Dilwyn Evans, current lay member has indicated that he is willing to serve a second term, three additional lay members are required. The Council participated in the Welsh Local Government Association's Task and Finish Group to develop an application form and advert for the recruitment process as well as a national programme of promotion. The Council received 13 application forms from which four candidates were shortlisted for interview by a panel consisting of the Chair and Vice-Chair of the Governance and Audit Committee and the Director of Function (Resources)/ Section 151 Officer. The shortlisted candidates will be interviewed by a panel of the Chair of the Governance and Audit Committee, the Director of Function (Resources)/Section 151 Officer and the Deputy Chief Executive in February, 2022. In accordance with the requirements of the Council's Constitution, the Chair and Vice-Chair of the Committee will recommend the appointment of the lay members to the Governance and Audit Committee at its April, 2022 meeting.

**It was resolved to note the progress made with recruiting the additional three lay members required for the Governance and Audit Committee from May, 2022.**

#### **4. TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23**

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2022/23 was presented for the Committee's consideration. The report outlined the Treasury Management Strategy for 2022/23 including the Annual Investment Strategy, the Annual Minimum Revenue Provision Policy Statement, the Treasury Management Policy Statement, the capital plans and associated Prudential Indicators.

The Treasury Management Strategy sits below the Capital Strategy and considers the impact of that strategy on the Council's borrowing and investment. It sets out how both strategies will be undertaken in a controlled way which is in line with a suitable level of risk that the Council wishes to take having regard to the guidance set out in the CIPFA Code of Practice on Treasury Management. The Treasury Management Strategy outlines the Council's approach to borrowing and investment which follows on from the Capital Strategy, sets out the constraints on borrowing, determines a set of prudential indicators that ensure the affordability of the Council's capital plans and determines the Council's risk appetite and approach to managing its investments. These elements cover the legislative and regulatory requirements.

The Strategy for 2022/23 covers two main areas – capital issues and treasury management issues and considers the key factors in relation to each area and how those shape the Treasury Management strategy and approach.

The Director of Function (Resources)/Section 151 Officer in presenting the report confirmed that there are no proposed amendments to the core principles of the 2021/22 Statement and highlighted the following –

- The economic background commentary (Appendix 3 to the report) and interest rate forecast to March 2025 and implications for the Treasury Management Strategy.
- The proposed capital expenditure programme for 2022/23 to 2024/25 as set out in table 3 of the report including proposed capital spend, how this is to be financed and the balance to be funded from borrowing over each of the three years.
- The impact of the Council's capital expenditure plans and the Minimum Revenue Provision (MRP) charge on the Capital Financing Requirement (CFR) and the level of external and internal borrowing as shown in Table 4 of the report showing a projected

increase in external borrowing over the next three years but remaining within the acceptable parameters.

- The borrowing strategy confirming that an under borrowed position is being currently maintained and that a pragmatic approach to changing circumstances will be adopted i.e. if it was felt there was a significant risk of a sharp fall in long and short term rates then long term borrowings will be postponed and potential rescheduling from fixed rate funding to short term borrowing will be considered if it is cost-effective to do so. Conversely, if it was felt that there is a significant risk of a much sharper rise in long and short term rates than currently forecast, then the portfolio position will be re-appraised.
- The Council's approach to borrowing in advance of its needs confirming that the approach remains not to borrow solely to profit from the investment of the extra sums borrowed. In determining whether borrowing will be undertaken in advance of need, the Council will have regard to the factors set out in paragraph 7.4.2 of the report.
- The unlikelihood of debt rescheduling due to the still very large differences between premature redemption rates and the new borrowing rates.
- The approach to investment confirming that if it is thought that Bank rate is likely to rise significantly within the time horizon, then consideration will be given to keeping most investments short term or variable. If it is thought that Bank Rate is likely to fall within that time period consideration will be given to locking into higher rates currently obtainable for longer period. The strategy in managing investment is to give priority to security and liquidity over the return on investment.
- The management of risk confirming that the Council has adopted a prudent approach to managing risk and defines its risk appetite by the means set out in section 8.2.4 of the report in terms of creditworthy counterparties, lending limits and credit ratings which are monitored daily.
- Governance and control arrangements over treasury management processes, decisions and performance.
- The Prudential and Treasury Indicators as detailed in Appendix 12 of the report which cover affordability and prudence and set out the limits for capital expenditure, external debt and the structure of the debt.

In response to questions by members, the Director of Function (Resources)/Section 151 Officer advised –

- That there remains a high level of uncertainty over the economic outlook because of inflation, rising energy prices, supply shortages, some unresolved Brexit issues, tensions in Eastern Europe and in Westminster as well as concerns around economic recovery and the potential for further changes resulting from Covid. It is hoped that many of these issues will have worked through by the summer and into the autumn thereby bringing more clarity and stability to the economic situation. Periods of lockdown drove prices down in 2021 and so an inflationary rebound was to be expected. And although inflation is projected to reduce there is a risk that higher inflation may continue for longer driven by global prices and high energy costs; how it will be managed will be a key factor. Overall 2022 is expected to be a challenging year economically.
- That the Capital Budget monitoring report to the Executive for Quarter 3 2021/22 will confirm continuing slippage on the capital programme from schemes that have not progressed as much as predicted and this can be attributed to a number of factors ranging from value for money considerations linked to rising tender prices to planning delays. The Authority remains committed to fulfilling its capital programme commitments over the term of the plan and intends to borrow to that objective.
- That social housing grants are now available to local authorities as well as Registered Social Landlords but represent a small element of funding. Capital expenditure on the Authority's housing stock is funded by the Housing Revenue Account based on annual rental income which also funds repairs and maintenance and the cost of borrowing. Each

proposed housing development is assessed on that basis and the assessment may be adjusted for some developments i.e. being prepared to meet repayment costs over a longer term if it can be demonstrated that the development meets an urgent need in a particular area in the knowledge also that repayment costs for other developments may be over a much shorter timeframe. The Authority seeks grant funding for each of its housing developments and Welsh Government grants are made available especially for innovative or green housing builds.

**It was resolved to accept and to note the Treasury Management Strategy for 2022/23 and to forward the TM Statement to the Executive without further comment.**

## **5. EXTERNAL AUDIT: COMMISSIONING OLDER PEOPLE'S CARE HOME PLACEMENTS**

The report of Audit Wales setting out the findings from the Auditor General's review of care home commissioning arrangements across North Wales was presented for the Committee's consideration.

Mr Jeremy Evans, Audit Wales reported that the review looked at how the members of the North Wales Regional Partnership Board work together to commission care home placements for older people (the term care homes being used to reflect all types of residential and nursing care homes in a generic sense). The Social Services and Well-being (Wales) Act which came into force on 6 April, 2016 requires councils and health boards to work together to assess the care and support needs of the population in their area. The Act established Regional Partnership Boards (RPB) to prioritise the integration of services including for older people with complex needs and long-term conditions including dementia. In North Wales the RPB includes the statutory partners – the six local authorities and the Betsi Cadwaladr University Health Board.

In early 2020 Audit Wales identified strategic commissioning of care home placements for older people was a risk to both councils and the Health Board for the reasons set out in paragraph 5 of the report. Fieldwork was undertaken in February and March of 2021 and as the messages were drawn together it was found that the legislative and policy frameworks were leading to a way of working that is impacting on health and social care professionals and users of the services. Although a review of the Partnership Boards in Wales has not been carried out, it is anticipated that many of the finding and challenges highlighted in the review for North Wales will to a greater or lesser extent be replicated nationally.

The key messages and overall conclusions from the review are as follows –

- Partners are working together to provide care for vulnerable service users but are carrying significant risks associated with market stability, workforce and pre-placement agreements along with a reliance on spot purchasing.
- The RPB's 2018 Market Shaping Statement set out some aspirations for care home commissioning which were added to by the RPB's response to "A Healthier Wales" in 2019, however, neither of these have driven the development of a clear regional strategy for commissioning care home placements for older people in North Wales or a delivery plan to take forward the aspirations that have been identified.
- Whilst the RPB network brings partners together to "think regionally", its structures, largely set out by the Welsh Government, are extensive and complex, and lines of accountability need to be strengthened.
- Nationally set fee structures are complex and result in a significant focus on cost which causes division amongst partners and has the potential to impact adversely on service users and their families.

- Partners need to do more to demonstrate they are meeting their statutory responsibilities around the Welsh language, and the Well-being of Future Generations Act, when commissioning care homes provision and making individual placements.

Audit Wales has reported separately to Welsh Government and has recommended actions it should take to improve the framework within which regional partners operate and has challenged it to look at some of the key legislative requirements as it reviews social care and health in the Rebalancing Social Care White Paper. Welsh Government needs to assure itself that the changes it proposes go far enough to resolve some of the longstanding challenges that have been identified and reported upon - specifically the complexity of the funding models and the need for greater clarity around the operation of pooled funds; better scrutiny and accountability with regard to RPB activities and decisions and the establishment of a framework against which to evaluate the progress of the RPB in meeting well-being goals.

Whilst some of the responsibility for improvement lies with Welsh Government, it is important that partners including the Isle of Anglesey County Council, consider their own role in the process. In light of the considerable amount of resources spent on care by councils and the BCUHB, the Council needs to be assured that this money is being spent wisely and that it is contributing towards building a more sustainable care sector that provides for the different types of care for today's citizens and for citizens of the future. To this end the report makes 5 recommendations for the councils and Health Board which are set out at the end of the report.

The Chair thanked Mr Jeremy Evans for presenting the report and findings and acknowledged the considerable work that had gone into producing it. In the subsequent discussion the following points were made –

- Reference was made to independent living schemes and to the Council's own Extra Care Housing provision for older people with the question being whether the development of these and similar models of care should be encouraged as being more cost-effective and sustainable options capable of addressing some of the issues identified.

Mr Jeremy Evans confirmed that the North Wales response to "A Healthier Wales" reflects a move towards encouraging people to remain within their communities for longer through domiciliary care provision and/or extra care establishments. The flipside of this is that when people do go into care homes their needs are therefore greater and require more specialised provision which few councils are able to afford close to home hence the importance of having a strategy for care home commissioning across North Wales that will support care planning. Councils need to determine what they want, to establish the balance of the types of care that they need in their care homes and to develop a roadmap that will take them from where they are currently which might mean having a greater level of general residential care than is required for the future, to where they want to be at the more specialised end of care provision.

- With regard to the Regional Partnership Board structure (Appendix 1 of the report) which the Committee thought might prove perplexing to a service user, there was some concern at the overheads of running such a structure and concern also that such a complicated set up might be making life more difficult as regards meeting the care needs of service users.

Mr Jeremy Evans advised that the RPB structure is largely set out by Welsh Government and because it includes the seven principal partners and is supported by a range of other

groups and organisations it is complex, and can be confusing. One of the report's main findings is that although the RPB network brings partners together the scale of its structure and operation makes it unwieldy and presents challenges for the way it operates. It is an area which Audit Wales has highlighted should be looked at by Welsh Government with a view to simplification thereby improving effectiveness.

- In noting that there is a push towards regional partnership working in several areas, the Committee wanted to know what the main lessons to be taken from the review were in terms of applying a regional working model to other service areas.

Mr Jeremy Evans advised that as regards the report, Audit Wales has highlighted the need for Welsh Government to be clear about its expectations for partnerships (the RPB in the case of the report) so as to be able to objectively evaluate their progress towards the goals set and to have in place a set of measures against which progress in delivering the Welsh Government's aims and ambitions for a specific partnership working arrangement can be demonstrated. Regional working can be productive and effective as attested to by the North Wales Economic Ambition Board (NWEAB) a review of which by Audit Wales found evidence of strong governance, good progress in developing the programme of the Portfolio Office and flexibility in adapting to the context in which the Board operates. The RPB needs to be placed on a similar footing with good governance, accountability and links back to the home partner organisations and these are aspects the Council can help develop as one of the key partners.

The Head of Adults' Services confirmed that the service's experience in Anglesey supports the review's findings with regard to placements in as much as people are entering residential care with more complex needs and they tend to remain in care for shorter periods. As an Authority, whilst Anglesey would like to develop more extra care housing provision or similar to enable individuals to remain in a homely environment for as long as possible, it recognises that there comes a point when that is no longer possible when individuals require more specialist provision in a residential care setting. The recommendations have been the subject of much thought and reflection and there is consensus regarding the general direction of travel.

Councillor Llinos Medi commenting as Portfolio Member for Social Services and as the Council's representative on both the RPB and the NWEAB highlighted the differences between the two boards and emphasised that the NWEAB had been developed organically from the bottom up within the region in response to an identified and agreed need to develop the region's economy whilst the RPB is the product of the Social Services and Well-being (Wales) Act. She raised questions about the ability of the RPB in its present format to be able to make the difference which the report advocates and referred to challenges and risks associated with the pooled budget approach towards care home commissioning and to the implications of additional administrative requirements and whether value for money can be obtained. Councillor Llinos Medi said that the needs of the service user has to be paramount and is at risk of being lost within the RPB's structure. She thought that collaboration works best when it is on the basis of an agreed approach by the partners themselves rather than when it is imposed.

Mr Jeremy Evans acknowledged that the NWEAB and RPB have had different starting points and because it is prescribed by legislation the latter is more difficult to shape to meet needs locally which point is reflected in the report and recommendations to Welsh Government; (which he urged the Committee's members to seek out for information). These challenge Welsh Government on the effectiveness and delivery capability of the RPB and likewise on the expectations for and workability of pooled budgets. Care funding models and the systems supporting them are complex because of the range of care placement types and they sit within a complicated structure that is the RPB. The report and recommendations

seek to encourage councils to streamline as much of these processes as possible and for Welsh Government to ensure that its policy reform goes far enough to resolve the challenges identified so as to make the process easier and smoother for service users who are elderly and vulnerable individuals.

**It was resolved to note the finding and recommendations of the report by Audit Wales with regard to commissioning care home placements, and to thank Mr Jeremy Evans for the presentation and clarifications provided.**

## **6. EXTERNAL AUDIT: LETTER IN RELATION TO COUNTER FRAUD ARRANGEMENTS**

- A letter by Audit Wales' Engagement Director dated 19 March, 2020 to the Chief Executive in relation to counter-fraud arrangements was presented for the Committee's consideration.

Mr Jeremy Evans set out the context to the letter which was a high-level review of counter-fraud arrangements across 40 organisations in Wales including all 22 local authorities. The purpose of the review was to establish whether the arrangements for preventing and detecting fraud in the Welsh public sector are effective. The local fieldwork at Isle of Anglesey County Council comprised a high level evaluation of the Council's counter-fraud arrangements based on a document review, a self-assessment completed by the Council and some interviews with relevant officers. The Audit Engagement Director wrote to the Chief Executive to set out some of the review's key findings more formally as opportunities to strengthen the Council's counter-fraud arrangements had been identified although the limitations on the Council's resources were also acknowledged. It was felt that the Council would benefit from the following –

- updating the relevant policies and plans including the anti-fraud and corruption policy and fraud response plan;
  - promoting a good anti-fraud culture and building fraud awareness amongst staff;
  - undertaking a comprehensive fraud risk assessment;
  - to consider fraud risk as part of the overall risk management process;
  - developing an annual programme of proactive counter-fraud work covering the risks in the risk assessment;
  - clear communication of the structure, roles and responsibilities in relation to counter-fraud to ensure lines of accountability are understood by all;
  - to consider introducing a corporate case management system;
  - to consider regular use of data analysis to validate data;
  - to consider ways to provide an appropriate level of fraud related information to the Governance and Audit Committee for it to take a proactive role in counter fraud matters.
- The report of the Head of Audit and Risk setting out the Council's response to the letter by Audit Wales' Engagement Director was presented for the Committee's information.

The Head of Audit and Risk in confirming that an action plan to address the recommendations has been developed and is set out at Appendix 1 to the report clarified that the Audit Wales' letter was received at the onset of the Covid 19 pandemic following which all non-essential work was postponed and Internal Audit staff were redeployed within the Council. However the Counter Fraud, Bribery and Corruption Strategy was presented to and approved by the Committee at its December, 2021 meeting and covers all the matters raised by Audit Wales excepting the procurement of a case management system which it was deemed is not relevant to Anglesey because of the very small number of fraud cases arising (one to two cases per year) which do not justify the outlay and would not represent value for money. Also, the policy for the Prevention of Fraud

and Corruption forms part of the Constitution and as such is revised annually as part of the regular review of the Constitution. Four of the ten recommendations have been implemented and the remaining five will be completed during the year; progress will be reported in the end of year annual report.

Although it recognised that the Covid-19 pandemic had disrupted normal business, the Committee queried the 3 year delay from the receipt of the letter to implementing the recommendations. The Committee further questioned whether the introduction of working from home arrangements for the majority of staff had increased the risk and opportunity for fraud citing the significant amount of money lost by Central Government due to fraudulently claimed Covid support funds.

The Head of Audit and Risk advised that a member of Internal Audit staff was seconded to the Finance Service's grants team which dealt with and distributed business support grants during the pandemic thereby providing an element of assurance and increasing the capacity for detecting fraud. All post payment assurance checks to date have not identified any instances of fraud. Dealing with the pandemic also meant that resources and efforts had to be prioritised and the issues raised within the letter by Audit Wales were not considered as such at the time.

**It was resolved to note the issues raised by Audit Wales along with the progress made in addressing the recommendations made by Audit Wales in relation to countering fraud.**

## **7. EXTERNAL AUDIT: REGENERATING TOWN CENTRES IN WALES REPORT – RECOMMENDATIONS AND RESPONSE**

- The report of Audit Wales setting out the main findings from the Auditor General's review of how local authorities in Wales are managing and regenerating their town centres was presented for the Committee's consideration.

Mr Mathew Brushett, Audit Wales outlined the context to the report and the audit approach and methodology which involved looking at previous regeneration programmes and current regeneration strategies across councils as well as interviewing regeneration lead officers. The full evidence base for the review is detailed in Appendix 1 of the report. A review tool to enable councils to self-assess their current approaches to town centre regeneration and to identify areas where further work is needed was also produced along with an interactive data tool.

The key messages and overall conclusions from the review are as follows –

- Town centres are at the heart of Welsh life and can be vibrant and sustainable places, but addressing the many challenges they face requires brave decisions and ambitious leadership;
- The growth of out of town retail, the progressive loss of essential services from town centres – banks, post offices and public services – and the growth in online shopping have contributed to a steady decline in many town centres. The pandemic has added to these problems.
- The Welsh Government has invested heavily in town centre regeneration in the last seven years but despite this funding town centres often struggle.
- Town centre regeneration remains a national priority, but the Welsh Government's town-centre-first policy is not yet fully embedded.
- Local Authorities are the key public bodies to help regenerate town centres but they often lack capacity and skills to deliver the sustainable regeneration needed.

- Local authorities are well-placed to prioritise and lead on place planning but must be clear on the purpose of their town centres and involve public sector partners, the third sector, town and community councils, communities and businesses in decisions. Local Authorities will also have to become increasingly interventionist to address the challenge facing town centres.

The report makes six Wales wide recommendations which are set out in detail in Exhibit 3 but can be summarised thus –

- Welsh Government should review Non-domestic rates to ensure the system better reflects town-centre conditions when the payments holiday ends in March, 2022
  - Welsh Government should work with local authorities to review transport challenges facing town centres and agree how best to address these
  - Welsh Government should facilitate local authorities' access to funding for town centres by streamlining and simplifying processes and grant conditions; providing multi-year funding and providing revenue as well as capital support to help address staff capacity and skills shortages
  - Local authorities should effectively and consistently use their existing enforcement, financial and debt recovery powers to support regeneration working across departments.
  - Welsh Government should set out how it plans to deliver its Town Centres First approach in practice, its expectations of partners and the practical steps it will take to make this ambition a reality
  - Local authorities should be receptive to and plan to manage the changes to town centre and use Audit Wales' regeneration tool to self-assess their current approaches to identify where they need to improve their work on town centre regeneration.
- The report of the Head of Regulation and Economic Development setting out the Council's response to the Audit Wales report and recommendations on Regenerating Town Centres in Wales was presented. This included a completed self-assessment exercise to identify areas for improvement and/or further work in response to recommendation six of Audit Wales' review. The outcome of this exercise shows that the Authority is engaged in all of the 38 identified work areas and details the progress made with regard to each including any barriers to progress.

Mr Mathew Brushett welcomed the completed self-assessment as a candid appraisal of the Authority's current position including an acknowledgement of strengths and weaknesses and suggested that it might also be helpful to have Scrutiny examine those aspects that require further work and how they might be addressed and for the self-assessment to be converted into an action plan with measurable actions and timescales to take matters forward.

In discussing the report the Committee made the following points –

- In acknowledging that revitalising town centres requires a joined up approach between all local stakeholders, the Committee sought clarity on the Council's role and whether it was expected that the Council should always take a leading role or whether it should be a supporting partner to other organisations.

Mr Nick Selwyn, Audit Wales advised that it is likely to be a combination of both and he referred to examples from the report where both approaches are seen to be effective. There are already in Wales a number of good mechanisms that have been used by a number of communities some of which are referenced in the report. The starting point has to be a dialogue about what the Authority's ambitions are and then identifying the

best mechanisms to deliver change on the ground with the key aspect being the involvement of the full range of people that will benefit and use towns.

- Whether the role of tourism in regenerating towns had been taken into account in conducting the study. The Vice-Chair highlighted that he would have liked to have seen more examples in the report of towns where regeneration has been successful on a global as well as national level which could provide lessons in terms of what works best.

Mr Nick Selwyn referred the Committee to a report prepared for Welsh Government by Professor Karel Williams on the subject of how local markets are changing based on a detailed study of three communities; the report draws on a number of examples from Europe and looks at their approach to regeneration. The Audit Wales review is meant to align with rather than duplicate Professor Williams' wider report. He confirmed that tourism had been factored in when undertaking the review and that many of the places that are seen to be flourishing are natural tourist areas. However, not all tourist towns are turning things around with the key factor being how well connected these places are to the wider community and how dependent they are on the services provided in that broader sense.

- Whether the Levelling Up fund has a role to play and what difference it is likely to make in the long-term. Mr Nick Selwyn clarified that although the report does not comment on the Levelling Up fund as the fund was in the process of being finalised when the report was being completed, the National Audit Office has recently issued a report on the Levelling up Fund which will help with understanding some of the challenges that this agenda will bring. Having access to funding and using it effectively will have an impact on the ground. Whilst local authorities have a proven record of physical regeneration by way of building works and improving facilities, the challenge lies in being clear on the purpose of towns in the future and what the Authority wants to achieve for its towns.

In response to a further question about the relevance of levelling up to smaller towns which have suffered economically because of a decline in retail with Amlwch cited as a case in point, Mr Nick Selwyn advised that although the challenges can be significant, success outside of levelling up funds has been achieved with strong leadership and a clear vision for what the Council wants to achieve in its towns and using the powers available to it to make that happen. It is also about having ambition and working with partners to make the changes. However not every town will thrive in the way the Council might want and it will have to accept that different towns have different roles and purposes.

The Regeneration Manager provided a brief overview of the Council's regeneration efforts and outlined current activities in Llangefni, Beaumaris, Amlwch and Holyhead supported by funding from Welsh Government and other sources. Anglesey and other rural counties have been lobbying for smaller towns to be provided with support and a policy change means that capital funding of up to £250k is now available for small towns through the Place Making grant. Welsh Government has also indicated that it is moving to a three year funding cycle. On a UK basis, capital funding for infrastructure purposes is available through the Levelling Up Fund and revenue funding is available through both the Community Renewal Fund and the Shared Prosperity Fund. The latter allows local authorities to designate their own priorities within a broad framework. These funding sources together provide opportunities to help smaller towns.

The Chair thanked all the Officers for their contributions and members for the debate.

**It was resolved to note the findings and recommendations of the report by Audit Wales with regard to regenerating town centres in Wales and to accept and to note**

**the response provided by the Head of Regulation and Economic Development including the self-assessment of progress.**

#### **8. EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL AUDIT SUMMARY 2021**

The Annual Audit Summary report for 2021 for the Isle of Anglesey County Council by Audit Wales was presented for the Committee's information. The report showed the work completed by Audit Wales and other inspectorates since the last Annual Audit Summary (for 2020) issued in February 2021 and provided a summary of the outcome of each piece.

**It was resolved to note the Annual Audit Summary report for 2021.**

#### **9. EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE – IOACC QUARTERLY UPDATE DECEMBER, 2021**

An update on the Audit Wales Work Programme and Timetable for the Isle of Anglesey County Council as at 31 December, 2021 was presented for the Committee's information. The update showed the status of each piece of work currently in progress by Audit Wales and other inspectorates and their proposed publication dates as well as confirming work completed and work planned for 2021/22 at the Council and nationally.

**It was resolved to note the quarterly update on the Audit Wales Programme and Timetable as at 31 December, 2021.**

#### **10. ANNUAL INSURANCE REPORT 2020/21**

The report of the Head of Audit and Risk incorporating the Annual Insurance Report for 2020/21 was presented for the Committee's consideration. The report provided information about how the Council has managed its insurance activity over the last five years and its challenges going forwards.

The Risk and Insurance Manager provided an overview of the summary of claims included in Appendix A to the report which provided a breakdown per policy per financial year for the Council as a whole of the number of claims that have been paid; those settled without cost or payment being made and those where the claim has not yet been settled. It was emphasised that not all "still open" claims that have a reserve against them will be paid or settled for the amount reserved which is especially true of liability claims which are often settled for much lower sums or at no cost at all. Also, the number of claims might increase over time as claims are sometimes presented several years after the event. There are 4 public liability claims that pre-date the timescale covered by the report that remain open and for which there are outstanding reserves of approximately £215k.

Some of the key points to be noted include the following –

- The Council uses a combination of self-insurance and external insurance to address the financial consequence of risk; in some cases the Council has arranged external insurance but self-insures a large proportion of the claims paid by opting for a large excess.
- The external premiums paid in 2021/22 were approximately £718.5k (an increase of 8% since 2020/21) including £73k of insurance premium tax. Whilst a proportion of the increase relates to inflationary factors, there have been rate increases as a result of losses incurred by insurers globally due to weather events and should not therefore be considered as specific to Anglesey.
- The number of claims for personal injury presented by employees (Employers Liability Claims) remains low at 2 to 3 per year over the 5 year period.

- The number of public liability claims has continued to fall over the last five years; whilst historically, injury to road users and damage to other vehicles on the highways make up a significant proportion of these claims the number of highways related claims remains low with only 10 such claims having been made since April, 2021. Claims incurred by other services are few but include claims with high reserves relating to child protection issues and a maritime related claim which together have reserves amounting to £325k.
- The number of motor claims has fallen over the last two years which can be attributed to fewer officers travelling during the pandemic. The cost of motor claims has however increased due to the increased cost of parts, increased cost of hire cars and the increased sophistication of modern vehicles.
- Property claims are primarily driven by the weather with Storm Ophelia and more recently Storm Arwen having caused damage to Council property.
- Overall, the trend is that the number of claims are low; however claims are becoming more expensive.

The Risk and Insurance Manager advised that looking forward although the pandemic has had a positive impact on claim numbers it has introduced new risks in the form of new ways of working and home working arrangements which could give rise to claims of a different nature; the pandemic also saw an increase in fraudulent activity and fraud in the form of fictitious or exaggerated claims remains a possibility post pandemic. Climate related incidents are on the increase and have a serious impact on both individuals and communities and on insurers in terms of the costs of settling the resulting claims. Generally the cost of claims is rising which in the case of non-injury claims is due to the increased cost of parts and materials and in the case of injury claims is due to the cost of care as people live longer and prognosis gets better. All these factors will affect the amounts that insurers pay to settle claims and will in turn drive up the premiums charged meaning that it is important that the Council continues to implement risk management and risk reduction measures. Managing risk well can allow the Council to accept more risk by increasing excesses and deductibles, thus keeping the balance between the risks insured and the cost of the premium.

In response to questions by the Committee, the Risk and Insurance Manager advised that with regard to reviewing excess levels, the Council has a long-term agreement with its current insurers within which there is an annual renewal process which includes checking the ongoing appropriateness of excesses. Where it is deemed that a different excess is required an alternative quotation might be sought or the insurer itself might vary its terms including the excess and/or cap levels. She confirmed that a brokerage service was not used when the insurance contract was last tendered but doing so would be considered for the next re-tendering exercise to overcome some issues that had arisen in the process. The contract was last re-tendered 5 years ago on the basis of a competitive tendering process in accordance with a national procurement framework.

**It was resolved to accept the Annual Insurance Report for 2020/21 and to note its contents.**

## **11. INTERNAL AUDIT UPDATE**

The report of the Head of Audit and Risk which updated the Committee on the work of the Internal Audit section since the last update as at 1 December, 2021 was presented for consideration. The report set out the audits completed in the period, the current workload of Internal Audit and its priorities for the short to medium term.

The Head of Audit and Risk highlighted the two audit reports finalised in the period, the one – Information Governance resulted in a Reasonable Assurance opinion and raised 2 major and 5 moderate issues/risks details of which are provided in paragraphs 3 to 11 of the report

and the other – Software Licence Management which is one of three pieces of work which Salford City Council’s specialist IT Audit team was commissioned to undertake resulted in a Limited Assurance opinion and raised one major and 9 moderate issues/risks. Further details are provided in paragraphs 12 to 16 of the report. An action plan to address the issues/risks identified has been agreed and has been made available to the Committee’s members; assurance is taken from the Council’s proposed migration to “Cloud” based applications for some of its mission critical applications which will mitigate some of the risks identified.

The six audits noted in the table at paragraph 17 of the report are currently in progress and work continues on investigating the first tranche of the National Fraud Initiative 2020/21 matches released in January, 2021. As at 1 February, 2022 there were 18 overdue actions (8 major and 10 moderate) which all fall within the Resources Services and relate to issues/risks raised in the four audits listed at paragraph 27 of the report. Internal Audit is working with the service to provide support with implementing the actions. Internal Audit’s short to medium term priorities are set out in paragraphs 30 to 32 of the report and focus on reviewing the red and amber residual risks not yet reviewed or not reviewed in the last two years from the now re-designated Strategic Risk Register. The Annual Internal Audit Strategy for 2022/23 is also in development. For the longer term, Internal Audit will be looking to deliver the Counter Fraud, Bribery and Corruption Strategy for 2021-24, working with colleagues in the Performance Team to improve assurance mapping across the Council and contribution to the development of the Performance Review, and preparing for the External Quality Assessment due in June, 2022. In addition, following its issuing of the final report on the Management of School Unofficial Funds, Internal Audit has been working on refreshing the guidance document, providing training for head teachers and governors and undertaking quality assurance checks of the certificate submitted by schools.

Officers responded to the Committee’s questions as follows –

- With regard to the Limited assurance review of Software Licensing, the IT Team Manager advised that the cost of all the software licences for the Council for 2021 was in the region of £580k and included all individual licences, software licences and the maintenance of those licenses. With regard to reducing the cost, he confirmed that while some of the actions detailed in the report address the need to manage the risk that unlicensed or unauthorised software is in use, other actions come from the perspective of cost reduction and securing value for money. Suggested controls include introducing a register of software assets to provide an integrated way of identifying where those individual assets are aligned to. As well as providing a way of keeping track of who has what a comprehensive register would also help identify if there are unnecessary software licenses being held, thereby avoiding the duplication and/or re-purchasing of licences.
- Although the IT Unit monitors the licence position for the Council’s software in the main, the IT Team Manager advised that the risk that unauthorised software could be used could apply in instances where the Council works in partnership with third parties/ companies where the licensing arrangements are not known, or where software is purchased via channels that are not captured by the standard IT processes which would verify whether or not there is already a licence for that software. Whilst the audit review report notes the controls that are already place to limit such occurrences, the implementation of additional controls is recommended to strengthen existing processes and provide further assurance.
- With regard to overdue actions, it was clarified that Covid related absences have contributed to the overdue actions in the four audits pertaining to the Resources function. The Director of Function (Resources)/Section 15 Officer advised that capacity issues have affected the timely implementation of the recommended actions in the four audits as managers’ time in the income and debtors teams is taken up by day to day

responsibilities leaving little or no time for addressing the effectiveness of business processes. An external resource has since been commissioned to review processes and to respond to the audit recommendations, and as part of the 2022/23 budget approval process the Resource function has submitted a bid for funding for a Business Manager post to review systems, processes and practice across the function and to implement any improvements identified.

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

## **12. FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating the Forward Work Programme updated to reflect amendments made due to workload and/or other factors was presented for the Committee's endorsement.

**It was resolved to note the minor amendments to the approved Forward Work Programme for 2021-22.**

## **13. EXCLUSION OF THE PRESS AND PUBLIC**

**It was considered and was resolved Under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 14 and 16 of Schedule 12A of the said Act and in the Public Interest Test presented.**

## **14. RISK MANAGEMENT UPDATE**

The report of the Head of Audit and Risk updating the Committee on the risk management position was presented for consideration. The report provided an overview of developments in respect of managing risks since the last report on the corporate risk register was presented to the Committee in December, 2020 and included the new strategic risk register at Appendix C.

The Risk and Insurance Manager reported that since the corporate risk register was last presented to the Committee, the Senior Leadership Team (SLT) has undertaken a thorough review of the entire risk register and a decision has been made that the SLT's focus should be on those risks to the achievement of the strategic priorities, hence a new strategic risk register aligned to the corporate priorities has been developed and replaces the corporate risk register. The risk assessment matrix (presented as Appendix B to the report) has also been reviewed and all of the "Likelihood" descriptors have been amended as have several of the "Impact" descriptors. The new strategic risk register contains 14 risks which is half the number on the previous corporate risk register and each risk has a designated SLT member leading on it. A detailed review of the wording, scores/priorities, control measures and further action required to mitigate each risk has been carried out with each new risk owner; the SLT has then reviewed the strategic risk register in its entirety.

The SLT will continue to review a small number of strategic risks on a monthly basis and will review the strategic risk register in its entirety twice a year. Those risks that are common to several service areas (e.g. in relation to collaboration and partnership working, health and safety contracts, sickness absence and fraud) have been removed and where not already the case will be included in individual service risk registers. The SLT recognises however that cumulatively these risks could have a significant impact on the Council as a whole and will therefore monitor those risks as part of normal performance monitoring arrangements.

The SLT has identified the top five red/critical residual risks to the achievement of the Council's corporate and strategic objectives and these relate to workforce management, IT continuity, cyber-security, school modernisation and the ongoing suitability of physical assets.

The Committee welcomed the streamlined strategic risk register as less cluttered than the previous corporate risk register making the register easier to understand in terms of the most significant risks faced by the Council. The effectiveness of the control measures in terms of reducing both likelihood and impact was discussed as was the sufficiency of the control measures with regard to school modernisation with it being noted that there was no specific measure in relation to the supply and demand for school places. The Committee was advised that the control measures outlined for school modernisation are those which the risk owner considers appropriate to meet the level of risk at this time.

**It was resolved to note the amendments made in relation to risk management and in particular the strategic risk register and to confirm that the Committee takes assurance that the Senior Leadership Team has recognised and is managing the risk to the achievement of the Council's priorities.**

#### **15. EXCLUSION OF THE PRESS AND PUBLIC**

**It was considered and was resolved Under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 14 and 18 of Schedule 12A of the said Act and in the Public Interest Test presented.**

#### **16 CYBER SECURITY ANNUAL REPORT 2021**

The Cyber Security Annual Report for 2021 was presented for the Committee's consideration. The report set out the common cyber threats facing the Council and outlined the mitigating and operational controls that are in place to detect and prevent malicious activity.

The ICT Cyber Security Officer provided an overview of the main messages from the report including the notable challenges in cyber security which the Council encountered during 2021 and how these were addressed and/or resolved. The Committee was advised that the Council has a wide range of technologies that help detect and/or prevent cyber-attacks on the network and that all the measures that are in place are geared towards strengthening the Council's cyber-security posture. During the year the IT Service employed two new members of staff who are dedicated to the discovery, remediation and prevention of vulnerabilities within the Council's network. The Service is also in the process of procuring additional technologies to aid in early detection of vulnerabilities and intrusive events which will work alongside the technologies already in place. Additionally, updates to policies and procedures have been taking place during 2021 which will help strengthen the investigative process when responding to incidents. The report also notes some of the challenges going forward in dealing with the growing volume and sophistication of cyber threats in terms of having to continuously review and update approaches and the resources which this entails.

**It was resolved to accept the Cyber Security Annual Report for 2021 and to note its contents.**

**Councillor Peter Rogers  
(Chair)**

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	19 April 2022
<b>Pwnc: Subject:</b>	Governance and Audit Committee Self-Assessment of Good Practice
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> In accordance with CIPFA, to discharge its responsibilities effectively the committee should report regularly on its work to those charged with governance, and report an assessment of its performance. This self-assessment contributes to that requirement.	

## 1. INTRODUCTION

- 1.1 In 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Position Statement and Practical Guidance for Local Authorities and Police.
- 1.2 It sets out CIPFA's position on the function and operation of audit committees in local authorities and police bodies, and represents best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales.
- 1.3 It recommends that to effectively discharge its responsibilities the committee should report regularly on its work to those charged with governance, and report an assessment of its performance. An annual public report should demonstrate how the committee has discharged its responsibilities.
- 1.4 The Governance and Audit Committee Chair's Annual Report meets this requirement. It is written after the end of the annual cycle and approved by this Committee before being submitted to full Council.
- 1.5 CIPFA's guidance also includes a self-assessment checklist that provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and supporting guidance. Its completion can inform the annual report.

- 1.6 The self-assessment can also be used to support the planning of the audit committee work programme and training plans.
- 1.7 A panel consisting of the Chair, Vice-Chair and lay member of the Committee, along with the Head of Audit & Risk and Principal Auditor, conducted a self-assessment on 16 March 2020, a week prior to lockdown. Due to the implementation of the Council's 'Strategy for Committee Meetings' during the emergency, the self-assessment was not shared with the Committee at that time.
- 1.8 The Head of Audit & Risk has reviewed and refreshed the self-assessment to ensure it remains accurate, and the outcome follows.

## **2. RECOMMENDATION**

- 2.1 That the Governance and Audit Committee:
  - notes the reviewed and refreshed self-assessment, and
  - approves the improvements suggested.



# GOVERNANCE & AUDIT COMMITTEE – SELF-ASSESSMENT OF GOOD PRACTICE APRIL 2022

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

[MarionPryor@YnysMon.gov.uk](mailto:MarionPryor@YnysMon.gov.uk)



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## INTRODUCTION

1. This self-assessment of good practice was undertaken in March 2020 by a panel consisting of the Chair and Vice Chair of the Governance and Audit Committee, a lay member, the Head of Audit and Risk and the Principal Auditor, and refreshed in March 2022 by the Head of Audit and Risk.
2. It provides a high-level review that incorporates the key principles set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Position Statement and the associated guidance.
3. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.
4. The outcome of the self-assessment has also been used to support the planning of the Governance and Audit Committee's work programme and training plans.
5. It will also inform the Governance and Audit Committee Chair's Annual Report.

# SELF-ASSESSMENT OF GOOD PRACTICE FINDINGS

## Audit committee purpose and governance

6. The Council has a dedicated audit committee. The terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement, which are included within the Council's Constitution, demonstrating that the role and purpose of the audit committee is understood and accepted across the authority.
7. The Committee provides effective support to the authority in meeting the requirements of good governance, in accordance with CIPFA's 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016).<sup>1</sup>
8. The Committee reports to full Council through its Annual Chair's Report, which is submitted to the Committee for comments and approval and to full Council in September each year. These arrangements to hold the committee to account for its performance are operating satisfactorily, but could be improved by conducting a more widespread assessment of its performance, and by asking individual members to assess the Committee's performance and that of themselves.

### Improvement Area 1:

A qualitative self-assessment will be conducted during 2022-23 to obtain feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management and members of the Committee, to evaluate whether and how it is adding value to the organisation.

## The core functions of an audit committee

9. The Committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement. An annual evaluation, in the form of the Annual Chair's Report, is undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas. As above, this could be improved by undertaking a more widespread assessment of its performance.
10. The Committee has considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the Committee to undertake them. These are included in the Committee's terms of reference and include areas such as treasury management.

<sup>1</sup> <https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

11. The committee has maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose.

## Membership and support

12. The Committee has an effective structure and composition, comprised of eight elected members and one lay member, meaning that it is not unwieldy in size. It is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011<sup>2</sup> and is a fully constituted committee of the Council operating at a strategic level. The Committee conducts its business non-politically and abides by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989<sup>3</sup>.
13. Although the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee, they are not a member of the Committee, which could deter the Committee from being able to challenge or hold to account the Executive on governance, risk and control matters.
14. More recently, in accordance with the new composition requirements of the Local Government and Elections (Wales) Act 2021, from May 2022, one-third of the Committee members will be lay persons and two-thirds will be members of the Council. Lay members were recruited in an open and transparent way and full Council is due to approve their selection and appointment on 25 April 2022.
15. The lay members appointed to the committee ensure an appropriate mix of knowledge and skills among the membership. However, the membership of the Committee has not been formally assessed against the core knowledge and skills framework.

### Improvement Area 2:

**A qualitative self-assessment will be conducted during 2022-23 with individual members of the Committee to assess their own effectiveness and to identify whether there are any areas for development and training.**

16. Arrangements are in place to support the Committee with briefings and training as part of the Council's overall induction programme, and good working relations exist with key people and organisations, including external audit, internal audit and the Section 151 Officer.
17. The Committee has dedicated secretariat support. However, in contrast to the Council's scrutiny committees, it does not benefit from a dedicated Democratic Services officer assigned to it, and this should be explored.

<sup>2</sup> <https://www.legislation.gov.uk/mwa/2011/4/contents>

<sup>3</sup> <https://www.legislation.gov.uk/ukpga/1989/42/contents>

**Improvement Area 3:**

The Council should explore whether the Governance and Audit Committee would benefit from having a dedicated Democratic Services officer assigned to it.

## Effectiveness of the committee

18. The Committee has not obtained feedback on its performance from those interacting with the Committee or relying on its work, or evaluated whether and how it is adding value to the organisation. This area could be improved. (See [Improvement Area 1](#))
19. Meetings include a good level of discussion and engagement from all the members, along with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers.
20. The Committee makes recommendations for the improvement of governance, risk and control, which the Internal Audit team monitors on its behalf.
21. The Committee publishes an annual report to account for its performance and to explain its work. (See [Audit committee purpose and governance](#))

## CONCLUSION AND AREAS IDENTIFIED FOR IMPROVEMENT

22. Using the recommended practice in the CIPFA publication has enabled the Committee to establish that **it is providing a good standard of performance.**
23. However, achieving recommended practice does not necessarily mean that the Committee is effective. The selection of audit committee members, their knowledge, skills and experience are an essential component of an effective committee, and the value it adds to the organisation. Therefore further, and wide-ranging evaluations will be undertaken during 2022-23, as identified below:

### **Improvement Area 1:**

**A qualitative self-assessment will be conducted during 2022-23 to obtain feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management and members of the Committee, to evaluate whether and how it is adding value to the organisation.**

### **Improvement Area 2:**

**A qualitative self-assessment will be conducted during 2022-23 with individual members of the Committee to assess their own effectiveness and to identify whether there are any areas for development and training.**

### **Improvement Area 3:**

**The Council should explore whether the Governance and Audit Committee would benefit from having a dedicated Democratic Services officer assigned to it.**

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	19 April 2022
<b>Pwnc: Subject:</b>	Governance and Audit Committee Draft Terms of Reference
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> To provide members of the Governance and Audit Committee with an opportunity to comment on the changes to the Committee's Terms of Reference, following the changes made as a result of the Local Government and Elections (Wales) Act 2021.	

## 1. INTRODUCTION

- 1.1 The Local Government and Elections (Wales) Act 2021 has introduced changes to the terms of reference for the Governance and Audit and Committee, which are included in the Council's Constitution.
- 1.2 The Constitution has been amended to reflect these changes. Powers to change the Constitution are reserved to full Council and therefore the terms of reference are being submitted for full Council approval on 25 April 2022, following a request to the Executive to recommend these changes to the Council.
- 1.3 The draft Terms of Reference are attached at Appendix 1, with the changes tracked. The main changes are to the:
  - composition and arrangements of the Committee (section 3.4.8.2.2 & 3)
  - inclusion of a review of an annual self-assessment report (section 3.4.8.4.15)
  - inclusion of a review of a Performance Panel assessment (section 3.4.8.4.16)
  - inclusion of a provision for the Committee to receive and review the Auditor General's Special Inspection report, should one be made (3.4.8.17)

## 2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee reviews and comments on the amendments to its Terms of Reference before they are submitted to the Executive and full Council for approval.

# Appendix 1

## 3.4.8 Governance & Audit Committee – Terms of Reference

### 3.4.8.1 Statement of purpose

3.4.8.1.1. The Governance and Audit Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

3.4.8.1.2. The purpose of the Governance and Audit committee is to provide to members of full Council (*those charged with governance*) independent assurance of the adequacy of the risk management framework, the internal control environment, ~~panel performance~~, and the integrity of the financial reporting and governance processes. It oversees internal and external audit and other regulators, helping to ensure effective assurance arrangements are in place. It also reviews and assesses the authority's ability to handle complaints effectively and makes reports and recommendations in relation to the authority's ability to handle complaints effectively.

3.4.8.1.3. There is clear separation between the role of the Governance and Audit committee and that of scrutiny committees. The Governance and Audit committee role seeks assurance that internal control systems of the council are working and risks effectively managed, rather than the actual scrutiny of activities.

3.4.8.1.4. It also receives and comments upon the council annual self assessment report and the report of the performance assessment panel.

### 3.4.8.2 Composition and arrangements

3.4.8.2.1 The Governance and Audit Committee is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011 and is a fully constituted committee of the Council operating at a strategic level. The committee will conduct its business non-politically and must abide by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989.

3.4.8.2.2 The committee will consist of one third of lay members; eight elected members and ~~one-four~~ 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. The Chair will be a lay member and the Deputy Vice-Chair will not be a member of the executive or an assistant to its executive. recommend the appointment of the lay member to the Governance and Audit Committee. The lay members will serve for a fixed term to coincide with the length of the Council, i.e. five years, and will serve a maximum of two terms. All members, including the lay members, are subject to the Council's Code of Conduct and will declare any interests. The lay members will have equal status to that of the elected members in terms of access to staff and information, for the purposes of the Governance and Audit committee.

3.4.8.2.3 The Chair of the Governance and Audit committee ~~must be~~ can be a councillor or a lay member, ~~but must not be a member of a group that forms part of the council's executive, except where all groups are represented on the executive (in which case the chair must not be a member of the executive).~~ The committee members will decide upon the chair and deputy~~vice~~-chair of the committee. All committee members, including the lay members, shall have a vote.

3.4.8.2.4 Any officer or member called to attend a Governance and Audit committee meeting must do so. They must answer any questions asked of them except ones that they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

3.4.8.2.5 The committee will meet at least four times a year and must meet if the full council so decides, or if at least a third of the committee's members requisition in writing to the Chair that a meeting be held. The council will publish the committee dates annually but additional meetings can be arranged at the discretion of the Chair if the required number of days' notice is provided and that the agenda is published prior to the meeting, in accordance with regulations.

3.4.8.2.6 The Director of Function (Resources) and Section 151 Officer, as the officer with responsibility for financial administration, will advise the committee. The Committee will provide effective support to the Director of Function (Resources) and Section 151 Officer, who consequently, will have direct and unfettered access to the committee.

3.4.8.2.7 The committee may commission work from the external and internal auditors and both will advise the Committee. The Committee may additionally, seek independent advice from outside the Council, within an approved budget.

3.4.8.2.8 The external and internal auditors of the Council have the right to request the chair of the committee to consider any matter that the auditors believe should be brought to the attention of the Council.

3.4.8.2.9 All new members will receive a full induction to the committee. Members will have role descriptions and will review their knowledge and skills through a self-assessment process. They will receive appropriate ongoing training in their role in accordance with an annual training programme and will receive regular briefings on new legislation, professional guidance and research.

### **3.4.8.3 Accountability arrangements**

3.4.8.3.1 The committee will report to full council (*those charged with governance*) on an annual basis the Governance and Audit committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; financial reporting arrangements, complaints handling and internal and external audit functions.

3.4.8.3.2 The committee will report to full council (*those charged with governance*) on an annual basis the effectiveness of the committee in meeting its purpose and its agreed terms of reference. A regular self-assessment will be used to support the planning of the Governance and Audit committee work programme and training plans and will inform the committee's annual report.

3.4.8.3.3 The committee is subject to normal arrangements of openness. Meetings will be held in public, agendas and reports are published and available for inspection. The exception to this is where 'exempt items' are being considered, which are chiefly matters which involve discussions concerning named individuals or refer to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.

### **3.4.8.4 Governance**

3.4.8.4.1 The committee will review and assess the Council's corporate governance arrangements against the good governance framework<sup>4</sup>, including the ethical framework, and will consider the local code of governance.

3.4.8.4.2 The committee will review the Annual Governance Statement (AGS) prior to full council approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

[3.4.8.4.3 The committee will review the council and executive draft response to the panel performance assessment and if appropriate make recommendations for changes to the draft response. The procedure for this review is outlined in paragraph 3.4.8.4.16](#)

[3.4.8.4.4 The committee will review the council annual self-assessment report and if appropriate, make recommendations for changes to the report. The procedure for this review is outlined in paragraph 3.4.8.4.15](#)

[3.4.8.4.5-3](#) The committee will help the council to implement the values of ethical governance. It will promote measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community. As part of its review of governance arrangements, it will ensure there are adequate arrangements in place to enforce a strong commitment to ethical values and legal compliance at all levels.

[3.4.8.4.6-4](#) The committee will review the governance and assurance arrangements available for significant partnerships or collaborations.

### **3.4.8.5 Treasury management**

3.4.8.5.1 Full council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4.8.5.2 The committee will undertake a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full council. Where it is undertaking this scrutiny role, it will endeavour to develop greater awareness and understanding of treasury matters among the members.

3.4.8.5.3 The committee will review the treasury management policy and procedures to be satisfied that controls are satisfactory. It will receive six-monthly reports on activities, issues and trends to support the committee's understanding of treasury management activities.

3.4.8.5.4 The committee will review the treasury risk profile and processes, and will review assurances on treasury management.

### **3.4.8.6 Value for money**

3.4.8.6.1 The committee will support the development of robust arrangements to ensure that the council makes best use of its resources and taxpayers and service users receive excellent value for money.

3.4.8.6.2 The committee will review the council's overall approach to value for money and assess whether it is in line with governance objectives and the assurances on this to underpin the Annual Governance Statement.

3.4.8.6.3 The committee will consider assurances and assessments on the effectiveness of these arrangements, in particular, the Wales Audit Office's annual improvement reports.

### **3.4.8.7 Assurance framework**

3.4.8.7.1 The committee will consider the council's assurance framework and ensure that it adequately addresses the risks and priorities of the council. This will support the committee's approval of the internal audit risk-based plan by identifying the extent to which it will rely on internal audit for its assurance requirements.

3.4.8.7.2 The committee will ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided.

### **3.4.8.8 Risk management**

3.4.8.8.1 Assurance over risk management will be a key element underpinning the Annual Governance Statement. To this end, the committee will review and assess the effective development and operation of risk management in the council. In particular, it will:

- Oversee the authority's risk management policy and strategy, and their implementation in practice
- Oversee the integration of risk management into the governance and decision-making processes of the organisation
- Review the arrangements to co-ordinate and lead risk management, including the process and reporting lines

- Review the risk profile, keep up to date with significant areas of strategic risks and major operational and project risks
- Review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership
- Review the corporate risk register and seek assurance that management appropriately own and manage risks effectively
- Seek assurance that adequate risk assessments support strategies and policies and risks are actively being managed and monitored.
- Follow up and monitor risks identified by auditors and inspectors to ensure that they are integrated into the risk management process
- Support the development and embedding of good practice in the field of risk management practice.

### **3.4.8.9 Countering fraud and corruption**

3.4.8.9.1 The committee will review the effectiveness of the council's whistleblowing arrangements, including the policy.

3.4.8.9.2 The committee will monitor the counter-fraud and corruption strategy, actions and resources, to ensure that it meets with recommended practice, governance standards and legislation.

3.4.8.9.3 The committee will review the assessment of fraud risks and potential harm to the council from fraud and corruption. It will review the fraud risk profile to understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

3.4.8.9.4 It will oversee any major areas of fraud, identified in an annual report from the Director of Function (Resources) and Section 151 Officer, and monitor action plans to address control weaknesses.

### **3.4.8.10 Internal audit**

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit committee to oversee the council's internal audit arrangements.

3.4.8.10.2 The role of the Governance and Audit committee in relation to internal audit will be to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

3.4.8.10.3 The committee will review and approve the internal audit charter, which defines the internal audit's activity purpose, authority and responsibility.

3.4.8.10.4 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.5 The committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The committee will approve significant interim changes to the strategy.

3.4.8.10.6 The committee will make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

3.4.8.10.7 The committee will consider an annual report from the head of internal audit on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.8 The committee will consider the head of internal audit's annual report and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the committee in reviewing the Annual Governance Statement.

3.4.8.10.9 The committee will consider the statement contained in the annual report of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.10 The committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.11 The committee will receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.12 The committee will consider reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.13 The committee will consider, approve and periodically review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit.

3.4.8.10.14 The committee will contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will oversee the qualifications and independence of the assessor.

3.4.8.10.15 The committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.16 The committee will support the development of effective communication with the head of internal audit. The engagement between the head of internal audit and the Governance and Audit Committee is a crucial component of delivering an effective internal audit service.

3.4.8.10.17 The committee will provide free and unfettered access to the Governance and Audit Committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

### **3.4.8.11 External audit**

3.4.8.11.1 The committee will support the independence and objectivity of external audit through consideration of the external auditor's annual assessment of its independence.

3.4.8.11.2 The committee will consider the external auditor's annual letter and the report to '*those charged with governance*'. It will contribute to the council's response to the annual audit letter.

3.4.8.11.3 The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.

3.4.8.11.4 The committee will advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

3.4.8.11.5 There will be an opportunity for the Governance and Audit committee to meet privately and separately with the external auditor, independent of those officers with whom the auditor must retain a working relationship.

### **3.4.8.12 Financial reporting**

3.4.8.12.1 The committee will review and scrutinise the council's financial affairs, making reports and recommendations in relation to them.

3.4.8.12.2 The committee will review, prior to approval by full council, the authority's annual financial statements, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas.

3.4.8.12.3 The committee will consider the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts and whether they need to be brought to the attention of the council.

### **3.4.8.13 Other regulators and inspectors**

3.4.8.13.1 The committee will receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance. In respect of these, the authority will ensure there is no unnecessary duplication between the Governance and Audit committee and any overview and scrutiny committee in considering such reports.

### **3.4.8.14 Complaints Handling**

3.4.8.14.1 The committee will review and assesses the authority's ability to handle complaints effectively.

3.4.8.14.2 The committee will make reports and recommendations in relation to the authority's ability to handle complaints effectively.

### **3.4.8.15 ~~Panel Performance~~ Self-assessment Report**

3.4.8.15.1 Each financial year, the committee will receive from council a draft of its self-assessment report [to be drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)]

3.4.8.15.2 The committee will receive the draft report from the council before the end of four weeks of the council making the report.

3.4.8.15.3 The committee will review the draft report and may make recommendations for changes to the conclusions, or to anything included by the council by way of actions it intends taking, or it has already taken, so as to increase the extent to which it will meet the performance requirement in the financial year following the financial year to which the report relates.

3.4.8.15.4 Any recommendation made by the committee, but not adopted by council before publication, must be included in the report with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

### **3.4.8.16 Performance Panel Assessment**

3.4.8.16.1 At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021).

3.4.8.16.2 The council must publish a panel performance assessment report at least six months before the date of the next ordinary election

3.4.8.16.3 The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

3.4.8.16.4 If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

### 3.4.8.17 Auditor General Special Inspection

3.4.8.45.517.1 If the Auditor General carries out a special inspection (as it considers the council is not, or may not, be meeting its performance requirements, and a report is sent to council, as soon as reasonably practicable after receiving such report, the council must make it available to the Governance and Audit Committee.

3.4.8.45.617.2 Should a response be required by council to a report published in accordance with paragraph 3.4.8.45.517.1 above, council must make a draft of the response available to the Governance and Audit Committee. The committee must review the draft response and may make recommendations for changes to the statement made in response to what action, if any, the council intends to take in response to the recommendations made by the Auditor General.

3.4.8.45.717.3 Any recommendation made by the committee, but not adopted by council before publication, must be included in the response with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

### **~~3.4.8.15.8 Appendix A – Reports, Regulations and Policies Considered~~**

- ~~–Audit Committees: Practical Guidance for Local Authorities and Police, CIPFA, 2018, available from [www.cipfa.org.uk/publications](http://www.cipfa.org.uk/publications)~~
- ~~–Position Statement: Audit Committees in Local Authorities and Police, CIPFA, 2018, available from [www.cipfa.org.uk/publications](http://www.cipfa.org.uk/publications)~~
- ~~–Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN)~~
- ~~–IoACC Internal Audit Charter (February 2021)~~
- ~~–Local Government (Wales) Measure 2011, in particular, Section 85~~
- ~~–Statutory Guidance from the Local Government (Wales) Measure 2011, Welsh Government, 2012~~
- ~~–Accounts and Audit Regulations (Wales) 2014~~
- ~~–Accounts and Audit (Wales) (Amendment) Regulations 2018~~

- ~~-Statement on the Role of the Head of Internal Audit in Public Service Organisations, CIPFA, 2019~~
- ~~-Statement on the Role of the Chief Financial Officer in Local Government, CIPFA, 2016~~
- ~~-Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, CIPFA, 2017 Edition~~
- ~~-Code of Practice on Managing the Risk of Fraud and Corruption, CIPFA, 2014~~
- ~~-Isle of Anglesey County Council's Constitution~~
- ~~-Local Government and Elections (Wales) Act 2021~~

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	19 April 2022
<b>Pwnc: Subject:</b>	Internal Audit Update
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> In accordance with the Council's 'Strategy for Committee Meetings', this report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.	

## 1. INTRODUCTION

1.1 This report updates the Committee, as at 1 April 2022, on the audits completed since the last update as at 1 February 2022, the current workload of internal audit and our priorities for the short to medium term going forward.

## 2. RECOMMENDATION

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



### Payments – Supplier Maintenance and Duplicate Payments

First Follow Up - March 2022

#### Internal Audit Report & Action Plan

Marion Pryor BA MA CMIIA CPFA  
Nanette Williams BA (Hons) MSc CMIIA CIA  
Andrew Lewis BA (Hons) IRRV ACFTech



### Recovering Council Sundry Debts and the impact of Covid-19

March 2022

#### Progress Update

Marion Pryor BA MA CMIIA CPFA  
Nanette Williams BA (Hons) MSc CMIIA CIA  
Andrew Lewis BA (Hons) IRRV ACFTech



# INTERNAL AUDIT UPDATE

## APRIL 2022

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

[MarionPryor@YnysMon.gov.uk](mailto:MarionPryor@YnysMon.gov.uk)



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## ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

1. This section provides an overview of internal audit reports finalised since the last meeting, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **three** pieces of work, and issued **one** report in the period, summarised below:

Title	Strategic Risk Register Ref.	Date Final Report	Assurance Level	Critical	Major	Moderate	Total
First follow up of 'Payments - Supplier Maintenance' and 'Identification of duplicate invoices and recovery of duplicate payments'	n/a	March 2022	Limited Assurance	0	2	8	10

### First follow up of 'Payments – Supplier Maintenance' and 'Identification of duplicate invoices and recovery of duplicate payments'

Limited Assurance	Issues/Risks	
	0	Critical
	2	Major
8	Moderate	

3. *In accordance with our protocol, we have separately issued members of the Committee and the Portfolio Holder for Finance with a copy of the full report and action plan.*
4. We undertook two reviews during 2020/21, which focussed on the Council's processes for paying invoices.
5. The first review, of 'Payments - Supplier Maintenance and Payments' in January 2021 led us to undertake further work in this area and we issued a report on 'Duplicate Invoices and Recovery of Duplicate Payments' in May 2021.
6. Both reports resulted in Limited Assurance ratings, with separate action plans agreed to address the risks identified. As several of the risks and subsequent agreed actions are linked, we undertook a combined follow up review between January and March 2022.
7. Our follow-up review concludes that while the Finance and Payments teams have carried out some work to address the risks raised during our original audits, the majority of agreed actions remain outstanding. We acknowledge the teams' clear desire to

make improvements; however, on-going staffing and recruitment issues within the Payments team, as well as extra work created by Services failing to follow correct purchasing processes, is impairing its ability to address all the risks identified.

8. Of the 13 issues/risks identified during our two original audits, the service has addressed three, leaving 10 outstanding. Due to recent revisions of the strategic risk management matrix, we have adjusted the ratings of the issue/risks to reflect the current strategic risk appetite. In addition, where the action to date has reduced the likelihood of the risk materialising, we have reflected this in the risk rating. However, due to the number of issues/risks remaining and the lack of progress in key areas, we are unable to increase our assurance rating from Limited at this time.
9. We will therefore conduct a further follow up review in November 2022, to determine whether work has progressed to address the remaining risks, and improvements to the payments process are embedded across the Council.

## Recovering Council Sundry Debts and the impact of Covid-19 – Progress Update

10. We submitted a report on a review of the above to the 9 December 2021 meeting of the Governance and Audit Committee. We issued a 'Limited Assurance' rating, with eight risks identified and a number of actions agreed to address them. The Committee requested Internal Audit bring an update on the progress of addressing the risks to its meeting on 19 April 2022.
11. In response to the original report, the Director of Function (Resources) / Section 151 Officer commissioned consultancy firm, CIWB, to work with the service to address the Issues/Risks raised.
12. As part of the progress update, we met with the Revenues and Benefits Service Manager and reviewed key documents relating to the consultancy project. The main points to note on current progress are as follows:
  - The Director of Function (Resources) / Section 151 Officer and the Revenues and Benefits Service Manager have agreed that CIWB will approach the project incrementally, with the preferred method for delivering efficiency improvements based on developing existing systems and processes, rather than wholesale changes to current processes.
  - The Revenues and Benefits Service Manager has provided CIWB with a task list, which defines those activities that are in most urgent need of review, namely:
    - improving school income reconciliations, and
    - improving the efficiency of Leisure Centre / Môn Active income reconciliations and processes.
  - Although not yet scheduled, the Project Delivery Plan recognises further tasks concerning car parking income and documenting revised sundry debtor processes / procedure notes.

13. The project tasks primarily concern improving the income reconciliation process, which is key to ensuring greater integrity and improved accuracy of the debtors system. This will lead to the suspension of fewer accounts and greater focus on pursuing debts.
14. In addition, the Director of Function (Resources) / Section 151 Officer confirms that the Service will shortly be recruiting a Business Manager. This role will provide additional resource to support and facilitate performance improvement across the entire Resources Service, including the Income section.
15. Further, the appointment of a Recovery Manager as part of the planned restructure within the Revenues and Benefits section should alleviate some of the workload pressures and improve efficiency within the Income Team.
16. These appointments along with the outcome of the consultancy project should help to address the issues/risks identified during our initial review. As a result, we are assured that the Council will be in a stronger position to maximise debt recovery whilst continuing to treat people and businesses fairly.
17. While allowing time for the team to embed the improved processes, our formal follow-up testing, in October 2022, will determine whether the Council has fully mitigated all the Issues/Risks raised.

## WORK IN PROGRESS

18. The following audits are currently in progress:

Audit Area	Strategic Risk Register Ref	Service	Reason for Audit	Stage
Teachers' Pensions - Part I	n/a	Resources	Director of Function (Resources) / Section 151 Officer request	Fieldwork
Managing the risk of fraud and corruption in procurement	YM46 <sup>1</sup>	Resources	Corporate Risk Register, Counter Fraud, bribery and Corruption Strategy 2021-24 and raised during investigation	Fieldwork (postponed while undertaking Teachers' Pensions audit)
Recruitment and Retention	YM2	Corporate	Strategic Risk Register	Fieldwork
Climate Change and Sustainability	YM13	Corporate	Strategic Risk Register	Fieldwork
The Council's arrangements for the provision of suitable local housing	YM9	Housing Services	Strategic Risk Register	Fieldwork
Vulnerability and Patch Management (IT Audit)	YM4	Corporate Transformation	Strategic Risk Register	Fieldwork
First Follow Up of ICT Service Continuity (Phishing)	YM4	Corporate Transformation	Strategic Risk Register / First Follow Up	Fieldwork

<sup>1</sup> Former corporate risk register reference

## OUTSTANDING ACTIONS

19. Work is progressing to support services with implementing all outstanding actions. The 4action dashboard at [Appendix 1](#) provides an overview of the status of actions as at 1 April 2022.
20. There are currently three overdue actions (0 Major; 3 Moderate), which all fall within the Resources service. They are related to 'Issues/Risks' raised in one audit:
  - Leavers' Process
21. We are working with the service to provide support with implementing the actions.
22. A more detailed report on all outstanding actions is also submitted to this meeting.

# PRIORITIES FOR 2022-23 AND BEYOND

## Current Capacity

23. Our new Senior Auditor, who commenced in post on 13 December 2021 has made great strides and is developing quickly. This means that the team is almost up to full strength, with only half a full time equivalent post remaining vacant, due to flexible working. However, one member of the team continues to be absent long-term.

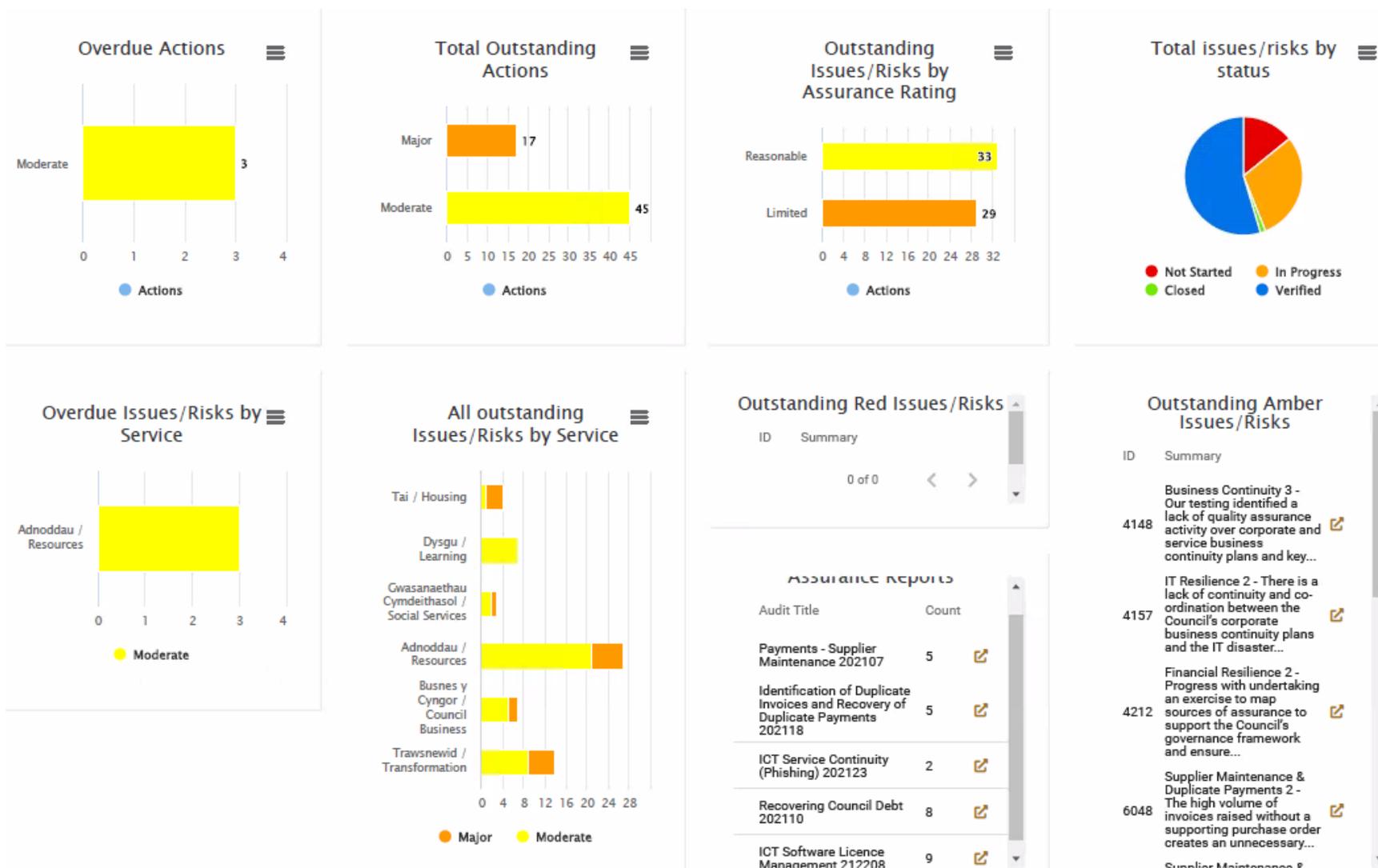
## Short/Medium Term Priorities

24. In January 2022, the SLT significantly reviewed the now 'Strategic' Risk Register. Our immediate priority is to review the 'red' and 'amber' residual risks we have not yet reviewed, or not reviewed in the last two years, whilst remaining agile to respond to requests for assistance and assurance from services, and reacting to investigations.
25. The Head of Audit and Risk is currently developing the Annual Internal Audit Strategy for 2022-23 in conjunction with SLT and heads of services and will submit it to the Governance and Audit Committee at its meeting in June 2022 for consideration by the new committee.
26. We will continue to actively promote and monitor the addressing of outstanding internal audit issues/risks.
27. We will provide input to the induction programme for the new elected and lay members, following the elections in May 2022.

## Longer Term Priorities

- The delivery of the Counter Fraud, Bribery and Corruption Strategy 2021-24, including continuing to address the Audit Wales recommendations included in its report 'Raising Our Game - Tackling Fraud in Wales'.
- Work with colleagues in the Performance Team to improve assurance mapping across the Council and contribute to the development of the Performance Review Group.
- Prepare for the External Quality Assessment (EQA) due in June 2022.

# APPENDIX 1 – OUTSTANDING ACTIONS (4ACTION DASHBOARD) AS AT 1 APRIL 2022



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	19 April 2022	
<b>Subject:</b>	Outstanding 'Issues/Risks'	
<b>Head of Service:</b>	Marc Jones Director of Resources / Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>	Nanette Williams Principal Auditor <a href="mailto:NanetteWilliams@ynysmon.gov.uk">NanetteWilliams@ynysmon.gov.uk</a>
<b>Nature and Reason for Reporting:</b> The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions. This report provides an update on the status and detail of the outstanding risks that Internal Audit has raised.		

## 1. INTRODUCTION

- 1.1. Internal Audit, on behalf of the Council, monitors issues and risks identified during audit work via its action tracking system, 4action.
- 1.2. A dashboard displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. The Head of Audit and Risk regularly shares this dashboard with the Governance and Audit Committee as part of her internal audit update reports.
- 1.3. In addition, the Governance and Audit Committee has requested that it receives a separate, detailed report outlining overall performance in addressing audit actions, twice a year. At its meeting on 21 September 2021, the Committee considered and determined the level of detail to be included in the report, to meet its assurance needs in this area.

## 2. RECOMMENDATION

- 2.1. That the Governance and Audit Committee:
  - notes the Council's progress in addressing the outstanding Internal Audit 'Issues/Risks'.



# OUTSTANDING ISSUES / RISKS

APRIL 2022

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

Nanette Williams BA (Hons) MSc CMIIA, Principal Auditor



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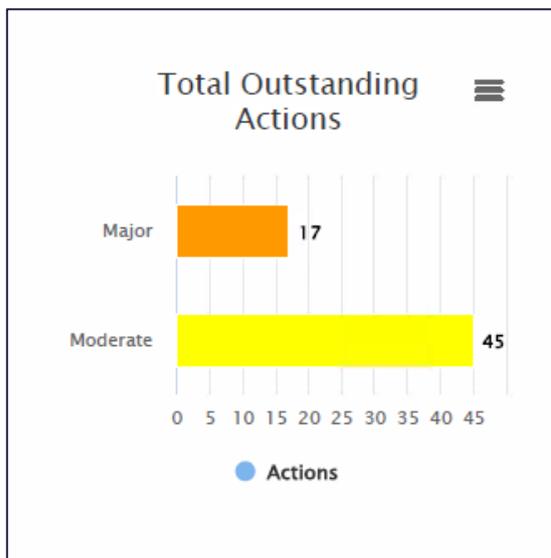
# INTRODUCTION

1. The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions as a result of the work of Internal Audit. To discharge this duty, the Committee requested that it receive a detailed report showing the Council's performance in addressing outstanding actions twice a year, at its meetings in April and September.
2. We have now been using the new and upgraded version of the Council's action tracking system 4action, for two years. We are pleased to report that the upgraded system continues to be very successful in enabling our internal audit follow up and action tracking processes.
3. We continue to develop and refine our dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so are able to promptly obtain updates from management as to progress with addressing them.
4. 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 2022-23. Unfortunately, the COVID-19 emergency has limited our ability to roll out the new 4action system to services and provide training etc. so that management are able to fully utilise its functionalities. As the pandemic continues to subside, we will resume this work.

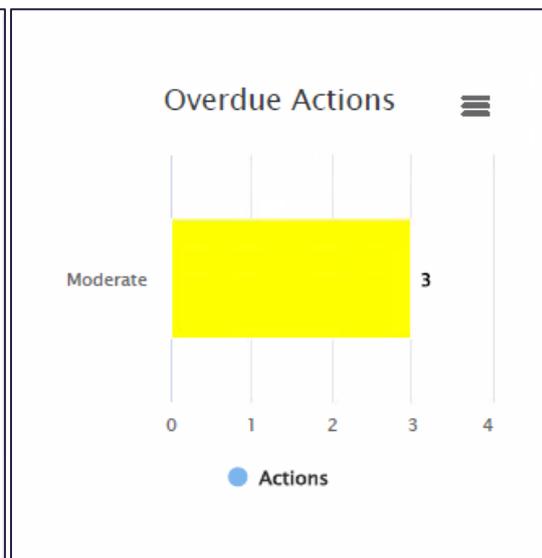
## CURRENT PERFORMANCE

5. The following five graphs show the outstanding actions across the Council as at 31 March 2022. A detailed status update of the 17 outstanding 'major' rated issues/risks is also shown at [Appendix 1](#). Inevitably, the impact of the ongoing COVID-19 emergency and recovery phase on some services has affected their ability to address their outstanding actions over the past year.
6. It should be noted that no 'Red' issues/risks were raised during the year and there are no Red 'issues/risks' currently outstanding.

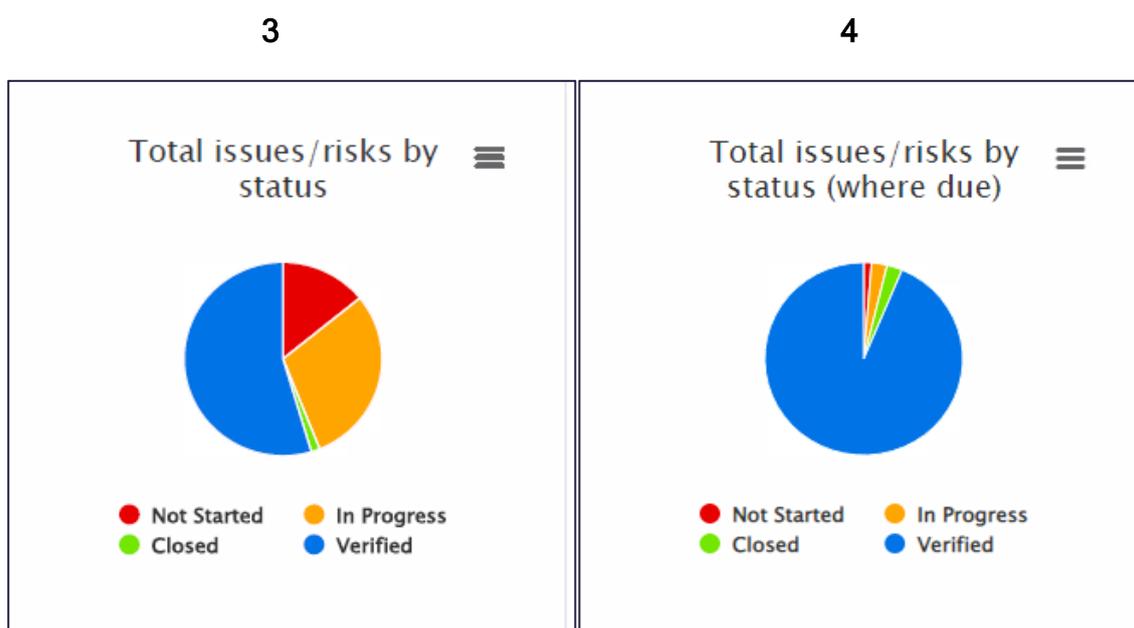
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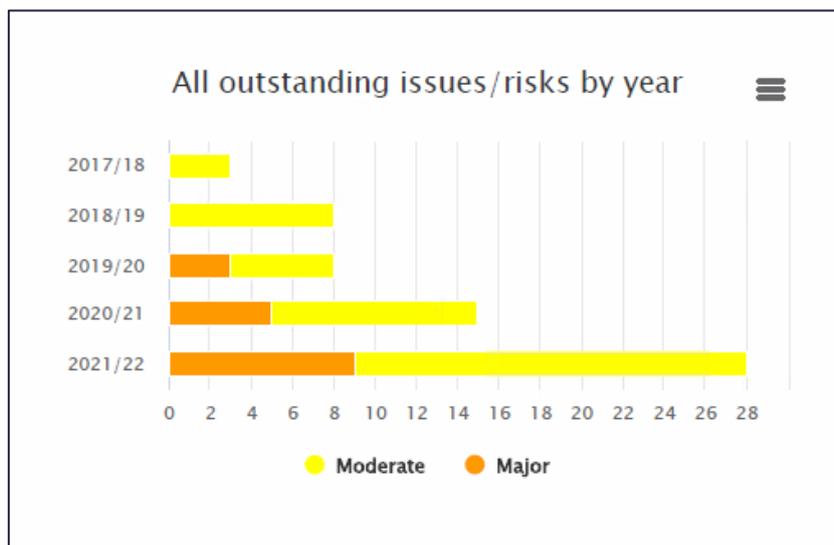


7. As at 31 March 2022, we are tracking 62 outstanding actions in 4action. Of these 17 are rated 'major' (amber) and 45 'moderate' (yellow) in risk priority, as shown in graph 1.
8. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently three actions that have reached their target date for completion and have now become 'overdue', as shown in graph 2.
9. They are all of 'moderate' impact and relate to Payroll in respect of processing records for staff leaving the Council's employment; namely monitoring of overpayments of salary and subsequent recovery processes, verification procedures for payments to relatives of deceased employees, and general improvements to leavers processes to reduce errors.
10. We are aware of on-going staffing and recruitment issues within the Payments team, which has made the additional work required to address these issues/risks challenging. The team are also currently experiencing additional pressures due to financial year-end processes, and administration of back pay in respect of the recent nationally agreed staff pay award. We will continue to work with the service to ensure the issues/risks are successfully addressed.



11. 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. Internal audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.
12. Graph 3 shows the status of all outstanding actions (irrespective of the date management agreed to address them by). It shows that management have now addressed 56%. Internal audit has verified 55% of these. The remaining 1% relate to an audit of ICT Service Continuity (Phishing), which we will be formally following up in May 2022. We will verify completion of these actions during this piece of work.
13. The majority of the actions 'not started' relate to two audits recently finalised namely, 'Information Governance' and 'Software Licence Management'. The actions identified during these audits have not yet reached their anticipated completion dates. When these dates approach, we will actively pursue updates from management to determine progress.
14. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 96% have been addressed. Of these, Internal Audit have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of ICT Service Continuity (Phishing) which will shortly be followed up formally. The small percentage showing as 'not started' and 'in progress' relate to the overdue Payroll actions in respect of Leavers processes, as detailed earlier in this report.
15. As previously reported, we will occasionally 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. This has been particularly pertinent due to the COVID-19 emergency and ongoing recovery phase, where service priorities have clearly been focussed on responding to and recovering from the pandemic.

## 5



16. As detailed above, 62 outstanding actions have yet to be fully completed.
17. These are spread between 2017/18 and 2021/22. While graph 5 indicates the majority relate to the last two financial years, there are three issues/risks dating back to 2017/18 that management have yet to fully address. These relate to general improvements and efficiencies within the Council's Sundry Debtors processes.
18. These are rated as 'moderate' or 'yellow' in risk priority, and work to address them forms part of the consultancy project work currently underway within the Income Team, and the planned restructure of the wider Revenues and Benefits section. The Head of Internal Audit and Risk provides further detail regarding this work in her Internal Audit Update report.
19. It should be noted that there are no 'major' or 'amber' rated issues/risks dating back further than 2019/20, as shown above. This demonstrates that management are prioritising addressing risks of higher risk priority.
20. A detailed status update of the 17 outstanding 'major' or 'amber' rated issues/risks currently being tracked in 4action follows at [Appendix 1](#).
21. We will endeavour to pursue all outstanding actions to ensure completion.

# APPENDIX 1: OUTSTANDING 'MAJOR' RATED ISSUES/RISKS DETAILED STATUS

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
<b>Business Continuity</b>	2019/20	January 2020	30/06/22	<b>Reasonable</b>	Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key documents.	Action 50% complete. Much of the work associated with addressing this issue/risk is dependent on the work outlined below regarding aligning service Business Continuity Plans with IT disaster recovery arrangements. This work is ongoing. The Executive Manager (Senior Leadership Team) has assumed responsibility for this action following the retirement of the Head of Democratic Services. Additional work by the regional emergency planning service to revise Business Continuity Planning template documents and deliver training on their use is underway.
<b>IT Resilience</b>	2019/20	February 2020	30/06/22	<b>Reasonable</b>	There is a lack of continuity and co-ordination between the Council's corporate business continuity plans and the IT disaster recovery plan.	Action 80% complete. Work to align Corporate Business Continuity plans with IT Disaster Recovery plan is ongoing with services. As detailed above the Executive Manager (Senior Leadership Team) has requested training by the regional emergency planning service on use of the revised business continuity planning templates.
<b>Financial Resilience</b>	2019/20	April 2020	31/10/22	<b>Reasonable</b>	Progress with undertaking an exercise to map sources of assurance to support the Council's governance framework and ensure it continues to receive adequate assurance provision across its services has been slow. This is particularly important in respect of services delivered via partnership, contract, and alternative service delivery models (ASDMs).	Action 50% complete. A review of assurance mapping across the local government sector in Wales has been completed and a series of recommendations made as a result of its findings. The Council has created and established membership of a Performance Review, with several meetings held to date. Recent focus of the group has been on the Performance Challenge process, however work on assurance mapping will resume now that this work is complete.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	The high volume of invoices raised without a supporting purchase order creates an unnecessary increase in the workload for the Payments team as well as being contrary to the Financial Procedure Rules, which requires a purchase order to be raised for all invoices other than recurring or utility invoices, before or at the time of ordering. Testing highlighted that a number of purchase orders were also raised retrospectively, i.e. after the invoice date.	<p>We carried out a formal follow up review of Supplier Maintenance and Duplicate Payments between January and March 2022. Our review found that Services continue to raise invoices without appropriate supporting purchase orders, causing significant additional work for the Payments team.</p> <p>We provide the Committee with a more detailed update on this action as part of our final Follow Up Report in this area.</p>
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	Staff in services are not raising purchase orders properly, i.e. inserting a separate line for each goods or services ordered which would enable each item to be marked as received individually. This would enable an invoice that arrives for only part of the order to be automatically matched and paid without the need for any intervention from the service or Payments team.	<p>As detailed above, we carried out a formal follow up review of Supplier Maintenance and Duplicate Payments between January and March 2022. Our review found that Services still do not raise purchase orders correctly and the number of invoices rejected by the Payments system as a result is high.</p> <p>We provide the Committee with a more detailed update on this action as part of our final Follow Up Report in this area.</p>
Corporate Parenting Panel	2020/21	January 2021	30/04/22	Reasonable	Despite being identified in 2017 as the necessary framework to enable and ensure the Council fulfils its corporate parenting responsibilities, the Council has not yet finalised and published its 'Looked After Children and Care Leavers Strategy'. Similarly, nor has the Council articulated its commitment or 'pledge' to its looked after children and young people, as also determined as a priority in 2017.	<p>Action 50% complete.</p> <p>A presentation on the new Corporate Parenting Strategy was given to the Corporate Parenting Panel in March 2022. The Council will provide training in this area to all members following the local government elections in May 2022. The final version of the Corporate Parenting Strategy will be formally presented for approval to the Corporate Parenting Panel following the elections.</p>
ICT Service Continuity (Phishing)	2020/21	May 2021	30/04/22	Limited	Results of the recent phishing test commissioned by ICT showed that too many users would fall for a phishing email, despite having completed the cyber awareness training.	Formal follow up by Internal Audit scheduled for May 2022

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
ICT Service Continuity (Phishing)	2020/21	May 2021	30/04/22	Limited	There is no formal escalation process for users who continue not to comply with cyber secure practices, where it is clear cyber and information security training and awareness is not having an effect.	Formal follow up by Internal Audit scheduled for May 2022
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	There is a lack of alignment between recent changes to Housing allocations policies in respect of community cohesion and sustainability initiatives and the measures and indicators of performance in this area.	Action 50% complete. The Housing Service has set up an internal Voids Group to address the risks raised by the audit. A discussion paper considering the best way to measure performance in this area was recently presented to the group for consideration. Once the group has finalised the new performance indicator, it will be included and tracked as part of the Service's quarterly performance reporting.
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	The Council does not report on its performance for letting newly built and 'buy-back' properties, i.e. former council housing stock that the Council buys back from private ownership.	Action 50% complete. The Housing Service advised that a performance measure for monitoring the process of getting buy-back properties to a lettable standard and let will be included as part of the Service's quarterly performance reporting from April 2022 onwards.
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	The housing application process is inefficient and contributing to delays in the voids process.	Action not yet due for completion. As detailed above, the Housing Service has set up an internal Voids group to co-ordinate and address the risks raised by the audit. The group consists of the Housing Service's management team and meets monthly. The issue associated with the Housing application process will be considered and remedial action taken as part of the group's work.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	Despite the debtor system showing a reduction in the number and total value of invoices in 'recovery-suppressed' status since our last review, our testing found that the Income Team is circumventing the normal process. The Income Team is delaying recovery action via manual intervention rather than applying the system 'suspend' function that would automatically restart the recovery process after 30 days.	The Director of Function (Resources) / Section 151 Officer commissioned consultancy firm, CIWB, to work with the Income Team to address the risks identified by the audit. At the request of the Governance and Audit Committee, we reviewed progress with the consultancy project, and the further work planned by the Service to make improvements in this area.  The Head of Internal Audit and Risk provides a more detailed update to the Committee on the consultancy project work as part of her Internal Audit Update report.
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The combination of a failure to take a proactive approach to recovering Council debts and escalating debt recovery where appropriate, along with the redeployment of Recovery Officers and the suspension of all debt recovery for six months during the pandemic, has all contributed to the level of outstanding debt increasing significantly from March 2020.	As above.
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The Covid-19 pandemic and technical issues have affected monitoring of service performance and collection rates both at service level and corporately. In addition, there has been limited review and reporting of performance for sundry debtors since 2019/20.	As above.
Information Governance	2021/22	January 2022	31/03/23	Reasonable	Staff are able to access the Council's Microsoft Office 365 applications, including Teams and SharePoint and therefore potential personal and sensitive data held by the Council, using unencrypted personal mobile devices.	Action not yet due for completion.
Information Governance	2021/22	January 2022	31/05/22	Reasonable	The Council's Procurement guidance and support documents and templates, do not include sufficient guidance regarding data protection considerations for officers awarding contracts.	Action not yet due for completion.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Software Licence Management	2021/22	January 2022	31/12/22	Limited	The Council has not yet produced a business systems roadmap or strategy, which underpins how the Council will deliver its digital services. Such a roadmap should include items such as details of approved software vendors and suppliers, vendor selection criteria as well as hosting and support requirements (in-house versus cloud services etc.)	Action not yet due for completion.

\*Current assurance rating - either as at time of original audit or following follow up review.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Governance and Audit Committee
<b>Dyddiad: Date:</b>	19 April 2022
<b>Pwnc: Subject:</b>	Indicative Forward Work Programme for 2022-23 v1
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b> To provide an indicative Forward Work Programme for 2022-23 to the members of the Governance and Audit Committee.	

## Introduction

1. An indicative Forward Work Programme is attached at [Appendix A](#).
2. The programme has been developed considering the Committee's new responsibilities as a result of the new Local Government and Elections (Wales) Act 2021, and the consequent amendment to the Committee's terms of reference.

## Recommendation

3. That the Governance and Audit Committee:
  - considers whether the indicative Forward Work Programme proposed for 2022-23 meets the Committee's new responsibilities in accordance with the Committee's amended terms of reference.

## Appendix A – Indicative Forward Work Programme 2022-23

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Annual Chair's Report 2021-22 (3.4.8.3.1)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2)  Committee Self-assessment (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement (3.4.8.4.1/2/3)	Final Annual Governance Statement (3.4.8.4.1/2/ 3)	Local Code of Governance (3.4.8.4.1/3)  Annual Report of the Partnerships and Regeneration Scrutiny Committee 2021-22 (3.4.8.4.4)		
Treasury Management (3.4.8.5)			Annual Report 2021-22 (3.4.8.5.1/2/3/4)	Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2023-24 (3.4.8.5.3/4)	

## Appendix A – Indicative Forward Work Programme 2022-23

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
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)		Annual Review of 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)			Annual Counter Fraud, Bribery and Corruption Report 2021-22 (3.4.8.9.4)  Annual Comments, Complaints & Whistleblowing Report (3.4.8.9.1)	Annual Review of Counter Fraud, Bribery and Corruption Strategy (3.4.8.9.2/3)		
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2021-22 (3.4.8.10.6/7/8/9/12/14/15) (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)  Outstanding Issues/Risks (3.4.8.10.11)	Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)  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)	Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)  Outstanding Issues/Risks (3.4.8.10.11)

## Appendix A – Indicative Forward Work Programme 2022-23

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
External Audit (3.4.8.11)			Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)	Annual Audit Summary 2022 (3.4.8.11.3)		Annual Audit Plan 2022-23 (3.4.8.11.1/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2021-22 (3.4.8.12.1/2)	Final Statement of Accounts 2021-22 (3.4.8.12.1/2)			
Other regulators and inspectors (3.4.8.13)			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 Health & Safety Report 2021-22 (3.4.8.13.1)	Annual Information Governance in Schools Report 2021-22 (3.4.8.13.1)		Annual Insurance Report (3.4.8.13.1)

## Appendix A – Indicative Forward Work Programme 2022-23

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
Complaints Handling (3.4.8.14)			Annual Comments, Complaints & Whistleblowing Report 2021-22 (3.4.8.14.1/2)			
Self-assessment (3.4.8.15)	Review of the Draft Annual Self-assessment report (3.4.8.15.1/2/3)					
Performance Panel Assessment (3.4.8.16) <sup>1</sup>						

<sup>1</sup> At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

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